

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

**OFFICE OF INSPECTOR GENERAL
AGREED-UPON PROCEDURES FOR
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE GRANT AWARDED TO
THE RESEARCH FOUNDATION OF
THE CITY UNIVERSITY OF NEW YORK**

OIG REPORT 10-11



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

COTTON & COMPANY LLP
635 Slaters Lane, 4th Floor
Alexandria, Virginia 22314

This report was issued to Corporation management on August 16, 2010. 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 February 16, 2011, 2011 and complete its corrective actions by August 15, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

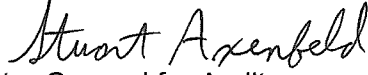


OFFICE OF INSPECTOR GENERAL

August 20, 2010

TO: John S. Gomperts
Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Stuart Axenfeld 
Assistant Inspector General for Audit

SUBJECT: *OIG Report 10-11, Agreed-Upon Procedures Review of Corporation for National and Community Service Grant Awarded to Hunter College/Research Foundation of the City University of New York.*

Attached is the final report for the above-noted agreed-upon procedures review. We contracted with the independent certified public accounting firm of Cotton & Company, LLP (Cotton) to perform the procedures. The contract required Cotton to conduct its review in accordance with generally accepted government auditing standards.

Cotton is responsible for the attached report, dated August 16, 2010, and the conclusions expressed therein. We do not express opinions on the Consolidated Schedule of Award and Claimed Costs, or the Schedule of Award and Claimed Costs for each subgrantee, conclusions on the effectiveness of internal controls, or the grantee's compliance with laws, regulations, and grant provisions.

Although the title of this report lists both Hunter College and Research Foundation of the City University of New York (RFCUNY), we determined that RFCUNY was the actual grantee for the purposes of these agreed-upon procedures. It should be noted that RFCUNY was also the subject of a June 4, 2009, OIG agreed-upon procedures report (No. 09-11). Many of the findings and issues raised in that report have again been indentified as a result of this engagement.

We note that, in its response to OIG Report No. 09-11, the Corporation stated in its Proposed Management Decision, dated January 27, 2010, that RFCUNY had informed the Corporation that it did not intend to reapply as a grantee after the third and final year of its grant. And the Corporation's June 1, 2010, Notice of Final Action on OIG Report No. 09-11 stated that, if RFCUNY applies for a grant in the future, the Corporation will conduct a full financial capacity assessment before awarding any funds. It also stated that the Corporation will confirm that all corrective actions related to compliance and internal control findings are completed by RFCUNY and that adequate systems are in place to comply with Federal grant management requirements, the OMB circulars and Corporation statutory and regulatory requirements.

To our knowledge, the Corporation did not perform a financial capacity assessment of RFCUNY, which has continued to receive grant funds, and has continued to exhibit weaknesses in its management of Federal grant funds. We believe the Corporation may be unaware that RFCUNY is the actual grant recipient since award documents identify Hunter College as the grantee. As addressed in the attached Executive Summary, we consider RFCUNY to be the actual grantee because it is the primary recipient of the funds and therefore has all financial accounting and reporting responsibilities for the grant.

On the grounds of RFCUNY's recurring findings and lack of adequate corrective action to manage Federal funds, we recommend that the Corporation not renew this grant with RFCUNY.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by February 16, 2010. Notice of final action is due by August 15, 2011.

If you have questions pertaining to this report, please call me at (202) 606-9360, or Regina van Houten, Audit Manager, at (202) 606-9356.

Attachment

cc: William Anderson, Chief Financial Officer
Rocco Gaudio, Deputy Chief Financial Officer, Grants and Field Financial Management
Claire Moreno, Audit Liaison, Office of Grants Management
Sam Hadley, CPA, CGFM, Partner Cotton & Company LLP
Carla Asher, Executive Director, Hunter College of the City University of New York
Jeffrey Lucks, Audit Director, RFCUNY

**OFFICE OF INSPECTOR GENERAL
AGREED-UPON PROCEDURES FOR
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
GRANT AWARDED TO
THE RESEARCH FOUNDATION OF THE CITY UNIVERSITY OF NEW YORK**

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A: The Research Foundation of the City University of New York's Response to Agreed Upon-Procedures Report

B: Corporation's Response to Agreed-Upon Procedures Report

EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Cotton & Company LLP to perform agreed-upon procedures to assist the OIG in grant cost and compliance testing of Corporation-funded Federal assistance awarded to The Research Foundation of the City University of New York (RFCUNY) on behalf of Hunter College of the City University of New York. The Corporation awarded one AmeriCorps National Direct grant to RFCUNY, which was categorized as a Professional Model grant.

RFCUNY and Hunter College consider themselves to be joint grantees based on an agreement signed in 1983 between the two organizations. As part of the agreement, RFCUNY is responsible for accounting for expenditures, preparing periodic financial reports for project directors and funding agencies, monitoring expenditures, maintaining auditable accounts, and ensuring compliance with its policies and sponsor requirements. Hunter College is responsible for selecting personnel, making technical decisions related to the project, and ensuring compliance with award terms, its own policies, and city and state requirements.

Because the grant agreement between RFCUNY and the Corporation does not identify or assign responsibilities or rights to Hunter College, we have identified RFCUNY as the grantee in this report.

SUMMARY OF RESULTS

As a result of applying our procedures, we identified three findings which primarily relate to:

- Ineligible members enrolled in the AmeriCorps program,
- Lack of accountability/auditability of match costs under the grant, and
- RFCUNY's lack of understanding of certain grant requirements.

RFCUNY's AmeriCorps program is designed to attract individuals without prior teaching experience into the teaching profession. RFCUNY, however, enrolled individuals who were current charter school teachers. RFCUNY officials stated they thought it was permissible to enroll these individuals because they were uncertified and needed certification to remain teaching at charter schools, and because several enrollees had limited teaching experience.

RFCUNY had inadequate controls for treating match costs in its accounting system, did not accurately report match costs, and did not ensure match costs were adequately supported in original and revised Financial Status Reports (FSRs) and Federal Financial Reports (FFRs). RFCUNY also did not ensure Federal and match costs were in compliance with Office of Management and Budget (OMB) circulars, that match costs were properly calculated, and labor costs were adequately supported.

Additionally, our interaction with RFCUNY management revealed a lack of understanding of cost principles, grant provisions, and general grant accounting guidelines. We determined that lack of proper monitoring of the fiscal and programmatic activities allowed the conditions expressed in the findings to exist and continue. Also, officials of RFCUNY's joint grantee Hunter College, and subgrantee/partner Uncommon Knowledge and Achievement (UKA), were unaware of grant provisions and laws and regulations and had been provided with incorrect guidance by RFCUNY.

We questioned claimed Federal-share costs of \$5,370, match costs of \$304,582, and education awards of \$174,825. A questioned cost is an alleged violation of a 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, includes costs not supported by adequate documentation. Detailed results of our agreed-upon procedures on claimed costs are presented in Exhibit A and the supporting schedules.

Participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards funded by the Corporation's National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. However, as part of our agreed-upon procedures and using the same criteria used for the grantee's claimed costs, we determined the effect of our findings on eligibility for education awards.

The following is a detailed summary of grant compliance testing results. These results, along with applicable recommendations, are discussed in Exhibit B.

1. RFCUNY enrolled ineligible members.
2. RFCUNY did not ensure all members received timely and adequate National Sex Offender Public Registry (NSOPR) searches before their service start dates.
3. RFCUNY did not follow certain AmeriCorps Provisions.
4. RFCUNY did not maintain documentation to demonstrate that all member evaluations complied with AmeriCorps Regulations and Member Agreements.
5. RFCUNY did not require its members to submit their Member Contracts and forms in a timely manner.
6. RFCUNY had weaknesses in member timekeeping procedures.
7. RFCUNY did not have controls to ensure criminal history searches for program staff were conducted as required.
8. RFCUNY had inadequate controls over accumulating and reporting match costs.
9. RFCUNY/Hunter did not ensure that match costs of its subgrantee/partner, UKA, were adequately supported, compliant with OMB circulars, and properly calculated.
10. RFCUNY had inadequate controls to ensure the allowability of claimed Federal and match faculty labor costs.
11. RFCUNY claimed unallowable and unsupported costs.

AGREED-UPON PROCEDURES SCOPE

We performed the agreed-upon procedures detailed in the *OIG's Agreed-Upon Procedures (AUP) for Corporation Awards to Grantees (including subgrantees)*, dated May 2009. Our procedures covered testing of the following grant:

Award	Award No.	Award Period	AUP Period	Total Award
AmeriCorps National Direct	07NDHNY001	08/17/07-08/31/10	08/17/07-09/30/09	\$670,911

The OIG's agreed-upon procedures program included:

- Obtaining an understanding of RFCUNY and its monitoring process.
- Reconciling RFCUNY claimed grant costs and match costs to its accounting systems.
- Testing grantee member files to verify that records supported eligibility to serve and receive education awards.
- Testing compliance of RFCUNY on selected AmeriCorps Provisions and award terms and conditions.
- Testing RFCUNY claimed grant costs and match costs to ensure:
 - AmeriCorps grants were properly recorded;
 - Costs were properly matched; and
 - Costs were allowable and supported in accordance with applicable OMB circulars, grant provisions, award terms and conditions.

We performed testing of the Urban Teacher Partnership (Teacher U) program at RFCUNY, Hunter College, and UKA from October 2009 through March 2010.

BACKGROUND

The Corporation

The Corporation supports and funds a range of national and community service programs that provides an opportunity for individuals (members) to serve full- or part-time in programs that foster civic responsibility and strengthen communities. It also provides educational opportunities for those who have made a substantial commitment to service.

AmeriCorps, the largest of the Corporation's initiatives, is funded in two ways: grants through state commissions and National Direct funding to organizations such as RFCUNY. The AmeriCorps National Direct grant is an annual award passed through the grantee to its subgrantees, which recruit and select volunteers. Members can earn a living allowance and/or education awards.

The Research Foundation of The City University of New York

RFCUNY is a not-for-profit educational corporation that manages private and government-sponsored programs at The City University of New York (CUNY). Since 1963, RFCUNY has provided CUNY (and, more recently, new non-CUNY clients) with the fiscal infrastructure to support sponsored program activities. RFCUNY supports CUNY faculty and staff in identifying and obtaining awards for programs from government and private sponsors and is responsible for the post-award administration of all such funded programs. Although RFCUNY works closely with CUNY, it is governed by its own Board of Directors, issues its own independently audited financial statements, operates its own payroll system and fringe benefits plan, and purchases a wide variety of goods and services in accordance with its own rules and regulations. RFCUNY also has received funding from the Corporation for the AmeriCorps National Education Award Program at CUNY.

Hunter College of The City University of New York

Hunter College is the largest college in CUNY system. The Hunter College School of Education is involved in operation of the AmeriCorps program. It has collaborated with urban charter school organizations and UKA to design a teacher preparation program commonly referred to as the Teacher U program. This program enables AmeriCorps members to obtain a teacher certification and a master's degree in education. Faculty members for the Teacher U program are full-time Hunter College School of Education faculty, and experienced teachers and administrators from partnership schools.

Uncommon Knowledge and Achievement

UKA is a nonprofit organization created by the urban charter school organizations of Achievement First, Knowledge is Power Program (KIPP), and Uncommon Schools. UKA collaborated with Hunter College to launch the Teacher U program and assists RFCUNY in monitoring AmeriCorps members.

EXIT CONFERENCE

We discussed the draft report with RFCUNY and Corporation representatives on April 28, 2010. We have summarized RFCUNY's comments in the appropriate sections of this report and have included its complete comments in Appendix A. The Corporation had no specific comments but intends to respond in its management decision at a later date (see Appendix B).



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August 16, 2010

Office of Inspector General
 Corporation for National and Community Service

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

Cotton & Company LLP performed the procedures detailed in the *OIG's Agreed-Upon Procedures for Corporation Awards to Grantees (including Sub grantees)*, dated May 2009. These procedures were agreed to by the OIG solely to assist it in grant cost and compliance testing of Corporation-funded Federal assistance provided to RFCUNY for the award detailed below.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants (AICPA) and generally accepted government auditing standards. The sufficiency of these procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures, either for the purpose for which this report has been requested or any other purpose.

Our procedures covered testing of the following award:

Award	Award No.	Award Period	AUP Period	Total Award
AmeriCorps National	07NDHNY001	08/17/07-08/31/10	08/17/07-09/30/09	\$670,911

We performed testing of this AmeriCorps program award at RFCUNY, Hunter College, and UKA. We tested labor, benefits, and other direct costs through the September 30, 2009, FFR. We also tested certain grant compliance requirements by sampling 25 members, as shown below. We performed all applicable testing procedures in the AUP Program for each sampled member.

Program Year	Total Members	Sampled Members
2007-2008	111	15
2008-2009	83	10

RESULTS OF AGREED-UPON PROCEDURES

We questioned claimed Federal-share costs of \$5,370 and match costs of \$304,582. 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, includes costs not supported by adequate documentation.

We questioned education awards of \$174,825. Grant participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards and repayment of student loan interest accrued during their service terms from the National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. However, as part of our agreed-upon procedures and using the same criteria as claimed costs, we determined the effect of our findings on education award eligibility.

Detailed results of our agreed-upon procedures on claimed costs are presented in Exhibit A and the supporting schedules. Results of testing grant compliance are summarized in Exhibit B. We were not engaged to, and did not perform an examination, the objective of which would be expression of an opinion on the subject matter. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported.

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

COTTON & COMPANY LLP



Sam Hadley, CPA, CGFM
Partner

EXHIBIT A

THE RESEARCH FOUNDATION OF THE CITY UNIVERSITY OF NEW YORK
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARD
 CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS
 AWARD No. 07NDHNY001

Award	Federal Costs		Match Costs		Ed Awards Questioned	Reference
	Claimed	Questioned	Claimed	Questioned		
RFCUNY					<u>\$174,825</u>	Schedule A
Labor & Benefits	\$176,010	\$5,114				
Other Costs	16,238		<u>\$1,511</u>			
Administrative Costs	<u>15,266</u>	<u>256</u>				
Subtotal	\$207,514	\$5,370	\$1,511		\$174,825	Schedule A
Hunter College						
Labor & Benefits	\$113,085		\$175,839			
Other Costs			3,520			
Administrative Costs						
Subtotal	<u>\$113,085</u>		<u>\$179,359</u>			
UKA						
Labor			\$408,610			
Other Costs			28,722			
Program Income			(132,750)			
Subtotal			<u>\$304,582</u>	<u>\$304,582</u>		Schedule B
Total	<u>\$320,599</u>	<u>\$5,370</u>	<u>\$485,452</u>	<u>\$304,582</u>	<u>\$174,825</u>	

**THE RESEARCH FOUNDATION OF THE CITY UNIVERSITY OF NEW YORK
SCHEDULE OF CLAIMED AND QUESTIONED COSTS
HUNTER COLLEGE**

	Amount	Notes
Questioned Federal Costs:		
Inaccurate time and effort reports	5,114	1
Administrative costs	<u>256</u>	2
Total Questioned Federal Costs	<u>\$5,370</u>	
Questioned Education Awards:		
Ineligible teachers	<u>\$174,825</u>	3

1. RFCUNY did not provide adequate documentation to support August 2007 summer salaries claimed for two Hunter College employees. Certifications provided to support these costs showed that the two employees spent 100 percent of their time on other projects. The AmeriCorps project code was shown on the certifications, but no percentage of the employees' time was allocated to it.

OMB Circular A-21, Paragraph A.2. *Policy Guides*, Subsection e., states that accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to sponsored agreements. We questioned \$4,091 of Federal labor costs and \$1,023 of related Federal benefit costs, because certifications did not identify any effort on the AmeriCorps program. (See Compliance Finding 10.)

2. Questioned costs in Note 1 resulted in \$256 (\$5,114 x 5 percent) of unallowable administrative costs. The Corporation's share of administrative costs is limited to 5 percent of total Corporation funds actually expended under this grant. We questioned \$256 of Federal costs. (See Compliance Finding 11.)

3. RFCUNY's AmeriCorps program is designed to bring individuals without prior teaching experience into the teaching profession. RFCUNY, however, enrolled 30 individuals who were current charter school teachers as PY 2007-2008 AmeriCorps members. Ten of these individuals were also enrolled as AmeriCorps members in PY 2008-2009. RFCUNY officials stated they thought it was permissible to enroll these individuals because they were uncertified and needed certification to remain teaching at the charter schools, and because several of the members had limited teaching experience.

The Corporation met with its Teacher Corps grantees on May 5, 2009, to clarify that Teacher Corps programs could not enroll current teachers and issued Notice of Grant Award Amendment No. 4 to emphasize its point. Since the Corporation clarified the grant requirements, RFCUNY stated that it has not enrolled any members with prior teaching experience. We noted that 68 PY 2008-2009 members started service after the Corporation clarified grant requirements, and none of these members were identified by RFCUNY as having prior teaching experience. We questioned education awards of

\$132,300 for the 28 PY 2007-2008 members and \$42,525 for 9 PY 2008-2009 members who earned education awards. (See Compliance Finding 1.)

**THE RESEARCH FOUNDATION OF THE CITY UNIVERSITY OF NEW YORK
SCHEDULE OF CLAIMED AND QUESTIONED COSTS
UNCOMMON KNOWLEDGE AND ACHIEVEMENT**

	Amount	Notes
Questioned Match Costs:		
Unallowable labor and benefit costs	\$408,610	1
Unallowable other program costs	<u>28,722</u>	2
Subtotal	\$437,332	
Program Income	<u>(132,750)</u>	3
Total Questioned Match Costs	<u>\$304,582</u>	

1. RFCUNY claimed labor and benefit costs provided by UKA as match costs. Match costs provided by UKA were, however, unallowable and did not comply with requirements of OMB Circular A-122 and Corporation eligibility requirements.
 - In RFCUNY’s original financial reports, UKA salary and benefit costs were estimates. In addition, these costs were unsupported by timesheets, because UKA did not require timesheets for salaried employees. After we informed RFCUNY that UKA’s timekeeping system did not comply with OMB Circular A-122, RFCUNY requested UKA to create timesheets for its employees.
 - RFCUNY calculated the AmeriCorps share of salary costs using a percentage of AmeriCorps members in the Teacher U program (AmeriCorps Members/Teacher U members). The allocation percentage, however, included ineligible AmeriCorps members and therefore was overstated.

As discussed in Schedule A, Note 3, RFCUNY’s AmeriCorps award is designed to bring individuals without prior teaching experience into the teaching profession. RFCUNY, however, enrolled 30 individuals who were current charter school teachers. The Corporation met with its Teacher Corps grantees on May 5, 2009, and issued a Notice of Grant Award Amendment to clarify that Teacher Corps programs could not enroll current teachers into the program.

RFCUNY, however, included these ineligible individuals in its calculation of the allocation percentage. It also included one individual who was ineligible to participate in RFCUNY’s AmeriCorps program in its February through July 2008 rate. This person was ineligible due to the fact that the member had previously served two terms in another AmeriCorps program. As a result, the 62-percent rate used for February through July 2008 was overstated by 33 percent, and the 78-percent rate used for August 2008 through July 2009 was overstated by 23 percent.

For reasons cited above, we questioned all of these costs. (See Compliance Finding 9.)

2. RFCUNY claimed other program costs provided by UKA as match costs. Match costs provided by UKA were, however, unallowable and did not comply with requirements of OMB Circular A-122 and Corporation eligibility requirements. These costs were claimed

for UKA's teacher training program and were not identifiable as AmeriCorps expenses. In addition, these costs were allocated using a rate that included all employees expected or budgeted to work on the Teacher U program. UKA did not require any employees included in the allocation to maintain timesheets.

In addition, RFCUNY determined the AmeriCorps share by multiplying the allocated direct cost for UKA's teacher training program by the percentage of AmeriCorps members in the Teacher U program (AmeriCorps Members/Teacher U members). As discussed above, the allocation percentage included ineligible members and was overstated.

For reasons cited above, we questioned all of these costs. (See Compliance Finding 9.)

3. UKA requires teachers and charter schools participating in the Teacher U program to pay a fee in the fall and spring of each school year. During its 2008-2009 school year, UKA collected \$500 (\$250 in fall and \$250 in spring) from each AmeriCorps teacher and \$1,000 (\$500 in fall and \$500 in spring) from each charter school. In total, UKA collected \$132,750 from AmeriCorps teachers and charter schools, but used this \$132,750 of program income to reduce expenses it reported to RFCUNY. RFCUNY then reported this reduced amount as total match on its FFRs.

**THE RESEARCH FOUNDATION OF THE CITY UNIVERSITY OF NEW YORK
COMPLIANCE RESULTS**

AUP results identified the compliance findings discussed below.

Finding 1. RFCUNY enrolled ineligible members.

RFCUNY's AmeriCorps program is designed to bring individuals without prior teaching experience into the teaching profession. RFCUNY, however, enrolled 30 individuals as AmeriCorps members in PY 2007-2008 and 10 individuals in PY 2008-2009 who were current charter school teachers. Because of confusion about eligibility requirements for Teacher Corps programs, the Corporation met with its Teacher Corps grantees on May 5, 2009, to clarify requirements. The Corporation's Office of General Counsel explained to the Teacher Corps programs that they could not enroll current teachers into the program. To emphasize this requirement, the Corporation issued Notice of Grant Award Amendment No. 4. The Special Condition to this amendment states:

Hunter College Urban Teacher Partnership will not enroll currently employed charter school teachers seeking certification as AmeriCorps members.

RFCUNY stated that it enrolled members who were not newly hired by the charter schools during the period September 2007 through September 2008. Even though these members had teaching experience, RFCUNY considered them eligible because some of them:

- Were hired late in the previous school year with the intention of enrolling in the AmeriCorps program;
- Moved into new positions as the result of their AmeriCorps program enrollment; and
- Were uncertified teachers who became certificated as the result of their AmeriCorps program enrollment.

Since the Corporation clarified grant requirements, RFCUNY stated that it has not enrolled any members with prior teaching experience. As discussed in Schedule A, Note 3, we questioned education awards of \$174,825 for the 28 PY 2007-2008 members and 9 PY 2008-2009 members who earned education awards.

Recommendations:

We recommend that the Corporation:

- 1a. Require RFCUNY to strengthen its member enrollment procedures to ensure that it complies with AmeriCorps eligibility requirements;
- 1b. Verify implementation of procedures; and

- 1c. Disallow and recover (if already used) education awards for members who were not eligible to participate in the program.

RFCUNY's Response: RFCUNY stated that it changed its member enrollment procedures to ensure compliance with the AmeriCorps eligibility requirement when it learned that the Corporation had ruled current charter school teachers to be ineligible for the AmeriCorps program. RFCUNY believes that the 30 members whose education awards are being questioned are eligible to participate in the program because they address an unmet need for teachers.

Accountants' Comment: RFCUNY has not demonstrated that the 30 members whose education awards are being questioned were eligible to participate in the program. As stated above, the Corporation emphasized that the Teacher Corps program prohibited the enrollment of current teachers as members in amendment No. 4. We continue to make the recommendations stated above.

Finding 2. RFCUNY did not ensure all members received timely and adequate National Sex Offender Public Registry (NSOPR) searches before their service start dates.

RFCUNY did not conduct some NSOPR checks in a timely manner and did not ensure all members received adequate NSOPR searches before their service start dates.

Timeliness of NSOPR Checks

RFCUNY did not ensure that 11 of 15 PY 2007-2008 sampled members had NSOPR searches conducted before their service start dates.

45 CFR § 2540.202, *What two search components of the National Service Criminal History Check must I satisfy to determine an individual's ability to serve in a covered position?* states:

Unless the Corporation approves an alternative screening protocol, in determining an individual's suitability to serve in a covered position, you are responsible for conducting and documenting a National Service Criminal History Check, which consists of the following two search components:

- (a) State criminal registry search. A search (by name or fingerprint) of the State criminal registry for the State in which your program operates and the State in which the individual resides at the time of the application; and*
- (b) National Sex Offender Public Registry. A name-based search of the Department of Justice (DOJ) National Sex Offender Public Registry (NSOPR)*

Further, 45 CFR § 2540.203, *When must I conduct a State criminal registry check and a NSOPR check on an individual in a covered position?*, requires NSOPR checks to be performed on an individual who was serving or applied to serve on or after November 23, 2007.

RFCUNY stated that it did not conduct NSOPR checks in a timely manner for some members and has since revised member enrollment procedures in its program handbook to

ensure that all members receive NSOPR checks before start dates. Failure to conduct and maintain documentation of NSOPR searches for members before start dates could potentially result in ineligible individuals entering the program, jeopardize the safety of those being served, and result in loss of Corporation funding.

Adequacy of NSOPR Checks

RFCUNY conducted NSOPR searches for the 15 sampled members from PY 2007-2008 and the 10 sampled members from PY 2008-2009. But the searches did not include all state databases for 13 of 15 PY 2007-2008 members and for all 10 of the PY 2008-2009 members. RFCUNY stated that several state databases were “temporarily unavailable” when the searches were conducted. However, documentation was not available to show that these temporarily unavailable databases were rechecked by RFCUNY.

RFCUNY officials stated they did not think it was required to perform an additional NSOPR search for unavailable databases based on guidance discussed in the Corporation’s *Frequently Asked Questions, Final Rule on National Service Criminal History Checks*, dated October 29, 2007. According to paragraph 4.12, *What steps should I take if I discover that several States’ sex offender registry sites are inoperative when I am conducting the NSOPR check on an applicant?:*

You must document in writing that you conducted the search and further indicate the States whose site were inoperative. If any of these States is either the State in which your program is operating or one where the applicant resides, you must continue the search in order to ensure that the applicant is not listed on those States’ registries. If the inoperative sites include other States, merely document the names of these States for the file, as this would satisfy the rule’s requirement. However, as a best practice, it would be prudent to re-check the NSOPR later in order to rule out the possibility that the applicant may be registered in that State.

RFCUNY stated that documentation included in each member file listed names of state databases unavailable at the time of searches. In addition, RFCUNY indicated that the states listed did not include those where members had resided or where RFCUNY’s program operated. But, while the documentation listed names of unavailable state databases, it did not indicate that these states were not either the applicant’s residence, or one in which RFCUNY operates the AmeriCorps program.

After identification of this issue, RFCUNY added memoranda to member files to confirm that unavailable states did not include states where the member resided or where RFCUNY’s programs operated. Failure to conduct NSOPR searches of all state databases could potentially result in ineligible individuals entering the program, and could jeopardize the safety of those being served.

Recommendations:

We recommend that the Corporation:

- 2a. Verify implementation of RFCUNY’s revised procedures to ensure that all members receive NSOPR checks before their start dates;

- 2b. Ensure that RFCUNY develops procedures for adequately documenting its decisions on NSOPR searches when not all state databases are available; and
- 2c. Verify implementation of RFCUNY's procedures for documenting its decisions on NSOPR searches when not all state databases are available.

RFCUNY's Response: RFCUNY agreed with the finding and revised its program handbook to include procedures for ensuring NSOPR searches are conducted prior to member enrollment and procedures for members who NSOPR searches did not include all state databases. Program staff are now required to document whether any inoperative sites include either the states in which its program operates or where the applicant resides.

Accountants' Comment: RFCUNY's actions are responsive to our recommendations.

Finding 3. RFCUNY did not follow certain AmeriCorps Provisions.

RFCUNY did not follow certain AmeriCorps Provisions relating to financial reporting and orientation training.

Financial Status Reports

As shown in the table below, RFCUNY did not submit one FSR and submitted one report late.

Reporting Period	FSR Due Date	FSR Submission Date	No. of Days Late
08/17/07-09/30/08	10/31/08	11/06/08	6
08/17/07-03/31/08	04/30/08	Not Submitted	Not Submitted

AmeriCorps Special Provisions (2007), Section IV.N.1.a., *Financial Status Reports*, states that the grantee must submit semi-annual cumulative FSRs summarizing expenditures during the reporting period using eGrants.

RFCUNY stated that it did not submit the FSR due April 30, 2008, because eGrants showed that its first financial report was due on October 31, 2008. In addition, RFCUNY cited the 2008-2009 AmeriCorps Provision that states that National Professional Corps grantees are required to submit one financial report per year. The 2008-2009 AmeriCorps Provisions were not, however, effective until May 20, 2008, after the FSR was due. RFCUNY was uncertain that an FSR was due on October 31, 2008, because its AmeriCorps National Education award did not require an FSR. Once it determined an FSR was due, RFCUNY stated it had difficulty accessing eGrants.

Orientation Training

RFCUNY did not provide documentation to support that all PY 2007-2008 and 15 PY 2008-2009 members attended AmeriCorps orientation training. AmeriCorps Special Provisions (2007), Section IV.D.3., *Training, Supervision, and Support*, states that grantees must conduct orientation for members and comply with any pre-service orientation or training required by the Corporation. In addition, grantees are required to provide members with training, skills, knowledge, and supervision necessary to perform tasks required in their

assigned project positions, including specific training in a particular field and background information on the community served. Without proper orientation, members may not know how to properly fulfill program requirements.

RFCUNY stated that PY 2007-2008 members and members starting service on September 1, 2007, received orientation training before starting the program. It said that sign-in sheets for these members were lost as the result of staff changes.

Recommendations:

We recommend that the Corporation:

- 3a. Ensure that RFCUNY submits FFRs in a timely manner;
- 3b. Provide guidance to RFCUNY on required procedures for conducting, maintaining, and retaining documentation to support member attendance at orientation; and
- 3c. Verify implementation of orientation procedures.

RFCUNY's Response: RFCUNY agrees with the finding. It has been in contact with its grants officer to clarify reporting requirements and stated that the two subsequent financial reports were submitted by the due dates. RFCUNY has been made aware of requirements for conducting, maintaining, and retaining documentation to support member attendance at orientation. It distributed a sign-in sheet at its 2009 member orientations and retained sign-in sheets and orientation agendas in its program files. It documented these procedures in its program handbook.

Accountants' Comment: RFCUNY's actions are responsive to our recommendations.

Finding 4. RFCUNY did not maintain documentation to demonstrate that all member evaluations complied with AmeriCorps Regulations and Member Agreements.

RFCUNY did not have member evaluations that complied with PY 2007-2008 and PY 2008-2009 AmeriCorps Regulations and Member Agreements for any of its members. RFCUNY used the Hunter College School of Education rubric to evaluate member performance. This rubric, which the member's principal or another school leader completes, evaluates teachers in seven categories and rates their performance as Not Acceptable, Developing, Proficient, or Exemplary. An average rating of Proficient on the end-of-year evaluation is considered satisfactory performance. The evaluation did not address any other assignments communicated orally and in writing at the beginning of the service term or if the member had completed the required number of service hours.

At the time evaluations were conducted, RFCUNY officials thought they complied with AmeriCorps Provisions.

The Hunter College AmeriCorps Urban Teacher Partnership Member Agreement, Section III.D., states the following:

The Member understands that in order to be eligible for serving a second term of service; the Member must receive satisfactory performance reviews for any previous term of service. The Member's eligibility for a second term of service with this program will be based at least on the end-of-term evaluation of the Member's performance focusing on factors such as whether the Member has:

- *Completed the required number of hours;*
- *Completed assignments, tasks or projects in a satisfactory manner; and*
- *Completed any other assignments that were clearly communicated both orally and in writing at the beginning of the term of service.*

Grantees must comply with the Member Agreement and Corporation requirements for member performance reviews. According to 45 CFR § 2522.220(d), *Participant performance review*, a participant is not eligible for a second or additional term of service and/or for an AmeriCorps education award without mid-term and end-of-term evaluations. An end-of-term performance evaluation must assess the following:

- Whether the participant has completed the required number of hours to be eligible for the education award;
- Whether the participant has satisfactorily completed assignments, tasks, or projects; and
- Whether the participant has met any other performance criteria, which had been clearly communicated both orally and in writing at the beginning of the term of service.

Without proper end-of-term evaluations that indicate if participants completed the required number of service hours and met any other performance criteria, members seeking to serve a future term may not be eligible to reenter the program. Nine of the members sampled were returning members. We did not question the education awards for these members because their Hunter College School of Education rubric evaluations indicated that they had satisfactorily completed the program.

RFCUNY has revised its end-of-year member evaluations form to include space for supervisors to indicate if the member completed the required number of service hours; completed assignments, tasks, or projects in a satisfactory manner; and completed any other assignments communicated both orally and in writing at the beginning of the service term.

Recommendation:

We recommend that the Corporation:

4. Verify implementation of RFCUNY's revised procedures for conducting member evaluations.

RFCUNY's Response: RFCUNY agrees with the finding and has revised its member evaluations. The revised evaluations were distributed to supervisors in January 2010.

Accountants' Comment: RFCUNY's actions are responsive to our recommendations.

Finding 5. RFCUNY did not require its members to submit their Member Contracts and forms in a timely manner.

RFCUNY members did not submit their Member Contracts and forms in a timely manner.

Member Contracts and Forms

Certain members did not sign member contracts and enrollment forms prior to their start dates and did not submit signed member contracts and enrollment forms in a timely manner. RFCUNY did not enter exit forms into the Corporation's Web-Based Reporting System (WBRS) within the required 30 days after the member's ended service.

The number of late instances for each situation is noted below:

Form	PY 2007-2008	PY 2008-2009	Days After Start
Contract (Signed by Member)	7	7	2-22
Enrollment Form (Signed by Member)	7	1	3-20
Exit Form (Approved in WBRS)	<u>11</u>	<u>1</u>	36-85
Total	<u>25</u>	<u>9</u>	

AmeriCorps Special Provisions (2007), Section IV.C.1., *Member Enrollment Procedures*, states:

An individual is enrolled as an AmeriCorps member when all of the following have occurred:

- *He or she has signed a member contract;*
- *The program has verified the individual's eligibility to serve;*
- *The individual has begun a term of service; and*
- *The program has approved the member enrollment form in WBRS.*

Further, AmeriCorps Special Provisions (2007), Section IV. E.2., *Notice to the Corporation's National Service Trust*, states that the grantee has 30 days to notify the Corporation's National Service Trust that it:

- Entered into a commitment with an individual to serve;
- Enrolled the member in WBRS; and
- The member completed a lengthy or indefinite suspension or was released from a term of service.

Without timely completion and submission of forms, the Corporation cannot maintain accurate member records.

RFCUNY stated that it was aware that some members enrolled in September 2007 were not provided with enrollment materials in a timely manner. It has since revised its procedures. Members are now required to return enrollment materials by mail before their start dates or bring them in person to the member orientation, which is the same day as the start date. In addition, RFCUNY stated that member contracts originally signed by the seven PY 2008-2009 members were outside of the program year. Once the error was discovered on August 12, 2008, it was unable to distribute the revised forms until the first class for members at Hunter College on September 13, 2008.

RFCUNY stated that some members were exited in its system more than 30 days beyond their end dates because it was unable to exit them during the transition from WBRS to the My AmeriCorps Portal. It also experienced technical difficulties that prevented it from accessing the Portal. In addition to difficulties with the Portal, one member failed to return exit materials in a timely manner and another failed to return an AmeriCorps exit form.

Eligibility

RFCUNY required members to complete, sign, and date a Member Eligibility Verification Form on which members marked the type of documentation they were providing to support citizenship or legal resident status. The forms for 6 of 15 sampled members in PY 2007-2008 were dated after member start dates. The range of time taken by RFCUNY to verify citizenship was 16-20 days. In addition, the Member Eligibility Verification Form for 1 of the 15 sampled members was not dated by the member.

Failure to complete enrollment documentation on or before a member's start date could result in individuals participating who are not eligible to participate in the program and for those ineligible individuals to receive an award.

According to 45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant?*, every AmeriCorps participant is required to be a citizen, national, or lawful permanent resident alien of the United States. Further, AmeriCorps Special Provisions (2007), Section IV.C.1.a.ii., *Member Enrollment Procedures*, states that an individual is enrolled as an AmeriCorps member when the program has verified the member's eligibility to serve. As discussed above, RFCUNY stated that it was aware that some members enrolled in September 2007 were not provided enrollment materials in a timely manner, and RFCUNY has since revised its procedures.

Recommendations:

We recommend that the Corporation:

- 5a. Verify implementation of RFCUNY's revised enrollment procedures to ensure compliance with AmeriCorps eligibility and enrollment requirements; and
- 5b. Verify that member forms are properly completed and submitted in accordance with grant requirements.

RFCUNY's Response: RFCUNY agrees with the finding and now requires members to submit all member contracts, enrollment forms, and proof of eligibility prior to their start dates. These procedures are documented in its program handbook.

RFCUNY stated that late approvals of member exits were the result of technical difficulties with the My AmeriCorps Portal, as well as confusion over how to exit members who failed to submit exit paperwork in a timely manner. The technical difficulties that resulted from the transition to the My AmeriCorps Portal have since been resolved. RFCUNY received additional guidance from its program officer on how to exit members who do submit exit paperwork in a timely manner and will ensure that these members are exited with 30 days of their end of service.

Accountants' Comment: RFCUNY's actions are responsive to our recommendations.

Finding 6. RFCUNY had weaknesses in member timekeeping procedures.

RFCUNY did not follow timekeeping requirements stipulated in the grant award and did not have procedures for tracking member training and fundraising hours.

Member Timekeeping System

In August 2007, RFCUNY submitted a request to the Corporation for approval of a special condition that would release the program from maintaining separate weekly timesheets for its members. RFCUNY stated in its request that each local service site would use payroll records to certify member completion of required hours, and RFCUNY would use attendance records for master's degree coursework to verify time spent in class. The Corporation approved RFCUNY's request for a special condition and issued Notice of Grant Award (NGA) Amendment No. 1. The special condition added to the award states:

Hunter College of the City University of New York must follow the timekeeping practices of its profession and will certify members have completed the minimum required hours excluding sick and vacation days.

RFCUNY relied upon Service Hour Verification Forms signed by the members' school site supervisor to certify that members had completed at least 1,700 service hours. But the Service Hour Verification Form did not address training hours, fundraising hours, sick days, or vacation days of members. Additionally, while RFCUNY was to use payroll records to certify that members had completed the required number service hours, it did not appear that the schools used payroll records to verify service hours.. Also, school supervisors would not have knowledge of all of the member's training and fundraising hours.

Without procedures to verify member activities or timesheet accuracy, the potential exists for members to perform prohibited activities, report incorrect hours, and receive education awards to which they are not entitled.

Training Limitations

RFCUNY's members received training at their local schools and while attending master's degree classes at Hunter College. These training hours exceeded service hours certified by local school site supervisors, and were not tracked by the schools or RFCUNY. RFCUNY did not have procedures to ensure that no more than 20 percent of the aggregate of all AmeriCorps member service hours in each program year was spent on training and education activities.

Without tracking education and training hours, members may exceed the maximum limitation as specified by 45 CFR § 2520.50, *How much time may AmeriCorps members in my program spend in education and training activities?*

Fundraising Limitations

RFCUNY did not have procedures to ensure that no more than 10 percent of member service hours in each program year were spent on fundraising. RFCUNY indicated that its members did not perform fundraising activities; however, one member we interviewed identified participation in a fundraising event for UNICEF at his school. Fundraising hours are not included in the Service Hour Verification Form and are not tracked by local schools. If these hours are not tracked, members may exceed the 10 percent maximum limitation as specified by 45 CFR § 2520.45, *How much time may an AmeriCorps member spend fundraising?* An AmeriCorps member may spend no more than 10 percent of his or her originally agreed-upon term of service, as reflected in the member enrollment in the National Service Trust, performing fundraising activities.

Recommendations:

We recommend that the Corporation:

- 6a. Ensure that RFCUNY follows timekeeping practices of its profession and uses payroll records to verify member service hours;
- 6b. Require RFCUNY to implement procedures to track member training and fundraising hours to ensure that they do not exceed the maximum percentage of hours allowed; and
- 6c. Verify implementation of procedures to track member training and fundraising.

RFCUNY's Response: RFCUNY thought that it complied with alternative timekeeping procedures approved by the Corporation and that its members, as full time teachers, followed the timekeeping practices of their profession. Members were required to submit service hour verification forms, signed by a site supervisor, stating whether the member completed the minimum number of service hours and affirming that these hours were verified by school payroll records.

RFCUNY stated that records of member attendance at school-sponsored trainings are maintained by the schools at which they serve, and member attendance at master's degree coursework is tracked by a program staff member. It further stated that master's degree coursework attendance records were not used in determining if members were eligible to receive education awards, because its members met minimum required hours through service and training conducted at their school sites.

RFCUNY stated that it does not have a procedure for tracking member fundraising hours, because its members may not participate in fundraising during service terms. The prohibition against fundraising is included in the member handbook and is reviewed at member orientation. Further, it stated that the instance of fundraising cited in the accountants' report was not fundraising, but rather a service-learning activity that the member engaged in with students.

Accountants' Comment: We continue to make the recommendations stated above.

We do not agree that RFCUNY complied with the alternative timekeeping procedures approved by the Corporation, and that its members followed the timekeeping practices of their profession. As discussed above, payroll records were to be used by school site supervisors to certify that members had completed the required number of service hours. It did not appear, however, that site supervisors used the payroll records to verify service hours..

We do not agree with RFCUNY's statement that master's degree coursework attendance records were not used in determining if members were eligible to receive education awards, because its members met the minimum required hours through service and training conducted at their school sites. During fieldwork, we requested that RFCUNY provide calculations to demonstrate that five sampled members served the minimum required hours to receive an education award. RFCUNY's calculations showed that one of the five members did not meet the minimum required hours through service and training at the school site. This member would not have been eligible to receive an education award without the master's degree coursework hours.

RFCUNY stated that it does not have a procedure for tracking member fundraising hours, because fundraising is prohibited in the member handbook, and this is addressed at the pre-service orientation. While RFCUNY's member handbook identifies examples of fundraising activities that are prohibited, it also identifies fundraising activities that may be appropriate and allowable. Additionally, RFCUNY did not state how it ensures that members comply with this requirement throughout the program year.

Finding 7. RFCUNY did not have controls to ensure criminal history searches for program staff were conducted as required.

RFCUNY did not ensure that National Service Criminal History searches (state criminal registry search and NSOPR search) were conducted in a timely manner for two UKA employees whose salaries and benefits were claimed as match costs. The UKA employees started working at UKA in February and March 2008, respectively. RFCUNY did not conduct National Service Criminal History searches for these employees until March 2009. These two employees were required to have National Service Criminal History searches at the start of their employment, because they:

- Had recurring access to vulnerable populations;
- Started working after the November 2007 effective date of the Corporation's revised background check procedures; and
- Their salaries and benefits were claimed as match costs.

45 CFR § 2540.200, *To whom must I apply suitability criteria relating to criminal history?*, requires criminal history checks for individuals applying for or serving in positions for which an individual receives a Corporation-funded salary and has recurring access to children, persons 60 and older, or individuals with disabilities. In addition, 45 CFR § 2540.203, *When must I conduct a State criminal registry check and NSOPR check on an individual in a covered position?*, required checks to be performed on an individual serving in or applied to

serve in a covered position on or after November 23, 2007. Further, per the Corporation's monitoring report from its March 2009 site visit:

...partner's staff providing on-site supervision and reviews, even though funded as matching share, are subject to the background check rules.

RFCUNY stated that it conducted background checks on these individuals before their start dates, but did not conduct National Service Criminal History searches, because it was not aware they were required for the UKA employees. Because it did not think these searches were required, RFCUNY submitted an Alternative Search Protocol (ASP) request for staff background checks to the Corporation in September 2008. In the ASP, RFCUNY requested permission to eliminate performing National Service Criminal History searches, because no grant-funded staff would provide oversight visits, recruitment visits, or training in schools and would not have contact with vulnerable populations.

In November 2008, the Corporation denied the ASP request, because it was inconsistent with RFCUNY's grant application. The grant application described roles for field observers, funds were budgeted for staff travel to schools, and three charter school organizations that formed UKA were budgeted to receive a portion of the Federal grant. RFCUNY stated that once it learned the two employees were covered by the Corporation's criminal history search requirements, it conducted a second background check and NSOPR check for the two employees. These checks were completed in March 2009.

As discussed in Compliance Finding 8, RFCUNY did not report UKA match costs until its March 31, 2009, FFR filed in May 2009. If RFCUNY had not obtained required criminal history searches by this date, all salary and benefits costs claimed as match would have been unallowable.

Recommendations:

We recommend that the Corporation:

- 7a. Ensure that RFCUNY is aware of Corporation's requirements for criminal history checks and develops controls to ensure that such checks are performed for all grant-funded staff.
- 7b. Verify implementation of RFCUNY's controls to ensure that National Service Criminal History searches are obtained in accordance with regulations.

RFCUNY's Response: RFCUNY agrees with the finding and began conducting criminal history searches as soon it became aware of requirements for staff members. Staff members at Hunter College and its partner organization have been trained in Corporation requirements for criminal history checks, which are now documented in RFCUNY's program handbook. RFCUNY will ensure that the checks are completed for any staff member whose time is charged to the grant or claimed as match.

Accountants' Comment: RFCUNY's actions are responsive to our recommendations.

Finding 8. RFCUNY had inadequate controls over accumulating and reporting match costs.

RFCUNY had inadequate controls for treating match costs in its accounting system.

Accumulating Costs

Match costs reported by RFCUNY were incurred by Hunter College and UKA. These two entities informed RFCUNY of the amount of their match costs, but these costs were not accumulated and recorded in RFCUNY's accounting system.

Hunter College did not use its accounting system and instead used spreadsheets to accumulate its match costs. It calculated salary costs using a formula based on the annual salary for each employee, number of months worked by each employee, number of days in a month, and each employee's effort percentage. It calculated related fringe benefit costs by multiplying salary costs by the fringe benefit rate for each labor category. It determined the amount of operating costs by recording invoice dates, vendors, invoice amounts, and amounts related to AmeriCorps on a spreadsheet. UKA recorded costs for its teacher training program in its accounting system and provided RFCUNY a letter identifying the amount of its match costs.

Reporting Costs

In addition to improperly accumulating costs, RFCUNY did not accurately report Hunter College or UKA match costs.

- RFCUNY did not report match costs for UKA on its original September 30, 2008, FSR. It was unaware that it needed to report these costs until informed by the Corporation during its March 2009 monitoring visit.

After being informed by the Corporation that it needed to report UKA match costs, RFCUNY reported \$190,500 of match costs for UKA in its original March 31, 2009, FSR. Amounts reported by RFCUNY were, however, amounts included in a letter provided by UKA that reported UKA's budget for salaries, fringe benefits, and operating costs. UKA's letter did not identify actual expenses.

- RFCUNY originally claimed \$5,000 of match costs for supplies, which was the budgeted, not the actual, amount.

45 CFR § 2543.21 *Standards for financial management systems*, Subsection (b), states that recipient financial management systems must provide for accurate, current, and complete disclosure of financial results of each Federally sponsored program. Without an adequate financial management system, the grantee cannot provide a complete disclosure of financial results for each program or funding source. Without claimed match costs in a separately identifiable account, the potential exists for match costs to be claimed on other federally assisted awards.

Recommendations:

We recommend that the Corporation:

- 8a. Require RFCUNY to develop controls to ensure claimed match costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.
- 8b. Require RFCUNY to implement controls over accumulating and reporting match costs.
- 8c. Verify implementation of the controls over accumulating and reporting match costs.

RFCUNY's Response: RFCUNY stated that its accounting system has been enhanced for Fiscal Year 2011 to require all sponsored awards to be flagged for either "committed cost share" or "no cost share." Awards indicating a cost-share commitment will be required to complete a cost-share template detailing expenditures and funding sources. This template will be used for monitoring and reporting purposes. In addition, RFCUNY will be working with Hunter College on a cost allocation plan that will show how the organization's matching costs are calculated and documented.

Accountants' Comment: RFCUNY's actions are responsive to recommendations concerning the accumulating and reporting of match costs. It did not address the recommendation to develop procedures for ensuring that match costs are allowable and allocable in accordance with applicable costs principles.

Finding 9. RFCUNY/Hunter did not ensure that match costs of its subgrantee/partner, UKA, were adequately supported, compliant with OMB circulars, and properly calculated.

- UKA did not require timesheets for its salaried employees and was unaware of OMB requirements to keep timesheets. According to OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B, Paragraph 8.m., *Support of salaries and wages*, the distribution of salaries and wages to awards must be supported by Personnel Activity Reports (PAR) that reflect an after-the-fact determination of actual activity of each employee. Budget estimates do not qualify as support for charges to awards. In addition, salaries and wages of employees used to meet cost share or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from awarding agencies.
- UKA also claimed \$15,000 of other direct costs as match costs claimed for its teacher training program and that were not identifiable as AmeriCorps expenses. In addition, these costs were allocated using a rate that included all employees expected or budgeted to work on the Teacher U program. OMB Circular A-122, Attachment A, Paragraph A.2, *Factors affecting allowability of costs*, states that an award cost must be adequately documented to be allowable.
- UKA did not report program income. RFCUNY did not report the Teacher U program income to Hunter. Thus, this program income was excluded when RFCUNY filed its original September 30, 2008, FSR and March 31, 2009, FFR. UKA required

teachers and charter schools participating in the Teacher U program to pay a fee in the fall and spring of each school year. During its 2008-2009 school year, UKA collected \$500 (\$250 in fall and \$250 in spring) from each AmeriCorps teacher and \$1,000 (\$500 in fall and \$500 in spring) from each charter school. From July 1, 2008, through March 31, 2009, UKA collected \$132,750 in fees from the AmeriCorps teachers and charter schools.

UKA stated that it was unaware that costs reported to Hunter had to comply with cost principles contained in OMB Circulars. In addition, UKA also noted that it had not been educated on these requirements. 45 CFR § 2543.51 *Monitoring and reporting program performance (a)*, states that recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award.

As noted above, UKA supplied information to Hunter, which processed the information and provided it to RFCUNY. After the matters described above were identified to all parties, UKA revised its claimed match costs as follows:

- RFCUNY claimed \$100,812 of additional UKA salaries and benefits and \$6,678 of additional other direct costs on its revised March 31, 2009, FFR. It claimed \$133,660 of additional UKA salaries and benefits and reduced other direct costs by \$1,104 on its revised September 30, 2009, FFR. To support salary costs on its revised FFRs, RFCUNY provided timesheets for the three UKA employees. Each timesheet covered one month, showed the percentage of effort worked on an activity, and the number of personal, sick, and vacation days taken. The timesheets for all three UKA employees showed that they spent 100 percent of their effort on UKA's teacher training program. RFCUNY stated that, because these individuals are professional employees, UKA did not maintain records of the total number of hours worked each day, and stated that UKA will prepare reports at least monthly in the future. The AmeriCorps share of the salary costs was calculated using a percentage of AmeriCorps members in the teacher training program.
- When RFCUNY submitted the revised FFRs, it changed how it calculated the AmeriCorps share of match costs. It calculated the amount of other direct costs claimed as the AmeriCorps share by multiplying the allocated direct cost for UKA's teaching training program by the percentage of AmeriCorps members in the Teacher U program.
- RFCUNY claimed the \$132,750 of program income for the Teacher U program. RFCUNY used the Teacher U program income to reduce the amount of UKA expenses reported as match.

Revised claimed costs remain unallowable, however, because the percentages used to allocate UKA's salaries, benefits, and other direct costs included ineligible members and were overstated:

- For February through July 2008, UKA used a rate of 62 percent to allocate costs. This rate, however, included 10 members who were ineligible to participate in the program, because they had prior teaching experience, and RFCUNY's AmeriCorps award is designed for individuals without teaching experience. The rate also included one individual who was also ineligible, because the member had previously received two AmeriCorps education awards in another AmeriCorps program.

According to the Hunter College AmeriCorps Urban Teacher Partnership Handbook, *Who is eligible to participate in the AmeriCorps National Professional Corps Program?*, an individual is eligible to participate in the program if the individual has not already received two AmeriCorps education awards. After excluding these members, the rate is reduced to 29 percent.

- For August 2008 through July 2009, UKA used a rate of 78 percent to allocate costs. This rate would, however, be reduced to 55 percent after eliminating 30 ineligible members with prior teaching experience.

Recommendations:

We recommend that the Corporation:

- 9a. Ensure that RFCUNY/Hunter develops controls to require adequate support for match documentation and that are compliant with OMB circulars and AmeriCorps regulations.
- 9b. Verify implementation of RFCUNY/Hunter's controls for match costs.

RFCUNY's Response: RFCUNY stated that it is working on a cost allocation plan that will be provided to the Corporation after the final report is issued. The cost allocation plan will show how UKA calculates and documents teacher training costs and how those costs are used as match.

Accountants' Comment: We continue to make the recommendations stated above.

Finding 10. RFCUNY had inadequate controls to ensure the allowability of claimed Federal and match faculty labor costs.

Labor costs for Hunter faculty members were either recorded in RFCUNY's accounting system (examples include release time and summer salaries) or in Hunter College's accounting system. In both cases, labor costs must be supported by employee PARs spell out. We identified many instances of inadequately unsupported labor costs, discussed below.

Federal Claimed Labor

- As discussed in Schedule A, Note 1, RFCUNY did not provide adequate documentation to support the August 2007 summer salaries claimed for two Hunter College employees. Certifications provided to support these costs showed that the two employees spent 100 percent of their time on other projects. The AmeriCorps project code was shown on the certifications, but no percentage of the employees' time was allocated to it.

OMB Circular A-21, *Cost Principles for Educational Institutions*, Paragraph A.2., *Policy Guides*, Subsection e., states that the accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to sponsored agreements.

- Some PARs were not completed correctly and did not account for all activity:
 - The fall 2008 PAR for one Hunter College faculty member did not show all activity. The PAR showed a 25-percent effort for this faculty member's AmeriCorps work and 25-percent effort for Instructional Services. The remaining 50 percent was unidentified. RFCUNY provided a revised PAR showing 25-percent effort on AmeriCorps and 75 percent on Instructional Services. RFCUNY stated that the faculty member apparently misread the form and misallocated his AmeriCorps effort. RFCUNY did not identify this error.
 - The fall 2008 PAR for another Hunter College faculty member also did not show all activity. The PAR showed 10-percent effort spent on AmeriCorps, but the remaining 90-percent effort was unidentified. RFCUNY provided a revised PAR showing 10-percent effort on AmeriCorps and 90 percent on Instructional Services. RFCUNY stated its central office prints the PAR and indicates the percentage of effort being charged to each grant. The faculty member is asked to fill in the remainder of his or her effort.
- Some PARs were not prepared in a timely manner and were not prepared at the end of each semester:
 - The fall 2008 (September 2008 to January 2009) PAR for one Hunter College faculty member was not signed until July 10, 2009. The fall 2008 PAR for a second Hunter College faculty member was not signed until September 16, 2009; RFCUNY stated that this faculty member was away all summer and signed the form upon her return. RFCUNY stated that PARs are sent out at the conclusion of the semester, and it requests that faculty members review, complete, sign, and return immediately. While the majority of faculty members return the forms as requested, some do not. RFCUNY follows-up with faculty members who have not responded in late February and again at the conclusion of the spring semester.
 - The June 1-15 and June 16-30, 2009, Summer Salary Certifications for three Hunter College faculty members were not completed in a timely manner. The three faculty members signed both certifications on August 31, 2009; February 25, 2010; and March 1, 2010, respectively.
- Some PARs and Summer Salary Certifications were missing dates, had pre-printed dates, and had corrections to dates and account codes that were not initialed by the person making the corrections. Dating forms and initialing changes are necessary to ensure that accountability is maintained, and effort reports are consistent with employee and management intentions.

Match Labor

- RFCUNY erroneously did not claim \$10,415 of salaries and benefits incurred from September 1 through October 5, 2008, for four Hunter College employees when it prepared March 31 FFR. In addition, RFCUNY did not claim \$22,573 of salaries and benefits incurred from grant inception through March 31, 2009, for 16 Hunter College employees.

- The PAR supporting match salary costs for one Hunter College employee did not agree with the percentage of effort charged to the award. The spring 2009 PAR, completed by the department chair, supported a 46-percent effort, although 40 percent was charged to the award, because that was the budgeted percentage of effort. After being informed of the discrepancy, RFCUNY stated that the PAR was incorrect and provided a revised PAR. The revised PAR was also completed by the department chair and showed a 40-percent effort.

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment A., Paragraph A.2., states that an award cost must be adequately documented to be allowable.

Recommendations:

We recommend that the Corporation:

- 10a. Ensure that RFCUNY develops and implements timekeeping policies and procedures that are compliant with applicable cost principles.
- 10b. Ensure that RFCUNY implements controls to ensure the allowability of reported costs.
- 10b. Verify implementation of RFCUNY's controls to ensure allowability of reported costs.

RFCUNY's Response: RFCUNY described the actions it has taken or plans to take to address the findings and recommendations.

Summer Salaries. RFCUNY stated that it recertified the certifications noted in the finding. In addition, it implemented an online Summer Salary system for authorizing and paying summer salary hours effective summer 2010. During Fiscal Year 2011, it will develop an online certification of Summer Salary Personnel Activity reporting. For the current period, RFCUNY will reinforce the importance of submitting complete effort reports for summer salary personnel and will enhance its monitoring of submissions by hiring additional staff.

PARs. RFCUNY stated that it re-certified the certifications noted in the finding. In addition, it will enhance its monitoring and follow-up procedures surrounding effort reporting compliance. In the spring of 2010, RFCUNY issued a reminder to the colleges of CUNY regarding its policy for submitting effort reports in a timely manner. It will continue to communicate with appropriate college personnel regarding Federal reporting requirements and will create an online system to its effort reporting policy.

Match. RFCUNY stated that it re-certified the certifications noted in the finding. For Fiscal Year 2011, RFCUNY's accounting system will require that all sponsored awards be flagged for either "committed cost share" or "no cost share". Awards indicating a cost-share commitment will be required to complete a cost-share template detailing expenditures and funding sources. This template will be used for monitoring and reporting purposes. In addition, RFCUNY will enhance its monitoring and follow-up procedures for effort reporting. It will reinforce the importance of completing effort certifications through communications with appropriate College personnel and creation of online certification of Summer Salary Personnel Activity reporting.

Accountants' Comment: RFCUNY's actions are responsive to the recommendations.

Finding 11. RFCUNY claimed unallowable and unsupported costs.

Notes to Schedules A and B (and Finding 8 through 10) describe questioned Federal costs of \$5,370 and questioned match costs of \$304,582, which are summarized on Exhibit A. 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, was not supported by adequate documentation.

Recommendations:

We recommend that the Corporation:

- 11a. Recover disallowed costs; and
- 11b. Recover administrative costs related to disallowed costs.

RFCUNY's Response: RFCUNY stated that it considers the \$5,370 of questioned Federal costs to be allowable and that time-and-effort reports to support release time salaries for three Hunter College faculty members were provided at the exit conference.

Accountants' Comment: RFCUNY provided documentation at the exit conference to support summer salaries that were questioned in a draft version of this report. They did not provide any documentation to support the allowability of the costs questioned here. We continue to make the recommendations stated above.

APPENDIX A

**THE RESEARCH FOUNDATION OF
THE CITY UNIVERSITY OF NEW YORK'S
RESPONSE TO AGREED-UPON PROCEDURES REPORT**

Finding 1. RFCUNY enrolled ineligible members.

RFCUNY's AmeriCorps program is designed to bring individuals without prior teaching experience into the teaching profession. RFCUNY, however, enrolled 30 individuals in PY 2007-2008 and 10 individuals in PY 2008-2009 who were current charter school teachers as AmeriCorps members.

Recommendations:

We recommend that the Corporation:

- 1a. Require RFCUNY to strengthen its member enrollment procedures to ensure that it complies with AmeriCorps eligibility requirements;
- 1b. Verify implementation of procedures; and
- 1c. Disallow and recover (if already used) education awards for members who were not eligible to participate in the program.

RFCUNY's Response:

When we learned that AmeriCorps had ruled that current school charter school teachers were ineligible to be enrolled, we changed our member enrollment procedures to ensure that they complied with this requirement.

We believe, however, that the 30 members whose awards are being questioned are eligible to participate in the program because they address an unmet need. Hunter College School of Education and a consortium of three high performing charter organizations, Uncommon Schools, KIPP (Knowledge Is Power Program) and Achievement First, collaborated in the development of an AmeriCorps Professional Corps proposal to address the shortage of teachers willing and qualified to work in urban charter schools.

The need for highly qualified and effective teachers in low-income urban schools is amply documented. Highly qualified and effective teachers are disproportionately represented in middle income and affluent, often suburban districts. Without such teachers, low-income urban youth are seriously disadvantaged in their education. According to the 1999-2000 School and Staffing Survey, secondary students in high-poverty schools are twice as likely as those in low-poverty schools (36 percent vs. 13 percent) to have a teacher who is not certified in the subject taught.

The charter schools with which we partner face even greater challenges in recruiting and retaining teachers than typical public schools serving low-income students. To achieve high levels of achievement and college attendance and graduation for students, charter school teachers are expected to work an extended school day and extended school year and to maintain ongoing contact with parents. In many cases, individuals with the personal characteristics and commitment to teach in these schools do not hold full State certification and cannot meet that definition of a highly qualified teacher. For all of these reasons, our partner charter schools have a critical unmet need to prepare and retain highly qualified effective teachers.

As articulated in our grant proposal, the Hunter College AmeriCorps Urban Teacher Partnership (HCAUTP) aims to address the need for highly qualified and effective teachers to work in urban charter schools by providing its members with the special skills required to ensure high levels of student achievement and with the professional credentials they need to remain as teachers.

Of the 30 teachers whose eligibility has been questioned, 23 did not hold state certification or licensure in the subject/grade level they were teaching. After receiving their master's degrees, they became

eligible for full State certification. Thus, Hunter's AmeriCorps program served to provide these members with the training and knowledge they needed to stay in the profession.

With support from AmeriCorps, Hunter's master's degree program in childhood education was re-designed to better serve the needs of charter school teachers and their students. The coursework provided to members of the HCAUTP combines the best practices and knowledge from university-based teacher preparation with highly effective charter school professional development. The result is a teacher training program that builds upon the daily interactions of enrolled teachers and their students.

Working with their colleagues in an environment that has high expectations but that provides collegial support, enrolled teachers are encouraged to examine and improve their instructional practices. Because of their demanding workload, many charter school teachers are unable to enroll in traditional teacher education programs while remaining employed at their schools. To ensure that our members are able to stay in the classroom, HCAUTP coursework meets during intensive summer institutes and on Saturdays throughout the academic year, supplemented by online coursework and other forms of distance learning.

The training program has been cited for its innovation and excellence by U.S. Secretary of Education Arne Duncan in speeches at Teachers College, Columbia University and elsewhere. In 2008-2009, 90 percent of our members (89 of 99) demonstrated improved teaching skills as a result of their participation in the program. On average, our members moved from a beginning-of-year rating of 2.73 ("Developing") to an end-of-year rating of 3.48 ("Proficient").

In addition to the training they receive, the financial benefits that members receive through their enrollment in AmeriCorps—loan forbearance, interest repayment, and education awards—provide a powerful incentive for teachers to remain in our program and in the classroom. Of 31 teachers who started the program in 2007, 29 continue to teach in charter schools serving low-income students as of July 2010, an extraordinary retention rate for inner-city teachers.

Finding 2. RFCUNY did not ensure all members received timely and adequate National Sex Offender Public Registry (NSOPR) searches before their service start dates.

Recommendations:

We recommend that the Corporation:

- 2a. Verify the implementation of RFCUNY's revised procedures to ensure that all members receive NSOPR checks before their start dates;
- 2b. Ensure that RFCUNY develops procedures for adequately documenting its decisions on NSOPR searches when not all state databases are available; and.
- 2c. Verify the implementation of RFCUNY's procedures for documenting its decisions on NSOPR searches when not all state databases are available.

RFCUNY's Response:

We agree with the findings and have implemented procedures to ensure that NSOPR searches are completed for each member prior to his/her enrollment. These procedures are included in our program handbook (pages 4-5, Criminal History Checks and Enrolling Members).

For members whose searches did not include all state databases, we have developed a new procedure requiring program staff to document in writing whether any inoperative sites include either the states in

which our program operates or the state where the applicant resides. This procedure is now included in our program handbook (page 5, Criminal History Checks).

Finding 3. RFCUNY did not follow certain AmeriCorps Provisions.

RFCUNY did not follow certain AmeriCorps Provisions relating to financial reporting and orientation training.

Recommendations:

We recommend that the Corporation:

- 3a. Ensure that RFCUNY submits FFRs in a timely manner;
- 3b. Provide guidance to RFCUNY on required procedures for conducting, maintaining, and retaining documentation to support member attendance at orientation; and
- 3c. Verify implementation of orientation procedures.

RFCUNY's Response:

We agree with the findings and have been in contact with our grants officer to clarify the reporting requirements. The two subsequent financial reports were submitted by the due dates.

We have been made aware of the requirements for conducting, maintaining, and retaining documentation to support members' attendance at orientation. We distributed a sign-in sheet at our 2009 member orientations and have retained the sign-in sheets and the orientation agendas in our program files. These orientation procedures are documented in our program handbook (page 6, Member Orientation).

Finding 4. RFCUNY did not maintain documentation to demonstrate that every member evaluation complied with AmeriCorps Regulations and Member Agreements.

RFCUNY did not have member evaluations that complied with PY 2007-2008 and PY 2008-2009 AmeriCorps Regulations and Member Agreements for any of its members. RFCUNY used the Hunter College School of Education rubric to evaluate member performance. This rubric, which the member's principal or another school leader completes, evaluates teachers in seven categories and rates their performance as Not Acceptable, Developing, Proficient, or Exemplary. An average rating of Proficient on the end-of-year evaluation is considered satisfactory performance. The evaluation did not address any other assignments communicated orally and in writing at the beginning of the service term or if the member had completed the required number of service hours.

Recommendation:

We recommend that the Corporation:

- 4. Verify implementation of RFCUNY's revised procedures for conducting member evaluations.

RFCUNY's Response:

We agree with the findings and have revised our member evaluations. We distributed the revised evaluations to supervisors in January 2010.

Finding 5. RFCUNY did not require its members to submit their Member Agreements and forms in a timely manner.

RFCUNY members did not submit their Member Agreements and forms in a timely manner.

Recommendations:

We recommend that the Corporation:

- 5a. Verify implementation of RFCUNY's revised enrollment procedures to ensure compliance with AmeriCorps eligibility and enrollment requirements; and
- 5b. Verify that member forms are properly completed and submitted in accordance with grant requirements.

RFCUNY's Response:

We agree with the findings and now require members to submit all member agreements, enrollment forms, and proof of eligibility prior to their start dates. These procedures are included in our program handbook (page 5, enrolling members).

Late approvals of members' exits were the result of technical difficulties with the My AmeriCorps portal, as well as confusion over how to exit members who failed to submit exit paperwork in a timely manner. The technical difficulties that resulted from the transition to the My AmeriCorps portal have since been resolved. We have received additional guidance from our program officer on how to exit members who do not submit exit paperwork in a timely manner and will ensure that these members are exited within 30 days of their end of service.

Finding 6. RFCUNY had weaknesses in member timekeeping procedures.

RFCUNY did not follow timekeeping requirements stipulated in the grant award and did not have procedures for tracking member training and fundraising hours.

Recommendations:

We recommend that the Corporation:

- 6a. Ensure that RFCUNY follows timekeeping practices of its profession and uses payroll records to verify member service hours;
- 6b. Require RFCUNY to implement procedures to track member training and fundraising hours to ensure that they do not exceed the maximum percentage of hours allowed; and
- 6c. Verify implementation of procedures to track member training and fundraising.

RFCUNY's Response:

We believe that we have complied with the alternative timekeeping procedure that has been approved by the Corporation. Our members are full-time teachers and follow the timekeeping practices of their profession. Records of their attendance, including attendance at school-sponsored trainings, are maintained by the schools at which they serve. Members are required to submit a service hour verification form, signed by a site supervisor, stating whether the member has completed the minimum number of service hours and affirming that these hours were verified by the schools' payroll records. We have revised this form to clarify that no more than 20% of the members' hours may be spent in training.

Members' attendance at master's degree coursework is tracked by a member of the program staff. These attendance records have not been used in determining whether members are eligible to receive education awards, as our members have met the minimum required hours through service and training conducted at their school sites.

We do not have procedures for tracking member fundraising hours, as our members may not participate in fundraising during their service. This prohibition against fundraising is included in the member

handbook and reviewed at the member orientation. The instance of fundraising cited in the accountants' report was not fundraising, but rather a service-learning activity that the member engaged in with students.

Finding 7. RFCUNY did not have controls to ensure criminal history searches for program staff were conducted as required.

Recommendations:

We recommend that the Corporation:

7a. Ensure that RFCUNY is aware of Corporation's requirements for criminal history checks and develops controls to ensure that such checks are performed for all grant-funded staff.

7b. Verify implementation of RFCUNY's controls to ensure that National Service Criminal History searches are obtained in accordance with regulations.

RFCUNY's Response:

We agree with the findings and conducted criminal history searches as soon as we became aware of the requirement for staff members. Staff at Hunter College and our partner organization have been trained in the Corporation's requirements for criminal history checks, which are now documented in our program handbook (page 12, Criminal History Checks for Program Staff). We will ensure that these checks are completed for any staff members whose time is charged to the grant or claimed as match.

Finding 8. RFCUNY had inadequate controls over accumulating and reporting match costs. RFCUNY had inadequate controls for treating match costs in its accounting system.

Recommendations:

We recommend that the Corporation:

8a. Require RFCUNY to develop controls to ensure claimed match costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.

8b. Require RFCUNY to implement controls over accumulating and reporting match costs.

8c. Verify implementation of the controls over accumulating and reporting match costs.

RFCUNY's Response:

To facilitate greater reporting controls for FY 2011, the RF's accounting system has been enhanced to require that all sponsored awards be flagged for either "committed cost share" or "no cost share." Awards indicating a cost share commitment will additionally be required to complete a cost share template detailing expenditures and funding sources. This template will be up-loaded to the RF's front end system for monitoring and reporting purposes. In addition, we are working with our partner organization on a cost allocation plan that will show how the organization's matching costs are calculated and documented.

Finding 9. RFCUNY/Hunter did not ensure that match costs of UKA were adequately supported, compliant with OMB circulars, and properly calculated.

Recommendations:

We recommend that the Corporation:

9a. Ensure that RFCUNY develops controls to require adequate support for match

documentation and that are compliant with OMB circulars and AmeriCorps regulations.

9b. Verify implementation of RFCUNY's controls for match costs.

RFCUNY's Response:

Hunter College's partner in our AmeriCorps project is Uncommon Knowledge and Achievement, Inc. (dba UKA Teacher U), a 501c3 organization that was established in 2007 for the purpose of providing, in collaboration with the Hunter College School of Education, an innovative teacher training and support program designed for AmeriCorps members working in charter schools. As the organization has evolved, the teacher training function has continued to be its main purpose, with approximately 70% of the organization's expenditures directed to this function each year. In fiscal 2008, the organization had audited expenditures of \$869,694; in fiscal 2009, the organization had audited expenditures of \$3,449,531.

We are confident that sufficient match will be documented. We are working on a cost allocation plan that we will provide to the Corporation after the final audit report is issued. UKA Teacher U uses cost centers to track expenses associated with the teacher training function. The cost allocation plan will show how UKA Teacher U calculates and documents teacher training costs.

As the reputation of UKA Teacher U's teacher training program's reputation has grown, the program has also served charter school teachers who are not Hunter College AmeriCorps members. These teachers may be ineligible for AmeriCorps enrollment through Hunter College for a variety of reasons. For example, some have already earned two AmeriCorps awards; others are enrolled in AmeriCorps through Teach for America, which has asked Teacher U to provide on-going training to its New York City Corps members who serve in charter schools. Consequently, the cost allocation plan will also describe how the portion of Teacher U teacher training expenditures that may be attributable to AmeriCorps members and used as match is calculated.

Finding 10. RFCUNY had inadequate controls to ensure the allowability of claimed Federal and match faculty labor costs.

RFCUNY's Response:

The following details the actions taken or planned by RFCUNY to address the findings and recommendations regarding controls overclaimed Federal and match faculty labor costs.

Summer Salary

The RF has re-certified the certifications noted in the finding. In addition, effective summer 2010, the RF has implemented an online Summer Salary system which allows for more efficient controls over authorization and payment of Summer Salary hours. During fiscal year 2011, an online certification of Summer Salary Personnel Activity reporting will be developed. For the current period, the RF will reinforce the importance of submitting complete effort reports for Summer Salary personnel and enhance its monitoring of submissions through the hiring of additional staff.

PARs

The RF has re-certified the certifications noted in the finding. The RF will enhance its monitoring and follow-up procedures surrounding effort reporting compliance. In the spring of 2010, the RF issued a reminder to the Colleges of CUNY regarding RF's policy for submitting effort reports in a timely manner. The RF will bolster the importance of completing effort certification by continuing to communicate with

the appropriate College personnel regarding federal reporting requirements and through the creation of online web access to the RF's effort reporting policy.

Match

The RF has re-certified the certification noted in the finding. To facilitate greater reporting controls for FY 2011, the RF's accounting system has been enhanced to require that all sponsored awards be flagged for either "committed cost share" or "no cost share." Awards indicating a cost share commitment will additionally be required to complete a cost share template detailing expenditures and funding sources. This template will be up-loaded to the RF's front end system for monitoring and reporting purposes. In addition, the RF will enhance its monitoring and follow-up procedures surrounding matching with regards to effort reporting. The RF will reinforce the importance of completing effort certification properly through communications with the appropriate College personnel and through the creation of online web access to the RF's effort reporting policy.

Recommendations:

We recommend that the Corporation:

10a. Ensure that RFCUNY develop and implement timekeeping policies and procedures that are compliant with applicable cost principles.

10b. Ensure that RFCUNY implements controls to ensure the allowability of reported costs.

10b. Verify implementation of RFCUNY's controls to ensure allowability of reported costs.

Finding 11. RFCUNY claimed unallowable and unsupported costs.

Recommendations:

We recommend that the Corporation:

11a. Recover disallowed costs

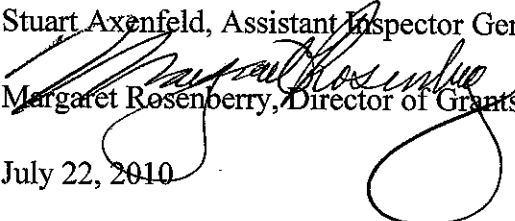
11b. Recover administrative costs related to disallowed costs;

RFCUNY's Response:

Time and effort reports to support release time salaries for three Hunter College faculty members were submitted at the exit conference on April 28, 2010, and we believe that the federal costs of \$5,370 are allowable.

APPENDIX B
CORPORATION'S
RESPONSE TO AGREED-UPON PROCEDURES REPORT

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Stuart Axenfeld, Assistant Inspector General for Audit
From:  Margaret Rosenberry, Director of Grants Management
Date: July 22, 2010
Subject: Response to OIG Draft of Agreed-Upon Procedures of Corporation Grant Awards to the Research Foundation of the City University of New York on behalf of Hunter College

Thank you for the opportunity to review the Office of the Inspector General draft Agreed-Upon Procedures report of the Corporation's grant awards to the Research Foundation of the City University of New York (RFCUNY) on behalf of Hunter College. We recently met with representatives of Hunter College and discussed corrective action to address all findings. Based on our preliminary review, the grantee will revisit its cost allocation methodology and demonstrate sufficient match is available to address the audit finding and will prepare a revised cost allocation plan. Furthermore, we understand Hunter College will address the questioned education awards by demonstrating "unmet need" for certified vs. uncertified teachers to support eligibility. Given the limited timeframe to respond to the draft report, we have not had sufficient time to complete our review of these complex issues to allow us to address the findings at this time. We will respond to all findings and recommendations in our management decision when the audit working papers are provided and the final audit is issued.

cc: William Anderson, Chief Financial Officer
Frank Trinity, General Counsel
John Gomperts, Director of AmeriCorps
Bridgette Roy, Administrative Assistant, OCFO