

Office of Inspector General Corporation for National and Community Service

AUDIT OF AN AMERICAN REINVESTMENT AND RECOVERY ACT GRANT AWARDED TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

OIG REPORT 10-18



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

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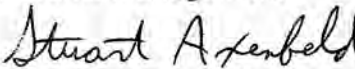
This report was issued to Corporation management on September 3, 2010. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than March 3, 2011 and complete its corrective actions by September 6, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



September 3, 2010

TO: Paul Davis
Acting Director, AmeriCorps*VISTA

Margaret Rosenberry
Director, Office of Grants Management

FROM: Stuart Axenfeld 
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General (OIG) Report 10-18: *Audit of an American Reinvestment and Recovery Act Grant Awarded to the Neighborhood Reinvestment Corporation*

Attached is the final report on the OIG's audit of the American Reinvestment and Recovery Act grant awarded to the Neighborhood Reinvestment Corporation. This audit was performed by OIG staff in accordance with generally accepted government auditing standards.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by March 3, 2011. Notice of final action is due by September 6, 2011.

If you have questions pertaining to this report, please contact me at (202) 606-9360 or s.axenfeld@cncsoig.gov; or Karen Gardner, Auditor, at (202) 606-9357 or k.gardner@cncsoig.gov.

Attachment

cc: Kenneth Wade, Neighborhood Reinvestment Corporation (NRC), Chief Executive Officer
Zewdneh Shiferaw, NRC, Controller
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GLOSSARY

ARRA	American Recovery and Reinvestment Act of 2009
CME	Content Matter Expert, NRC staff members providing content and information for the VISTA projects in community stabilization, foreclosure prevention, and financial fitness.
FPAC	Financial Planning Analysis and Contracts is a unit within NRC. Its internal policies and procedures are included in NeighborWorks-VISTA Program, Policies and Procedures Manual.
GLA	General Ledger Accounts that comprise NRC's chart of accounts.
NHSC	Neighborhood Housing Services of Cincinnati is 1 of the 240 organizations within NRC's network, and also 1 of the 7 subrecipients whose AmeriCorps*VISTA members the OIG interviewed.
NRC	Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks America) established by Congress in 1978, by the Neighborhood Reinvestment Corporation Act.
NWA	NeighborWorks America (see NRC)
NWO	NeighborWorks Organization, any 1 of the 240 community-based organizations which are part of the national network known as the NeighborWorks network that comprises NeighborWorks America.
OIG	Office of Inspector General, Corporation for National and Community Service
VISTA	Volunteers in Service to America created by the Domestic Volunteer Service Act of 1973.

EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), performed an audit of the National Reinvestment Corporation's (NRC) American Reinvestment and Recovery Act (ARRA) grant. The objectives were to determine whether NRC's financial management system was in compliance with the grant and ARRA requirements, and whether both NRC and Volunteers in Service to America (VISTA) members were in compliance with applicable laws, regulations, and grant provisions.

The audit disclosed that NRC's financial management system was in compliance with the requirements of grant No. 09RVADC002, with emphasis on ARRA requirements. NRC and VISTA members were in compliance with, laws, regulations, and grant provisions, except as discussed in Findings 1 and 2:

1. Employee time and attendance records were not always completed on time (Finding 1). Contrary to NRC policy and procedures, employees submitted timesheets as much as 30 days after the due date for submission and supervisory approval. At least one employee had not submitted a timesheet for at least two biweekly pay periods. Labor costs were not allocated to the project in a timely manner. As a result, ARRA project costs were understated in the General Ledger Account (GLA).
2. Neighborhood Housing Services of Cincinnati (NHSC), an NRC subrecipient was not in compliance with the VISTA program (Finding 2). NRC's monitoring of its subrecipients and supervision of its VISTA members did not detect that one of seven VISTA sponsors we tested, had not implemented a VISTA program, but had enrolled three VISTA members. NRC did not detect the lack of the members' participation in VISTA activities because it had not yet begun monitoring NHSC. Consequently, as of November 12, 2009, 54 days after enrollment, NHSC's VISTA members had completed up to 15 percent of their service term in non-VISTA activities.

This final version of the American Reinvestment and Recovery Act Grant Awarded to the Neighborhood Reinvestment Corporation audit report includes minor revisions to the wording included in the draft audit report.

RESULTS OF AUDIT

Finding 1. Time and attendance records were not always completed on time.

The approved budget for the VISTA Grant No. 09RVADC002 (ARRA Grant), included 100 percent of the direct time of a supervisor and up to 10 percent of the direct time of 3 Content Matter Experts (CMEs). Only one of these NRC employees consistently submitted his/her timesheet on time. To compound the problem, supervisory approval was submitted up to 31 days after the due date. A review of timesheets submitted in December 2009 showed that, contrary to NRC policy and procedures, employees submitted timesheets as much as 30 days after the due date. At least one CME had not submitted a timesheet for at least two biweekly pay periods as of December 15, 2009. Supervisors were often significantly late in approving already late timesheets. Labor costs were not allocated to the project until the employees' timesheets were approved and entered into the accounting system. As a result, ARRA project costs were understated and not included in the appropriate GLA in a timely manner. The table below illustrates the extent of overdue timesheets for the CMEs.

NRC Employee	Pay Period End Date	Supervisor-Approved Timesheet Due	Timesheet Submitted	Days Submitted Late (Early)	Supervisor Approved Timesheet	Days Late for Approved Timesheet
1	12/05/2009	12/14/2009	12/14/2009	0	12/15/2009	1
2	12/05/2009	12/14/2009	12/17/2009	3	12/23/2009	9
3	12/05/2009	12/14/2009	01/11/2010	28	01/13/2010	30
4	12/05/2009	12/14/2009	12/14/2009	0	01/07/2010	24
1	12/19/2009	12/28/2009	12/31/2009	3	01/02/2010	5
2	12/19/2009	12/28/2009	01/27/2010	30	01/28/2010	31
3	12/19/2009	12/28/2009	01/11/2010	14	01/24/2010	27
4	12/19/2009	12/28/2009	12/22/2009	(6)	01/07/2010	10
1	01/02/2010	01/11/2010	01/20/2010	9	01/20/2010	9
2	01/02/2010	01/11/2010	01/27/2010	16	01/28/2010	17
3	01/02/2010	01/11/2010	01/11/2010	0	01/24/2010	13
4	01/02/2010	01/11/2010	01/05/2010	(6)	01/07/2010	(4)

While NRC policies and procedures provide for repeated warnings to employees that have not submitted their timesheet, the policies and procedures lack consequences for employees who do not submit timesheets or submit them late. The lack of consequences when coupled with the fact that employees were paid whether or not timesheets were submitted is an internal control weakness. The policies and procedures also lack consequences for supervisors who do not take sufficient and timely action to validate timesheets.

Lack of timely preparation, submission, and review of timesheets can lead to incorrect recording of time spent on each project because the memories of the employee and the supervisor fade over time. In addition, the costs of VISTA projects will be understated in

the GLA and the Federal Financial Report for the grant until the timesheet data is recorded.

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

(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph 2, except when a substitute system has been approved in writing by the cognizant agency.

(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensations is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function).

NRC's NeighborWorks – VISTA Program Policies and Procedures Manual (10/2009), states:

Staff of NeighborWorks America complete bi-weekly time sheets via the "MoneyTime" system for time and expense reports. For expenses eligible under the grant award from CNS, the appropriate Fund/Contract code is used to designate those expenses. Otherwise, VISTA-related time or expenses are marked simply by Project/Task code as being part of NeighborWorks America's contribution to the VISTA program.

Additionally, NRC's Administrative Manual, Section 12 – Time and Expense Reports and Paychecks, states that "time and expense reports [timesheets] are due no later than the ninth day following the end of the previous pay period."

Recommendations:

We recommend that the Corporation ensure NRC:

- 1a. Add language to its current policies and procedures on the submission of timesheets by including and enforcing consequences for repeated late submissions and/or approvals to ensure timely submission and review, and
- 1b. Allocates labor costs to the project in a timely manner.

NRC's Response

NRC concurred with the finding and the related recommendations. It acknowledged the need to have and enforce consequences for repeated late submissions of time and attendance reports (timesheets). In addition, NRC has proposed changing the timesheet submission deadline from nine to five business days after the end of the pay period; and separating time reporting from the expense reimbursement module when its new Enterprise Resource Plan system is acquired and implemented.

Corporation's Response

The Corporation concurred with the finding and the related recommendations. The Corporation will ensure NRC adds language to its policies and procedures that will enforce consequences for repeated late submissions and/or approvals of timesheets. The Corporation will also ensure that NRC allocates labor costs charged to the grant in a timely manner.

OIG Comments

The planned actions proposed by NRC and the Corporation in their responses meet the intent of the recommendations.

Finding 2. An NRC subrecipient was not in compliance with the AmeriCorps*VISTA program.

NRC's monitoring of its subrecipients and supervising of its VISTA members did not detect that Neighborhood Housing Services of Cincinnati (NHSC), one of seven VISTA sponsors we tested, had not implemented a VISTA program, but had enrolled three VISTA members. NRC did not detect the lack of the members' participation in VISTA activities because it had not yet begun monitoring NHSC. Consequently, as of November 12, 2009, 54 days after enrollment, NHSC's VISTA members had completed up to 15 percent of their service term in non VISTA activities.

Much of NRC's oversight of members, including those at NHSC, is carried out by VISTA Leaders, who are also members. However, NRC only has only 3 Leaders to monitor approximately 150 members located at 60 subrecipient sites. We estimate that the cost of supporting NRC's VISTA Leaders is about \$56,000, excluding stipends and education awards. The VISTA leader for NHSC had not yet interacted with the VISTA members or NHSC, as of November 12, 2009.

NHSC representatives stated that they thought the grant was for a standard AmeriCorps program. This explanation is perplexing when one considers the information that NRC provided to prospective applicants, including NHSC, and the information in NHSC's application, which described VISTA activities.

NHSC's lack of understanding of the VISTA program had the following impact:

- (1) NHSC's management, after notification by the auditor, was unsure how to most efficiently and effectively use its VISTA members. The organization's only option was to re-strategize the overall plan for the program.

- (2) One of the three VISTA members did not understand the difference between a regular AmeriCorps member and a VISTA member (e.g., direct vs. no direct service) when the member applied to the VISTA program.
- (3) One of the three VISTA members requested a transfer to the standard AmeriCorps service and was terminated as a result of not wanting to perform the duties of a VISTA member. This member preferred performing direct service, which was not an option of the VISTA program.
- (4) The VISTA members earned approximately eight weeks of service credit without participation in a planned VISTA effort that benefited the community. The activities of the VISTA members included assisting NHSC prepare for their annual Phone-A-Thon. During the period, they received credit towards earning an education award or stipend and received living allowances, and benefits, as summarized in the following table.

Member	Service Term (Days) [A]	As of 11/12/09		Member Benefit Multiplied by [C]				Cost of Service
		Days of Service [B]	Percent of Service Term [B ÷ A = C]	Annual Allowance (\$10,690)	Education Award (\$4,725)	Stipend (\$1,200)	Health Insurance (\$2,700)	
1	365	54	15%	\$ 1,604	709	-	405	\$ 2,718
2	365	54	15%	1,604	-	180	405	2,189
3	365	14	4%	410	-	-	104	514
								<u>\$ 5,421</u>

Section II, paragraph 2(h) of the Memorandum of Agreement between the Corporation and NRC stated that NRC, as the sponsor, shall: “Supervise the AmeriCorps*VISTA members as described in the Project Narrative and paragraph 3 (“Joint Responsibilities” of this Part of the Agreement).”

NRC’s grant application (application ID 09RV100582) narrative shows that it intended to manage NHSC’s and other subrecipient members through its VISTA Leaders, as follows:

It is anticipated that approximately 150 VISTAs will be placed within specific markets and that these will be managed and coordinated toward cumulative outcomes/milestones through 3 VISTA Leaders placed strategically at NeighborWorks America headquarters and working closely with Initiatives’ content experts whose work is directly related to the program and action plans of the VISTA members.

Each VISTA Leader will work in close coordination with a senior content expert within the NeighborWorks Initiative linked to the program such as the Center for Foreclosure Solutions. NeighborWorks America will commission a seasoned Project Coordinator to manage and support the VISTA Leaders, and also offer support and coordination to the VISTA supervisors in the field. The entire program will be overseen by the Workforce Development Programs Manager, a key member of the

NeighborWorks Training staff located in Washington, D.C. The team of NeighborWorks staff will devote expertise and coordination to ensuring successful outcomes for the VISTAs and communities served by the NWOs. Support will include collecting and distributing best practices, VISTAs coordination, and programmatic oversight. Ultimate outcomes include all the milestones as stated in the various individual sub applications.

45 CFR § 2543.51, Monitoring and reporting program performance., states in part, “(a) Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award.”

The Corporation's VISTA Program Guidance for the Fiscal Year 2009, page 9 – Capacity Building states that “in order to build capacity, VISTAs do not perform direct service.” Additionally, the guidance states that “direct service does not refer to the intensity, difficulty, or the work-place of the tasks, but rather to the focus and nature of the tasks.”

Recommendations:

We recommend that the Corporation:

- 2a. Require NRC to reimburse the Corporation for the costs of service (member benefits) from NRC for the period in which its enrolled VISTA members did not perform VISTA activities; and
- 2b. Ensure NRC enhances its monitoring and supervising by managing its subrecipients and their VISTA members at the onset of member enrollment.

NRC's Response

NRC does not concur with the finding and with recommendation 2a; however, NRC agrees that monitoring should be taken very seriously and begun early in the program cycle. NRC believes that NHSC was compliant with the VISTA program's purpose and requirements. Because of the rapidity with which the program began, there was an initial lack of clarity. NRC said that when VISTA members arrived on site, NHSC understood VISTA requirements and was operating a VISTA program. NRC believes that (1) the supervisor attending Supervisor's Orientation; (2) approved Volunteer Activity Descriptions (VAD); (3) VISTA members attending pre-service orientation; and (4) NHSC VISTA supervisor's e-mail to CSO regarding a member's desire to perform direct service are all evidence that NHSC understood the VISTA program's purpose and requirements. NRC believes the auditor, incorrectly categorized NHSC's Phone-A-Thon as an unallowable activity even though the all-hands-on-deck activity of the Phone-A-Thon was explicitly approved by the Corporation.

Corporation's Response

The Corporation does not concur with this finding and will allow the questioned costs. The Corporation believes there was an initial lack of clarity related to allowable VISTA program activities. However, the Corporation State Office (CSO) and NRC

worked with NHSC to define activities and understand the goals of the VISTA program. The Corporation stated proposed VISTA assignments were approved by the CSO and NRC prior to members beginning service. The Corporation also believes the interaction, communication, and monitoring NRC provided to subrecipients met VISTA requirements.

OIG Comments

We agree the activities of the Phone-A-Thon were allowable activities; however we are not convinced NHSC had a legitimate VISTA program in place when VISTA members arrived on site.

On February 19, 2010, the auditor sent NRC and e-mail requesting information in order to finalize audit work related to NHOC¹. The e-mail stated that during the auditor's meeting with the program director and NHOC's management "they misunderstood the grant related to the VISTA members and that they thought that they were actually acquiring AmeriCorps members (direct service)." This statement was not disputed in NRC's response. The e-mail also stated that "NHOC's management indicated that they were not that familiar with the VISTA program" and the auditor asked if any informational meetings held with the NWOs that provided them with a background of the VISTA program. NRC stated that informational meetings were held for NWOs but did not indicate if NHOC specifically participated in the informational meetings.

OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted this audit in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this performance audit were to determine whether: (1) NRC's financial system is compliant with the requirements of the recovery grant awarded; (2) NRC, VISTA members, and the programs (sponsors and subrecipients) were compliant with applicable laws, regulations, and grant provisions; and internal controls related to the other objectives are effective. We conducted our audit between September 2, 2009, and March 26, 2010.

Our scope included VISTA members that served in the period May 10, 2009 through March 26, 2010. The Corporation awarded NRC two grants that fall within the scope of this audit: (1) Grant No. 09RVADC002, totaling \$236,507, for supervision and transportation expenses; and (2) Grant No. 09VHAD001, which is a VISTA no-cost arrangement. It provides for NRC to administer a project aimed at building capacity of community development nonprofit organizations around the country to reduce foreclosures, and strengthen communities affected by foreclosures.

¹ In an e-mail dated June 23, 2010 NRC acknowledged that for the purpose of this audit report Neighborhood Housing of Cincinnati (NHOC), Neighborhood Housing Services of Cincinnati (NHSC) and the Home Ownership Center of Greater Cincinnati are the same organization. ([E-42](#))

The Corporation awarded 60 VISTA-member grants, at no cost (known as zero-dollar grants) to NRC's subrecipients. Our selection process, convenience sampling, did not use any specific characteristics in the selection of a particular subrecipient for testing. We selected a sample of seven subrecipients to perform additional audit procedures. These subrecipients were in San Diego, CA (3 VISTAs); Tampa, FL (1 VISTA); Silver Spring, MD (2 VISTAs); Cincinnati, OH (3 VISTAs); New Orleans, LA (2 VISTAs); Chicago, IL (8 VISTAs); and Great Falls, MT (2 VISTAs). We interviewed the staff and all VISTA members who were serving at the subrecipients we tested.

BACKGROUND

AmeriCorps*VISTA is an anti-poverty program that provides full-time volunteers to nonprofit organizations and local agencies that serve low-income communities. The mission of the AmeriCorps*VISTA program is to create and expand programs that bring low-income individuals and communities out of poverty. The VISTA program is strongly aligned with Administration and Congressional priorities in the American Recovery and Reinvestment Act of 2009 (Recovery Act).

NRC (d.b.a. NeighborWorks® America) was established by Congress in 1978 in the Neighborhood Reinvestment Corporation Act. The purpose of the NRC is to continue the joint efforts of the Federal financial supervisory agencies and the Department of Housing and Urban Development in promoting reinvestment in older neighborhoods by local financial institutions in cooperation with the community, residents, and local governments. These efforts were previously conducted by the Urban Reinvestment Task Force.

EXIT CONFERENCE

We provided a discussion draft of this report and conducted an exit conference with Corporation and NRC representatives on March 26, 2010. The Corporation's and NRC's responses to the draft report were summarized after each recommendation and are included, in their entirety, in Appendices A and B of this report.

APPENDIX A
National Reinvestment Corporation's Response to the Draft Report

June 4, 2010

Mr. Stuart Axenfeld
Assistant Inspector General for Audit
Office of Inspector General
Corporation for National & Community Service
1201 New York Avenue NW, Suite 830
Washington, DC 20525

Dear Mr. Axenfeld:

I am writing in response to the Office of the Inspector General's draft report on *Audit of an American Reinvestment and Recovery Act Grant Awarded to the Neighborhood Reinvestment Corporation (NRC)*. Thank you for the opportunity to comment on the report.

Finding 1: Time and attendance records were not always completed on time.

We concur with Finding 1 and Recommendations 1a and 1b. As mentioned and documented during the audit process, we already have in place a number of auto-reminders and other procedures and protocols to encourage timely submission of time and expense reports. Yet we recognize that more can be done to enforce consequences for repeated late submissions. It has been a focus of our efforts in recent years to ensure timely submission while complying with relevant laws. In addition to those recommendations from your reports, we have gone even further by proposing to our corporate Officers the following:

- Change the timesheet submission date from 9 to 5 business days after the pay period; and
- Separate time reporting from the expense reimbursement module when the new Enterprise Resource Plan system is acquired and implemented, a process that is already underway.

Finding 2: An NRC subrecipient was not in compliance with the AmeriCorps*VISTA program.

In this case, we disagree with the auditor's conclusion in Finding 2 and, as a result, disagree with Recommendation 2a. NHS of Cincinnati (NHSC) was in compliance with the VISTA program purpose and requirements. While there may have been some early lack of clarity on the part of NHSC because of the rapidity with which this program began, it was very clear by the time the VISTA members arrived on site that NHSC understood VISTA requirements and was operating a VISTA program.

NHSC staff demonstrated in multiple ways their understanding of the VISTA program and allowable activities very early in the VISTAs' service and communicated that to their VISTA members. The supervisor had been to Supervisor's Orientation (SO) and the Volunteer Activity Descriptions (VADs) which described appropriate VISTA activities had been approved by the CNCS State Office. In addition, members had been to Pre-Service Orientation (PSO); had been trained on the purpose and requirements of the VISTA program; and had reviewed their program activities. They took the oath of service on the final day of the PSO before beginning their work at NHSC. Therefore, when they began their service at NHSC they were directed to and engaged in VISTA-appropriate, capacity-building activities from their first day on site.

The VISTA Volunteer Activity Descriptions—the main document used to describe the work that the VISTAs will engage in—outlined appropriate, capacity-building activities for the VISTAs' duties. These documents guide the day-to-day work of VISTA members. They were submitted to CNCS for review and approved by CNCS prior to the PSO. At the PSO, participants reviewed and became very familiar with their VADs. While individuals who applied for positions as VISTAs may have had some misconceptions about the program before they were accepted and attended orientation, by the time they completed their PSO they understood the extent of their allowable duties. It was also clear that NHSC would not permit direct service work beyond what is allowable.

On the second day of service (September 22, 2009), the NHSC VISTA program supervisor sent an e-mail to CNCS State Office staff and to NRC's program manager regarding one of the VISTA members, stating that, *"She has requested to be trained to do direct service work including counseling customers. I explained that those functions would not be possible. We also discussed what capacity building entailed. ... Prior to this, we have had multiple conversions (sic) discussing what type of work she would be doing here."* This clearly demonstrates that both the supervisor and the VISTA member understood the restriction on direct service work and the need for capacity-building activities from the beginning of service.

We believe the auditor's misconception about the activities may have occurred because the VISTA members were engaged in a phonathon shortly before the auditor's visit. However, any direct service associated with that event for that short timeframe was explicitly approved by the CNCS State Office. It was an "all-hands-on-deck" event in which the entire organization was also engaged. It would have been disruptive and inefficient for the VISTAs to be otherwise engaged; it aided the VISTA members' understanding of the organization and its work; and it provided awareness and skills that would be useful to the VISTA members' organizational capacity-building work.

We agree with Recommendation 2b. NRC takes its monitoring responsibilities very seriously and early in the program had already begun monitoring NHSC's work, including:

- Ensuring that all NHSC VISTA members attended the Pre-Service Orientation in September and that the VISTA supervisor attended the Supervisors' Orientation in June;
- Requesting, receiving and reviewing the NHSC VADs;

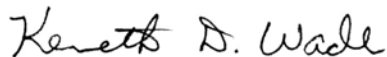
- Processing the Memorandum of Agreement signed by NHSC;
- Communicating with NHSC with instructional e-mails, teleconferences and recorded webinars for all NeighborWorks VISTA supervisors and members that included information about direct service versus capacity-building and other important tips and guidelines; and
- Responding to questions and interacting with NHSC staff, including the aforementioned e-mail from NHSC to NRC and CNCS on September 22 (the VISTA members' *second* day of service).

We believe strongly that the investment made by CNCS in these VISTA volunteers was sound and appropriate, with an excellent return on the investment for the Corporation and for the community. The VISTA program has been a tremendously positive experience for the participating NeighborWorks organizations and for the VISTA members. We are thrilled to be partnering with CNCS on this program and we look forward to continuing to grow these impacts through the years.

The first year of the program was a time of learning and infrastructure development at NRC and it has also been a time of great accomplishments at the community level. We appreciate the input that has been provided via the audit process.

Again, thank you for the opportunity to comment on the report. If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kenneth D. Wade". The signature is written in a cursive, flowing style.

Kenneth D. Wade
Chief Executive Officer

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

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

June 4, 2010

TO: Stuart Axenfeld
Assistant Inspector General for Audit

FROM: Paul Davis 
Acting Director, AmeriCorps VISTA

Margaret Rosenberry 
Director, Office of Grants Management

CC: William Anderson, CFO for Finance
Frank Trinity, General Counsel
Bridgette Roy, Audit Resolution
Tina Dunphy, Ohio State Program Director

SUBJECT: Response to OIG Draft of an American Reinvestment and Recovery Act
Grant Awarded to the Neighborhood Reinvestment Corporation

Thank you for the opportunity to review the draft report on the Corporation's American Reinvestment and Recovery Act grant awarded to the Neighborhood Reinvestment Corporation. The Corporation reviewed the OIG report, met with the OIG Audit Manager and the grantee and reviewed the NRC response to the report. We are addressing all draft findings at this time. If the OIG concurs with our decisions, the Corporation will complete confirmation of corrective action within 90 days after the audit issue date.

Finding 1: Time and attendance records were not always completed on time.

The auditors recommend that the Corporation ensure that NRC:

- 1a. Adds language to its current policies and procedures on the submission of timesheets by including and enforcing consequences for repeated late submissions and/or approvals to ensure timely submission and review; and
- 1b. Allocates labor costs to the project in a timely manner.

Corporation Response: The Corporation agrees with the finding and recommendations and will ensure that NRC adds language to its current policies and procedures on the submission of timesheets as recommended. We will also ensure NRC allocates labor costs to be charged to the CNCS grant in a timely manner and confirm corrective action is complete by August 31, 2010.



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Finding 2: An NRC subrecipient was not in compliance with the AmeriCorps VISTA program.

The auditors recommend that the Corporation:

- 2a. Require NRC to reimburse the Corporation for the costs of service (member benefits) from NRC for the period in which its enrolled VISTA members did not perform VISTA activities; and
- 2b. Ensure NRC enhances its monitoring and supervising by managing its sub recipients and their VISTA members at the onset of enrollment.

Corporation response: We do not agree with the auditor's finding that one of NRC's subrecipients, Neighborhood Housing Services of Cincinnati (NHSC), had not implemented a VISTA program. Because the organization had operated an AmeriCorps State/National program and was applying for VISTA members for the first time, there may have been some initial lack of clarity related to allowable VISTA program activities compared to AmeriCorps State/National. However, by the time the Corporation State Office and NRC worked with NHSC staff to define activities and understand the goals of the VISTA program, the designed activities met requirements for the VISTA program. The proposed activities and VISTA assignments were approved by both NRC and the Corporation's State Office staff and in place before members began their service. Members received and reviewed the description of the planned activities at Pre-Service Orientation from September 15-18, 2009, and understood their responsibilities.

As noted in the NRC response to the audit, NRC staff interacted frequently with NHSC in the months before the members began service to review program activities, to ensure staff attended VISTA program training and members attended pre-service orientations, and to communicate program requirements. This interaction and on-going monitoring and communication meets VISTA requirements. Therefore, the Corporation allows the questioned costs and no further corrective action is required related to this finding.