

# CORPORATION FOR NATIONAL & COMMUNITY SERVICE

## OFFICE OF INSPECTOR GENERAL

### AGREED-UPON PROCEDURES FOR CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS AWARDED TO VERMONT

#### OIG Report 18-13

Prepared by:

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This report was issued to Corporation management on August 20, 2018. 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 20, 2019 and complete its corrective actions by August 20, 2019. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



August 20, 2018

TO: Chester Spellman  
Director of AmeriCorps

Joseph Liciardello  
Acting Chief Grants Officer

FROM: Carol Bates /s/  
Acting Assistant Inspector General for Audit

SUBJECT: *OIG Report 18-13, Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to SerVermont*

Attached is the final report for the subject engagement. This agreed-upon procedures review was conducted by RSM US LLP in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Under the Corporation's audit resolution policy, a final management decision on the findings and recommendations in this report is due by February 20, 2019. Notice of final action is due by August 20, 2019.

If you have questions please contact me at [C.Bates@cncsoig.gov](mailto:C.Bates@cncsoig.gov) or (202) 579-7900.

Attachment

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**OFFICE OF INSPECTOR GENERAL  
AGREED-UPON PROCEDURES FOR  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
GRANTS AWARDED TO SERVERMONT**

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**OFFICE OF INSPECTOR GENERAL  
AGREED-UPON PROCEDURES FOR  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
GRANTS AWARDED TO SERVERMONT**

**Executive Summary**

The Office of Inspector General (OIG), Corporation for National and Community Service (CNCS or the Corporation), contracted with RSM US LLP (RSM), an independent certified public accounting firm, to perform agreed-upon procedures (AUP) on grant costs incurred by the Vermont State Service Commission (SerVermont or the Commission) and two of its subgrantees. SerVermont is the entity through which AmeriCorps State grants are provided. It acts in the capacity of a pass-through entity by awarding the grant funds it receives to its subgrantees.

SerVermont receives funding from CNCS and the Vermont General Assembly. SerVermont administered AmeriCorps funds approximating \$5.2 million awarded between September 1, 2014 and January 1, 2017 under six grant agreements (approximately \$4.6 million under cost-reimbursable awards and approximately \$0.6 million under fixed-type awards). The Commission made subgrants to eleven organizations (under the cost-reimbursable awards) and was responsible for programmatic and financial oversight. Our AUP review of the Commission and two of its subgrantees – Lyndon State College (LSC) and Vermont Housing and Conservation Board (VHCB) – disclosed questioned costs<sup>1</sup> totaling \$213,438 (\$122,551 in federal costs, \$51,912 in education awards, \$38,746 in match costs, and \$229 in accrued interest) and other compliance findings.

The majority of the questioned costs, enumerated below, are caused by deficiencies in the procedures used by the Commission and its subgrantees to conduct the National Service Criminal History Checks (NSCHC) for their staff and members. These deficiencies resulted in \$201,868 of the total questioned costs (approximately 95 percent), \$122,551 in federal costs, \$40,342 in education awards, \$38,746 in match costs, and \$229 in accrued interest. The remaining \$11,570 of questioned costs (all education awards) result from questioned unallowable member activities charged to the grant. In total, we questioned the Commission's federal costs of \$89,150 and match costs of \$38,746; LSC's federal costs of \$23,852 and education awards of \$28,859; and VHCB's federal costs of \$9,549, education awards of \$23,053, and accrued interest of \$229. The details on each the Commission's and subgrantees' claimed and questioned costs are included in Schedules B, C and D. Compliance findings and recommendations are discussed in Schedule E.

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<sup>1</sup> A questioned cost is an alleged violation or non-compliance with grant terms and/or provisions of laws and regulations governing the expenditures of funds; or a finding that, at the time of testing, adequate documentation supporting a cost item was not readily available.

RSM's fieldwork testing revealed the following deficiencies at the Commission and two of its subgrantees, LSC and VHCB:

*Finding #1 – Criminal History Check Findings*

- Lacked documentation to show that criminal history checks were authorized from the individual before the checks were completed for the State registry check and the Federal Bureau of Investigation (FBI) criminal history check (if applicable).
- Lacked documentation to show that the National Sex Offender Public Registry Website (NSOPW) search was conducted before the employee or member started working on the grant.
- Lacked documentation to show that the State Criminal History Check (and FBI criminal history check, in the event the employee or member had access to vulnerable populations) was initiated before the employee or member started working on the grant.
- Lacked support to verify members tested, for whom the results of a required state or FBI criminal history registry check were pending, were not permitted to have access to vulnerable populations without proper supervision.

*Finding #2 –Unallowable For-Profit Activities*

- Members provided a direct benefit to a business organized for profit.

**Agreed Upon Procedures**

RSM performed the procedures in the OIG's AUP for Corporation Awards to Grantees (including Subgrantees) program, dated June 2016. The OIG provided these procedures solely to assist in grant cost and compliance testing of the Corporation's funded federal assistance provided to the SerVemont or Commission for the awards detailed below.

RSM performed the AUP engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the OIG. Consequently, RSM makes no representation regarding the sufficiency of the procedures, either for the purpose for which this report has been requested or for any other purpose.

The AUP procedures covered testing the following awards:

<b>Grant Program</b>	<b>Award No.</b>	<b>Total Award Period</b>	<b>Total Awards (PYs 14-17)</b>
<b>Commission Grants</b>			
Administrative	16CAHVT001	01/01/2016 – 12/31/2018	\$ 500,000
<b>AmeriCorps Grant</b>			
VISTA	11VSAVT001	04/20/2014 – 04/14/2018	\$ 186,000
Formula	13AFHVT001	09/01/2013 – 05/31/2017	\$ 1,233,057
Competitive	15ACHVT001	09/01/2015 – 08/31/2018	\$ 2,522,700
Competitive	16AFHVT001	09/01/2016 – 08/31/2019	\$ 708,707

RSM performed testing of these AmeriCorps program awards at SerVermont, LSC, and VHCB. RSM selected samples of labor, benefits, and other direct costs reported by SerVermont on the Federal Financial Reports (FFR) dated as follows:

- 2015:** June, September, December
- 2016:** March, June, September, December
- 2017:** March, June, September

#### **AUP SCOPE**

RSM performed the AUP procedures detailed in the OIG's *Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees)* program, dated June 2016. The procedures included performing testing over the following grants: AmeriCorps (Vista, Formula, and Competitive Amount), and Commission Administrative Grants. The grant award numbers, periods, and amounts awarded are detailed in the table above.

#### **AUP Results**

The results of the AUP are summarized in the Consolidated Schedule of Claimed and Questioned Costs (Schedule A).

The Commission claimed the following federal and match costs:

<b>Grant No.</b>	<b>Federal Costs</b>	<b>Match Costs</b>	<b>AUP Period</b>
16CAHVT001	\$ 276,489	\$ 346,508	January 1, 2016 to June 30, 2017
11VSAVT001	186,000	64,131	April 15, 2015 to April 15, 2017
13AFHVT001	1,539,909	1,371,733	September 1, 2015 to March 31, 2017
15ACHVT001	1,919,677	2,235,669	September 1, 2015 to August 31, 2017
16AFHVT001	400,374	455,328	September 1, 2016 to August 31, 2017
<b>Totals</b>	<b>\$ 4,322,449</b>	<b>\$ 4,473,369</b>	

Based on the testing procedures prescribed by the OIG, and a selected sample of transactions selected by RSM with the guidance of the OIG, questioned costs by type are noted below:

<b>Type of Questioned Costs<sup>1</sup></b>	<b>Federal Costs</b>	<b>Match Costs</b>	<b>Education Award</b>	<b>Accrued Interest</b>	<b>Totals</b>
National Service Criminal History Check	\$ 122,551	\$ 38,746	\$ -	\$ -	<b>\$ 161,297</b>
Questioned Education Awards and Accrued Interest (due to NSCHC findings and unallowable activities)	-	-	51,912	229	<b>52,141</b>
<b>Totals</b>	<b><u>\$ 122,551</u></b>	<b><u>\$ 38,746</u></b>	<b><u>\$ 51,912</u></b>	<b><u>\$ 229</u></b>	<b><u>\$ 213,438</u></b>

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

The results of the AUP identifies the grant awards and the questioned costs of those awards in Schedules A through D. The details concerning the questioned costs and non-compliance with grant provisions, applicable laws and regulations are presented in Schedule E.

**Corporation for National and Community Service  
SerVermont  
Consolidated Schedule of Claimed and Questioned Costs**

Award No.	Program	Approved Budget	Claimed Federal Costs During AUP Period	Questioned Costs				Schedule
				Federal Costs (a)	Federal Education Awards (b)	Match Costs (c)	Accrued Interest (d)	
16CAHVT001	Administrative	\$ 500,000	\$ 276,489	\$ -	\$ -	\$ -	\$ -	B
11VSAVT001	VISTA	186,000	186,000	89,150	-	38,746	-	B
13AFHVT001	Formula	1,750,156	1,539,909	6,407	20,176	-	-	C
15ACHVT001	Competitive	2,106,907	1,919,677	9,549	23,053	-	229	D
16AFHVT001	Competitive	653,707	400,374	17,445	8,683	-	-	C
<b>Total</b>		<b>\$5,196,770</b>	<b>\$ 4,322,449</b>	<b>\$122,551</b>	<b>\$ 51,912</b>	<b>\$ 38,746</b>	<b>\$ 229</b>	
				<b>Total questioned costs (a) + (b) + (c) + (d) \$ 213,438</b>				

## Information Specific to Subgrantees Tested:

Award No.	Subgrantee	Approved Budget	Claimed Federal Costs During AUP Period	Questioned Costs				Schedule
				Federal Costs (a)	Federal Education Awards (b)	Match Costs (c)	Accrued Interest (d)	
13AFHVT001	LSC	\$ 374,988	\$ 306,960	\$ 6,407	\$ 20,176	\$ -	\$ -	C
16AFHVT001	LSC	257,303	129,486	17,445	8,683	-	-	C
<b>Total</b>		<b>\$ 632,291</b>	<b>\$ 436,446</b>	<b>\$ 23,852</b>	<b>\$ 28,859</b>	<b>\$ -</b>	<b>\$ -</b>	
15ACHVT001	VHCB	\$ 368,669	\$ 299,276	\$ 9,549	\$ 23,053	\$ -	\$ 229	D



**Corporation for National and Community Service**  
**SERVERMONT**  
**Schedule of Award and Claimed Costs – SerVermont**

	<b>16CAHVT001</b>	<b>11VSAVT001</b>	<b>Reference</b>
Authorized Budget (Corporation Funds)	\$ 500,000	\$ 186,000	Note 1
Claimed Federal Costs During AUP Period	\$ 276,489	\$ 186,000	Note 2
Authorized Budget (Match)	\$ 506,129	\$ 83,160	Note 3
Claimed Match Costs During AUP Period	\$ 346,508	\$ 64,131	Note 4
<b>Questioned Federal Costs:</b>			
Lacked NSOPW documentation	\$ -	\$ 89,150	Note 5
<b>Questioned Match Costs:</b>			
Lacked NSOPW documentation	\$ -	\$ 38,746	Note 5

**Notes**

1. The authorized budget amount represents the funding to the Commission according to the Notice of Grant Award.
2. Claimed federal costs represents the Commission's reported federal expenditures for the AUP period.
3. The authorized match budget represents the Commission's funding in accordance with the Notice of Grant Award.
4. Claimed match costs represents the Commission's reported match expenditures for the AUP period.
5. Federal and match costs were questioned because no evidence documenting that a National Sex Offender Search was performed for employees during the AUP period was provided. See Finding #1 for further details.

**Corporation for National and Community Service**  
**SERVERMONT**  
**Schedule of Award and Claimed Costs – Lyndon State College**

	13AFHVT001	16AFHVT001	Reference
Authorized Budget (Corporation Funds)	\$ 374,988	\$ 257,303	Note 1
Claimed Federal Costs During AUP Period	\$ 306,960	\$ 129,486	Note 2
Authorized Budget (Match)	\$ 297,628	\$ 297,912	Note 3
Claimed Match Costs During AUP Period	\$ 238,349	\$ 41,126	Note 4
<b>Questioned Federal Costs:</b>			
Lacked State and FBI background checks initiation documentation	\$ 6,407	\$ 17,445	Note 5
<b>Questioned Education Awards:</b>			
Lacked State and FBI background checks initiation documentation	\$ 20,176	\$ 8,683	Note 6

**Notes**

1. The authorized budget amount represents the federal funding to LSC in accordance with the sub-grant agreement budget.
2. Claimed federal costs amount represents LSC's federal expenditures claimed under this program during the AUP period.
3. The authorized match amount represents LSC's funding to be provided in accordance with the sub-grant agreement budget.
4. Claimed match costs amount represents LSC's reported match expenditures under this program during the AUP period.
5. Federal claimed costs were questioned for the days between employee hire date and the date the State and FBI check were completed (given no evidence of initiation prior to start date was noted). See Finding #1 for complete details.
6. Due to questioned hours resulting from NSCHC deficiencies, some members who were certified for education awards did not meet the minimum required service necessary to earn the award. See Finding #1 for further detail.

## Corporation for National and Community Service

## SERVERMONT

## Schedule of Award and Claimed Costs – Vermont Housing and Conservation Board

	15ACHVT001	Reference
Authorized Budget (Corporation Funds)	\$ 368,669	Note 1
Claimed Federal Costs During AUP Period	\$ 299,276	Note 2
Authorized Budget (Match)	\$ 605,085	Note 3
Claimed Match Costs During AUP Period	\$ 299,276	Note 4
<b>Questioned Federal Costs:</b>		
Lacked Complete Criminal History Check documentation	\$ 9,549	Note 5
<b>Questioned Education Awards and Accrued Interest:</b>		
Incomplete documentation for required accompaniment	\$ 11,483	Note 6
Unallowable For-Profit Activities	11,570	Note 7
Questioned Accrued Interest	\$ 229	Note 7
Total Questioned Education Awards and Accrued Interest	\$ 23,282	

**Notes**

1. The authorized budget amount represents the federal funding to VHCB in accordance with the sub-grant agreement budget.
2. Claimed federal costs amount represents VHCB's federal expenditures claimed during the AUP period.
3. The authorized match amount represents VHCB's funding to be provided in accordance with the sub-grant agreement budget.
4. Claimed match costs amount represents VHCB's federal match expenditures claimed during the AUP period.
5. Federal claimed costs were questioned based on various incomplete documentation for Criminal History Check performed on employees. See Finding #1 for further details.
6. Due to questioned service hours resulting from lack of required accompaniment documentation (Finding #1), some members who were certified for education awards did not meet the required service hours necessary to earn their awards.
7. Due to questioned service hours for unallowable activities (Finding #2), some members who were certified for education awards did not meet the required service hours necessary to earn the award and the associated accrued interest. Per CFR 45 §2529.10, members who successfully complete terms of service under AmeriCorps grants and are eligible for education awards, in some cases, are also eligible for repayment of student loan interest accrued during their service terms (accrued interest). This repayment is funded by the Corporation's National Service Trust.

**Corporation for National and Community Service  
SerVermont  
Detailed Findings**

**Finding #1 –Noncompliant SerVermont and Subrecipients National Service Criminal History Checks**

Our review of the Commission and Subgrantees' NSCHC found the following errors that were not in compliance with laws, regulations, and grant terms and conditions.

Under the codification requirements, the Commission and the subgrantees are required to adhere to the following:

- a. 45 CFR, Subpart B, § 2540.205(b) require grant recipients to obtain prior, written authorization from the employee or member for the State registry check, the FBI criminal history check (if applicable), and sharing the results within the program.
- b. 42 U.S.C – Statutory Requirement, §12645(g) Criminal History Checks, and 45 CFR, Subpart B, § 2540.200-2540.207 require Criminal History Checks on individuals that serve in a position in which the individuals receive a living allowance, stipend, national service educational award, or salary through a program receiving assistance under the national service laws be initiated prior to the beginning of work or service under the program. The specific checks under these requirements are:
  - A name-based search of the National Sex Offender Registry established under the Adam Walsh Child Protection and Safety Act of 2006 (42 U.S.C. 16901); and
  - A search of the State criminal registry or repository in the State in which the program is operating and the State in which the individual resides at the time of application; or
  - Submitting fingerprints to the Federal Bureau of Investigation for a national criminal history background check.
- c. 45 CFR, Subpart B, § 2540.205(g) require grant recipients to ensure that an individual, for whom the results of a required state or FBI criminal history registry check are pending, is not

permitted to have access to children age 17 years or younger, to individuals age 60 years or older, or to individuals with disabilities without being in the physical presence of:

- An authorized representative who has previously been cleared for such access;
- A family member or legal guardian of the vulnerable individual; or
- An individual authorized, because of his or her profession, to have recurring access to the vulnerable individual, such as an education or medical professional

Under 45 CFR, Subpart B, § 2526.10(a), an individual is eligible to receive an education award from the National Service Trust if the organization responsible for the individual's supervision in a national service program certifies that the individual:

1. Met the applicable eligibility requirements for the approved AmeriCorps position, approved Silver Scholar position, or approved Summer of Service position, as appropriate, in which the individual served;
2. (i) For an AmeriCorps education award, successfully completed the required term of service in the approved national service position;

Finding 1a. *SerVermont*:

At the Commission level, the background check requirements are regulated by the State of Vermont who have policies and procedures that are different from those required by the Corporation's grants. The Commission was performing background reviews in accordance with State internal policies as an alternative to the required Corporation criteria. The Commission submitted its alternative procedures to the Corporation for review, however as of fieldwork, the Corporation had not approved the alternative procedures.

The process used by the Commission to perform staff background searches is based on a policy determined by the State of Vermont and administered through the Vermont Crime Information Center (VCIC). Under VCIC protocol, employee authorization and consent is obtained prior to any State registry or FBI criminal history check being performed. However, these authorization records are destroyed once the search is completed. Similarly, NSOPW searches are performed by the VCIC but the direct results of the search are not retained. The findings noted in this section result from the Commission's compliance with the State of Vermont standards and policies and not of the Corporation's.

Staff Findings

<b>Total Grant-Funded Staff Subject to NSCHC</b>	<b>2</b>
Written employee authorization to conduct NSCHC search are not documented	2
NSOPW searches noted as missing	2
State criminal history check initiation date was not maintained	1

- For two Vermont Commission employees, we received no documents to validate that the employees authorized the State registry or FBI criminal history checks before the checks being completed.
- For two Vermont Commission employees, there was no evidence documenting that a National Sex Offender Search was performed.
- For one of the two Vermont Commission employees, the initiation date of the State criminal registry check was not maintained, only the completion date, which was subsequent to the individual’s start date.

Employee Name	Hire Date	State Criminal Registry Check Date	FBI Criminal History Check Completed	NSOPW Check Completed
Employee 2	05/17/2011	05/12/2011	N/A	[1]
Employee 3	10/07/2013	10/09/2013	10/09/2013	[1]

[1] No NSOPW was performed prior to working on the grant or during the testing period

One SerVermont employee performs subrecipient monitoring and another supervises the VISTA Program. OIG recommends that commission employees performing monitoring have an NSOPW completed before charging the grant and either a state or FBI check initiated before charging the grant. We note this as a compliance finding and do not do not question costs for this employee. The VISTA supervisor is subject to NSCHC requirements and without complete checks the salary and benefits charged to the grant are questioned as follows:

Grant	Federal Portion	Match Portion	Total
11VSAVT001	\$ 89,150	\$ 38,746	\$ 127,896

Finding 1b. Lyndon State College

LSC did not consistently complete the NSOPW check prior to employees working on the grant and members beginning their service. This appears to have been the result of employee turnover during the AUP period. LSC did not initiate the State and, if required, FBI checks prior to employees working and members starting their service. During the period between the State and FBI checks being completed there were periods with no documentation of accompaniment.

Documentation of the initiation of the State Criminal History and FBI Checks were not maintained in member files.

Staff Findings

<b>Total Grant-Funded Staff</b>	<b>2</b>
NSOPW searches were conducted late	2
State criminal history and FBI check initiation date not maintained	2
No evidence of accompaniment prior to State CHC and FBI Check being completed	2

- For two of two LSC employees examined, a National Sex Offender Public Website search was not performed until after their employment in the program.
- For two of two LSC employees examined, there was no evidence of a State Criminal History check initiated prior to the employment in the program. Additionally, both employees had access to vulnerable populations but there was no evidence of accompaniment, or evidence that no accompaniment was required, during this pending period.
- For two of two LSC employees examined, there was no evidence the FBI searches were initiated prior to employment in the program. Both employees had access to vulnerable populations but there was also no evidence of accompaniment or that no accompaniment was required, prior to the completion of the search.

Employee Name	Hire Date	NSOPW Search Date	State Criminal Registry Check	FBI Criminal History Check
Employee 1	01/09/2017	01/10/2017	01/16/2018	01/25/2017
Employee 2	03/06/2017	11/16/2017	04/04/2017	03/13/2017

Given these deficiencies overlapped periods, the longest questioned period (resulting in questioned cost of \$12,983 plus \$3,323) noted below, was used to determine questioned costs.

We questioned the claimed cost for the days between employee hire date and the date the NSOPW was performed:

Staff	Hire Date	NSOPW Search Date	Days of Questioned Costs	Daily Salary and Benefits	Total Questioned Cost
Employee 1	01/09/2017	01/10/2017	1	\$ 160.29	\$ 160
Employee 2	03/06/2017	11/16/2017	25	\$ 132.90	\$ 3,323

Although employee 2 did not have a NSOPW for approximately 8 months the questioned costs was calculated only through the end of the testing period (March 31, 2017).

Next, we questioned the claimed cost for the days between employee hire date and the date the State and FBI check were completed (given no evidence of initiation was noted):

Staff	Hire Date	State Criminal Registry and FBI Check	Days of Questioned Cost	Daily Salary	Total Questioned Cost
Employee 1	01/09/2017	01/16/2018	81	\$ 160.29	\$ 12,983
Employee 2	03/06/2017	04/04/2017	25	\$ 132.90	\$ 3,323

Finally, we questioned the claimed cost for the days there was no evidence of supervision during the period between when the national service criminal history checks and the FBI searches which initiated and completed.

Staff	Hire Date	State Criminal Registry and FBI Check	Days of Questioned Cost	Daily Salary	Total Questioned Cost
Employee 1	01/09/2017	01/25/2017	16	\$ 160.29	\$ 2,565
Employee 2	03/06/2017	03/13/2017	7	\$ 132.90	\$ 930

Given these evaluations overlapped periods, the longest questioned period was used to determine the questioned costs (see red highlights) for a total of \$16,306.

Total federal questions costs for findings between both employees and members is as follows:

Grant	AUP Period	Total Questioned Cost
13AFHVT001	04/01/15-08/31/17	\$ 6,407
16AFHVT001	09/01/16-03/31/17	\$ 17,445

#### Member Findings

<b>Total Grant-Funded Members</b>	<b>11</b>
NSOPW searches late	7
State criminal history and FBI check initiation date not maintained	9

- Seven of the eleven LSC members examined did not have a National Sex Offender Public Website search performed until after their service started.
- Nine of the eleven LSC members examined did not have evidence of a State Criminal History or FBI fingerprint report being initiated prior to their service in the program.



Member Name	Start of Service	NSOPW Search Date	State Criminal Registry and FBI Check	NSOPW Completed Prior to Service?	State and FBI CHC Initiated Prior to Service?
Member 1	05/23/2016	05/26/2016	05/26/2016	No	No
Member 2	06/14/2016	06/23/2016	06/24/2016	No	No
Member 3	10/05/2015	10/13/2015	10/13/2015	No	No
Member 4	04/05/2016	04/12/2016	04/12/2016	No	No
Member 5	06/04/2016	06/23/2016	06/24/2016	No	No
Member 6	09/01/2015	08/31/2015	04/18/2016	Yes	No
Member 7	05/23/2016	05/26/2016	05/26/2016	No	No
Member 9	09/20/2016	09/21/2016	11/02/2016	No	No
Member 10	09/01/2016	09/01/2015	04/18/2016	Yes	Yes
Member 11	02/13/2017	01/18/2017	02/24/2017	Yes	No

- One of the nine LSC members examined did not have evidence that they were properly accompanied prior to the completion of their State Criminal History and FBI fingerprint check despite the fact that they had access to vulnerable populations.

Member Name	Service Start Date	Date Check Cleared	Dates of Service Requiring Supervision	Accompanied By Supervisor?
Member 1	05/23/2016	05/26/2016	N/A - Training only	N/A
Member 2	06/14/2016	06/24/2016	06/20/16 - 06/24/16 - Education	Yes
Member 3	10/05/2015	10/13/2015	10/07/15 - Education	Yes
Member 4	04/05/2016	04/12/2016	04/5/16 - 04/12/16 - Environmental	Yes
Member 5	06/04/2016	06/24/2016	06/20/16 - 06/24/16 - Education	Yes
Member 6	09/01/2015	10/15/2015	09/01/15 - 10/15/15 - Education	<b>[1]</b>
Member 7	05/23/2016	05/26/2016	N/A - Training only	N/A
Member 9	09/20/2016	11/02/2016	09/20/16 - 11/02/16 - Education	Yes
Member 11	02/13/2017	02/24/2017	02/16/17 - 02/23/17 - Education	Yes

**[1]** Upon review of the support, RSM noted there was no specific reference to supervision between 10/12/15 and 10/14/15. As a result, the 28.5 service hours incurred during this period is questioned.

These findings resulting in a total questioned cost for education awards of \$28,859.

Member Name	Required Service Hours	Questioned Hours	Total Hours Served	Total Hours less Questioned Hours	Met Education Requirement?
Member 1	450	5	450	445	<b>NO</b>
Member 2	300	35	300	265	<b>NO</b>
Member 3	1,700	46.50	1,700	1,653.50	<b>NO</b>
Member 4	450	10.75	251	240.25	<b>[1]</b>
Member 5	450	31	450	419	<b>NO</b>
Member 6	1,700	1,206.25	1,700	493.75	<b>NO</b>
Member 7	450	5	450	445	<b>NO</b>
Member 8	900	87.25	900	812.75	<b>NO</b>
Member 9	1,700	271.40	1,700	1,428.60	<b>NO</b>
Member 11	900	67.25	900	832.75	<b>NO</b>

**[1]** *The member was terminated early and ultimately did not receive an education award.* Questioned education awards are based on the value of the education award for the member service type. The questioned education awards are shown below:

Member Name	Type	Start of Service	Questioned Education Awards
Member 1	QT	05/23/2016	\$ 1,527.78
Member 2	MT	06/14/2016	\$ 1,222.22
Member 3	FT	10/05/2015	\$ 5,775.00
Member 5	QT	06/04/2016	\$ 1,527.78
Member 6	FT	09/01/2015	\$ 5,730.00
Member 7	QT	05/23/2016	\$ 1,527.78
Member 8	HT	09/01/2015	\$ 2,865.00
Member 9	FT	09/20/2016	\$ 5,775.00
Member 11	HT	02/13/2017	\$ 2,907.50

Grant Award	AUP Period	Total
13AFHVT001	4/1/15-8/31/17	\$ 20,176
16AFHVT001	9/1/16-3/31/17	\$ 8,683

All member national service criminal history checks and FBI fingerprint reports were ultimately completed. However, some members received living allowance payments prior to completing the required background checks. Any living allowances paid prior to completing the required background checks were also questioned. We calculated the impact these questioned hours would have on each member's education award. These findings resulting in a total questioned federal costs of \$7,546.

Member Name	Start of Service	NSOPW Search Date	State Criminal Registry Check	Living Allowance per Pay Period	Pay Periods prior to CHC Initiation	Total Questioned Costs
Member 5	06/04/2016	06/23/2016	06/24/2016	\$ 450.00	1	\$ 450
Member 6	09/01/2015	08/31/2015	04/18/2016	\$ 458.21	13	\$ 5,957
Member 9	09/20/2016	09/21/2016	11/02/2016	\$ 569.55	2	\$ 1,139

Finding 1c. *Vermont Housing and Conservation Board*

VHCB did not consistently initiate the NSOPW or State Criminal History Checks for all employees and members prior to starting work or service on the grant. Instances of authorized timesheets that did not contain complete accompaniment details were also noted for certain members.

Staff Findings

<b>Total Grant-Funded Staff</b>	<b>9</b>
Written employee authorization to conduct NSCHC search not documented	6
NSOPW searches completed after start date	3
State criminal history check not initiated prior to starting work on the grant	3
State criminal history check not performed	1

- For six of the nine VHCB employees tested, there was no evidence maintained to validate the employee authorization to conduct the NSCHC search was received prior to any State registry criminal history check being completed. This is considered a compliance finding and no costs were questioned.
- For three of the nine VHCB employees tested, the NSOPW was not completed prior to the employees starting work on the grant.
- For three of the nine VHCB employees tested, the State Criminal History search was not initiated prior to the employees starting work on the grant.
- For one of the nine VHCB employees tested, a State Criminal Registry search was not performed.

Employee Name	Hire Date	1st Date Charged to AmeriCorps	NSOPW Search Date	State Criminal Registry Check
Employee 1	08/31/2015	10/15/2015	08/09/2017	09/28/2017
Employee 2	11/02/2015	12/10/2015	01/24/2018	01/24/2018
Employee 3	05/26/2016	09/15/2016	08/09/2017	None
Employee 4	07/06/2015	07/23/2015	07/09/2015	09/22/2015

All employee federal costs claimed by the subgrantee included both the salary and benefits claimed during the period questioned against the grant. These questioned costs totaled \$9,548.

Employee 3's State Criminal History Check was never completed and all the salary and benefits incurred during the AUP period were questioned:

Employee Name	AUP Period	Salary	Benefits	Total Questioned Cost
Employee 3	09/01/15 - 08/31/17	\$ 1,009	\$ 473	\$ 1,482

The remaining employees had salary and benefits questioned during the following periods:

Employee Name	Period affected	Wages	Benefits	Total Questioned Cost
Employee 1 (no evidence of State check being initiated, period without a State check and NSOPW)	10/15/15 - 08/31/17	\$ 2,451	\$ 1,337	\$ 3,788
Employee 2 (no evidence of State check being initiated, NSOPW and State check not complete until after the AUP Period)	12/10/15 - 08/31/17	\$ 675	\$ 485	\$ 1,160
Employee 4 (no evidence of State check being initiated, period without a State check)	09/01/15 - 09/22/15	\$ 2,154	\$ 965	\$ 3,119

The total questioned costs amount to:

Grant	AUP Period	Total Questioned Cost
15ACHVT001	09/01/15 - 08/31/17	\$ 9,549

Member Findings

<b>Total Grant-Funded Members Tested</b>	<b>18</b>
Incomplete documentation of required accompaniment	6

- For six of the eighteen members examined, there was incomplete documentation of required accompaniment between the date when the State Criminal registry and FBI fingerprint search was initiated and the date the searches were completed. Both checks are required based on member file documentation indicating the members had access to vulnerable populations during that time period.

As part of our procedures, RSM determined which member’s required supervision due to their interaction with vulnerable populations:

Member Name	Type	Start of Service	NSOPW Search Date	State Criminal/FBI Initiation Date	State Criminal Registry/FBI Check Completed	Required Supervision?
Member 1	HT	10/12/2016	10/11/2016	10/10/2016	11/14/2016	Yes
Member 2	QT	05/16/2016	05/10/2016	05/10/2016	06/10/2016	Yes
Member 3	FT	09/14/2015	08/14/2015	08/17/2015	11/04/2015	Yes
Member 4	FT	09/12/2016	07/20/2016	07/20/2016	08/18/2016	No
Member 5	HT	09/14/2015	08/17/2015	08/31/2015	04/11/2016	Yes
Member 6	FT	09/14/2015	08/05/2015	08/20/2015	10/07/2015	Yes
Member 7	FT	09/12/2016	09/01/2016	09/02/2016	09/28/2016	Yes
Member 8	QT	06/01/2016	05/10/2016	05/25/2016	09/22/2016	Yes
Member 9	HT	01/18/2016	12/12/2015	12/20/2015	02/27/2016	Yes
Member 10	FT	09/14/2015	09/22/2014	08/10/2015	10/21/2014	No
Member 11	FT	09/14/2015	08/11/2015	08/17/2015	10/09/2015	Yes
Member 12	MT	06/15/2017	05/31/2017	06/15/2017	08/22/2017	Yes
Member 13	FT	09/14/2015	08/05/2015	08/05/2015	09/10/2015	No
Member 14	HT	09/12/2016	08/25/2016	08/25/2016	09/27/2016	Yes
Member 15	FT	09/26/2016	09/09/2016	09/08/2016	10/12/2016	Yes
Member 16	FT	11/02/2015	09/27/2015	09/30/2015	10/07/2013	No
Member 17	HT	10/05/2015	10/30/2015	09/21/2015	11/06/2015	Yes
Member 18	HT	10/12/2016	08/31/2016	09/01/2016	09/28/2016	No

Next, we reviewed timesheets to determine if there was appropriate accompaniment:

Member Name	Service Start Date	Date Check Cleared	Dates of Service	Documented Supervisor?
Member 1	10/12/16	11/14/16	10/12/16-11/14/16	Yes
Member 2	05/16/16	06/10/16	05/16/16-06/10/16	Yes
Member 3	09/14/15	11/04/15	09/14/15-11/04/15	No
Member 5	09/14/15	04/11/16	09/14/15-04/11/16	No
Member 6	09/14/15	10/07/15	09/14/15-10/07/15	No
Member 7	09/12/16	09/28/16	09/12/16-09/28/16	Yes
Member 8	06/01/16	09/22/16	06/01/16-09/22/16	Yes
Member 9	01/18/16	02/27/16	01/18/16-02/27/16	Yes
Member 11	09/14/15	10/09/15	09/14/15-10/09/15	No
Member 12	06/15/17	08/22/17	06/15/17-08/22/17	No
Member 14	09/12/16	09/27/16	09/12/16-09/27/16	Yes
Member 15	09/26/16	10/12/16	09/26/16-10/12/16	Yes
Member 17	10/05/15	11/06/15	10/05/15-11/06/15	No

All member national service criminal history checks (NSOPW, State, and FBI) were ultimately completed. Therefore, the members all served eligible hours in the same period used to pay their living allowances, as such RSM did not question the members living allowance, only the hours served during the respective periods without supervision was questioned.

Member Name	Education Requirement	Total Questionable Hours	Total Hours Served	Total Hours less Questioned Hours	Met Education Requirement?
Member 3	1,700.00	49.25	1,783.00	1,733.75	YES
Member 5	900.00	305.50	900.00	594.50	NO
Member 6	1,700.00	81.50	1,727.75	1,646.25	NO
Member 11	1,700.00	88.00	136.00	48.00	[1]
Member 12	300.00	42.50	149.00	106.50	[2]
Member 17	900.00	99.50	923.50	824.00	NO

[1] The following member was terminated early and was not awarded an education award

[2] The following member resigned from their position early as a result of ongoing health problems and was not awarded an education award

Questioned costs were based on the amount of the education award for the member type. The questioned education award by member are below:

Member Name	Type	Start of Service	Education Award \$
Member 5	HT	09/14/2015	\$ 2,865.00
Member 6	FT	09/14/2015	\$ 5,730.00
Member 17	HT	10/05/2015	\$ 2,887.50

Additionally, according to 45 CFR § 2529.10, members who successfully complete terms of service under AmeriCorps grants and are eligible for education awards, in some cases, are also eligible for repayment of student loan interest accrued during their service terms (accrued interest). This repayment is funded by the Corporation’s National Service Trust. We determined the effect of our findings on members’ eligibility for education and accrued-interest awards based on the same criteria. These findings resulted in \$229 in questioned accrued interest.

Member Name	Type	Start of Service	Accrued Interest
Member 5	HT	09/14/2015	\$ 299.00

Total questioned costs resulting from this finding are as follows:

Grant	AUP Period	Education Award	Accrued Interest
15ACHVT001	09/01/15 - 08/31/17	\$ 11,512.50	\$ 229

By not ensuring that the NSCHC were performed as required, the Commission and subrecipients place themselves, the Corporation, and the population that they serve at risk.

**Recommendations:** RSM recommends that the Corporation:

- 1a. Out of prudence and concern for the safety of the program participants, the Corporation should issue guidance to Commissions so that each Commission has a policy explaining when Commission employees should undergo a national service criminal history check. This should include staff, who as part of their duties make on-site visits to subrecipients, whether to monitor or otherwise review the activities of a Corporation funded program.
- 1b. When a NSCHC is necessary, require SerVermont to comply with NSCHC Requirements and, if needed request permission to use alternative procedures from the Corporation. This permission must be obtained prior to the use of alternative procedures.
- 1c. Instruct that the Commission monitors take Criminal History Check training before performing monitoring of subgrantees (for both employee and members).
- 1d. Ensure that SerVermont undertakes a detailed review of the remaining subgrantees to recover improper costs and correct compliance defects.
- 1e. Require the Commission to review its subgrantee’s NSCHC written policies and checklists to be sure they are in place and ensure the checks are timely, particularly when employee turnover occurs.
- 1f. Review subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has implemented the above recommendations and that subgrantees are complying with the procedures.

- 1g. Calculate and recover the disallowed costs, including applicable administrative costs, calculate any resulting federal cost questioned due to unmet match, and require SerVermont to adjust its FFRs for the disallowed costs.
- 1h. Disallow and, if already used, recover education awards made to the members who did not serve the minimum required service hours.

**SerVermont Response:** For Findings 1a, 1b and 1c, SerVermont concurs that noncompliant NSCHCs were found at SerVermont and both subrecipient organizations. Its response concurs with recommendations 1b, 1c, and 1e. SerVermont's response did not address whether it was going to review the remaining subgrantees' NSCHCs from recommendation 1d. SerVermont does not concur with the questioned cost calculations for staff or member NSCHC deficiencies in recommendations 1g and 1h. Please see Appendix A for SerVermont's full response.

SerVermont has worked with the State of Vermont Human Resources and the Vermont Crime Information Center to ensure that future hires receive NSCHC compliant background checks. The SerVermont response indicates that it does not need to pursue Alternate Search Procedures approval. In February 2018, SerVermont provided comprehensive NSCHC training to program staff with roles in the NSCHC process and is continuously improving its knowledge, monitoring process and subrecipient training for NSCHC.

SerVermont's response also stated that the subrecipients have taken steps to address NSCHC errors including revising policies and procedures as well as processes.

SerVermont contends that the NSCHC is a compliance finding, and none of the individuals associated with this finding were ineligible to work or serve under the grant. SerVermont stated that it will work with CNCS to apply the Mitigation Matrix to these instances of noncompliance.

**Auditor's Comments:** For the recommendations that SerVermont agreed with, the Corporation should review and verify all corrective actions that SerVermont and its subgrantees complete.

SerVermont does not agree to the disallowed costs because the staff employees and members, were willing/able to serve, even without the background check. According to the regulations cited above, they are not eligible to serve/work on the grant until the background check is complete and if required accompaniment provided/documented in the interim.

As discussed in recommendations 1g and 1h, during resolution the Corporation should calculate the appropriate amount of disallowed costs and require SerVermont to adjust its FFRs for the disallowed costs. The Corporation should also make sure that SerVermont addresses recommendation 1d. Specifically, SerVermont should undertake a detailed review of the remaining subgrantees to recover improper costs and correct compliance defects.



**Finding #2 –Unallowable For-Profit Activities**

As part of the members’ service, tours were provided of energy efficient modular homes that were manufactured by a for-profit company. This is a direct benefit to the for-profit entity and therefore is an unallowable activity. RSM noted that four of the eighteen VHCB members tested led tours of zero energy modular home manufactured by a for profit company. As a result, federal funds were expended on unallowable activities.

Per 45 CFR § 2520.65, while charging time to the AmeriCorps program, accumulating service or training hours, or otherwise performing activities supported by the AmeriCorps program or the Corporation, staff and members may not engage in various activities including:

- 8. Providing a direct benefit to –
  - a. A business organized for profit

These functions were performed as part of regular service hours at the respective sites. At the time, the Commission and VHCB determined this to be an allowable activity.

Questioned hours by member are:

Member Name	Required Hours	Total Questionable Hours	Total Hours Served	Total Hours less Questioned Hours	Met Education Requirement?	Education Award
Member 4	1,700.00	89.00	1,700.00	1,611.00	<b>NO</b>	\$ 5,775.00
Member 19	900.00	90.35	900.00	809.65	<b>NO</b>	\$ 2,907.50
Member 9	900.00	232.75	929.75	697.00	<b>NO</b>	\$ 2,887.50
Member 20	1,700.00	7.50	1,734.50	1,727.00	<b>YES</b>	<b>N/A</b>

Questioned costs were based on the value of the education award for the member type.

The total questioned education awards are \$11,570.00.

**Recommendations:** We recommend that the Corporation:

- 2a. Provide the Commission guidance and instruction on member activities that are allowed and unallowed.
- 2b. Ensure the Commission instructs its subgrantees on activities allowed and unallowed.
- 2c. Member activities allowed and unallowed (including benefitting for profit entities) are highlighted during member orientation as well as guidance provided to subrecipients and sites where members are serving.

2d. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours.

**SerVermont Response:** SerVermont does not concur with this finding or the questioned Education Award of \$11,570. Please see Appendix A for SerVermont's full response.

The Commission contends that the energy efficient modular homes that the AmeriCorps members demonstrated are not owned or for sale by a for-profit entity. Rather, non-profit public housing trusts in Vermont contracted with a manufacturer of the modular homes to replace mobile homes that were destroyed by Tropical Storm Irene in 2011. The member activities were educational in nature, and do not result in a direct sale or financial benefit to any for-profit entity, therefore the activity was allowable.

SerVermont stated that much of the affordable housing in Vermont is developed by non-profit housing entities through public-private partnerships utilizing a for-profit entity. Further, zero energy modular homes in Vermont became a popular option for non-profit housing trusts to re-house flood victims. The AmeriCorps member position was designed to engage flood victims and individuals with low-income residing in sub-standard housing by supporting them through the mobile home replacement process. Members provided outreach, training, resource assistance, and technical support for individuals with low-income interested in replacing or moving out of their existing mobile home, and/or interested in purchasing a subsidized home facilitated by a non-profit housing trust. The members' activity resulted in individuals having greater technical and financial information to support decision making, and a transition into safe, affordable housing.

SerVermont stated that when CNCS raised questions about this activity SerVermont and the CNCS Program Officer immediately addressed the issue and determined a path forward. Working with CNCS, SerVermont and the subgrantee made changes to the position to avoid confusion going forward. Specifically, AmeriCorps members ceased all tours and demonstrations of the housing unit and technologies, and the member position was modified to remove all activities that could potentially be perceived as unallowable. SerVermont stated that CNCS approved the changes to the position description after review and allowed the position to move forward. SerVermont reviewed all educational materials the AmeriCorps member had been utilizing during their service to ensure that the brand name of the housing unit was not utilized in the materials and the members and host site were instructed not to use the brand name of the housing unit. SerVermont believes these actions were preventative in nature, with the intent of avoiding potential confusion.

**Auditor's Comments:** The non-profit housing trust that the members serve through purchases the homes from the for-profit manufacturer. These homes are then sold to interested individuals. The tours provided by AmeriCorps members as part of their service directly promote these modular homes. As a result, the for-profit company benefits from these tours. As discussed in Finding 2 above we consider this to represent a direct benefit to the for-profit entity

and therefore deemed it an unallowable activity. During the audit resolution, the Corporation should consider the disallowance of all members' costs related to unallowable activities.

## **BACKGROUND**

The Corporation supports national and community service programs that provide an opportunity for participants to engage in full or part-time service. The Corporation funds service opportunities that foster civic responsibility and strengthen communities. It also provides educational opportunities for those who have made a commitment to service.

The Corporation has three major service initiatives: National Senior Service Corps, AmeriCorps, and the Social Innovation Fund. AmeriCorps, the largest of the initiatives, is funded through grants to states and territories with State Commissions on community service, grants to states and territories without State Commissions, and National Direct funding to organizations. Grantees recruit and select volunteers who must meet certain qualifications to earn a living allowance and/or education awards.

### *SerVermont*

The Vermont State Commission (SerVermont or Commission) was established in 1993. SerVermont is part of the Vermont Agency of Human Services and are the state partners of CNCS. The Commission receives professional support from the Vermont Human Services Secretary's office as an affiliated board. It receives funding from the Corporation as well as the Vermont General Assembly.

### *Lyndon State College*

The Lyndon Economic opportunity AmeriCorps Program (LEAP) at Lyndon State College was founded in 2015. LEAP is a new vision for the legacy of the former Northeast Kingdom Initiative (NEKI) program that has been changing lives of youth and families in Vermont since 1994. LEAP members are placed at approximately a dozen local non-profit organizations throughout Vermont, and through their service address diverse community needs in Vermont by delivering a variety of educational programs to K-12 youth. These programs include early literacy, college and career explorations, STEM (Science, Technology, Engineering, and Mathematics) education, farm to school and nutrition education, conservation corps efforts, forest stewardship, and outdoor education.

LEAP members engage in educational and career development through their experience in National Service.

## *Vermont Housing and Conservation Board*

The Vermont Housing & Conservation Board AmeriCorps (VHCB AmeriCorps) is a statewide AmeriCorps project of VHCB. VHCB is an independent, state-supported funding agency providing grants, loans and technical assistance to nonprofit organizations, municipalities and state agencies for the development of perpetually affordable housing and for the conservation of important agricultural land, recreational land, natural areas and historic properties in Vermont.

The VHCB AmeriCorps program is a national service project that places AmeriCorps members with affordable housing, land conservation and environmental education organizations statewide. Members increase the capacity and effectiveness of the organization where they serve while gaining leadership skills and connecting with the mission and goals of a community based nonprofit organization. Members work in a variety of areas, including:

### Housing Members

- Assist first-time homebuyers to learn about budgeting and prequalify for low-interest mortgage loans at Vermont's Home Ownership Centers.
- Educate tenants on issues of rights and responsibilities; convene groups of residents and citizens to develop and improve resident services.
- Help homeless individuals and families find suitable housing, build life skills, develop resumes, access job training programs and obtain services.
- Recruit volunteers, provide community outreach, make referrals, and provide direct services, information and technical assistance.
- Repair, make accessible and weatherize homes.
- Replace graffiti-laden walls with murals; expose kids to cultural events, service opportunities and field trips as well as literacy, life skills, safety, arts-based and recreational activities. Develop resource rooms, libraries and computer labs.

### Conservation Members

- Create mailings, contact the media, produce newsletters, create and maintain database records and websites, organize special events.
- Co-develop, coordinate, and teach summer day camps and natural history programs.
- Educate groups about responsible hiking and camping practices.
- Educate residents and housing groups on energy conserving measures.
- Participate in natural area inventories, extract invasive plants and implement weed management plans.
- Perform trail maintenance, restoration and improvement.
- Provide environmental education and service opportunities for school-age youth.
- Recruit volunteers and raise awareness about conservation issues.

## **EXIT CONFERENCE**

RSM provided a summary of the findings to be included in the draft report and discussed its contents with officials of the Corporation, the Commission, and applicable subgrantees at an exit conference on March 28, 2018. Responsive comments to the draft report from the Commission and the Corporation are included as appendices in this report.

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

Office of Inspector General  
Corporation for National and Community Service

We have performed the procedures, detailed in the “Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees)” dated June 2016, not included herein. These procedures were agreed to by the Corporation for National and Community Service (Corporation) Office of Inspector General (OIG), solely to assist you with respect to certain information reported by the Vermont State Commission on National & Community Service (SerVermont) in accordance with its Corporation grant terms and provisions, and applicable laws and regulations, for the agreed-upon procedures periods from April 15, 2015, through August 31, 2017. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for agreed-upon procedures contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Corporation’s OIG. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The results of our procedures are described in Schedules A through E of the accompanying report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on SerVermont’s compliance with its Corporation grant terms and provisions, and applicable laws and regulations, for the agreed-upon procedures periods from April 15, 2015, through August 31, 2017. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*RSM US LLP*

Washington, District of Columbia  
August 20, 2018



**State of Vermont**  
**SerVermont**  
Agency of Human Services  
Office of the Secretary  
280 State Drive  
Waterbury VT 05671-1000  
(telephone) 802- 760-0042

July 19, 2018

Stuart Axenfeld  
Assistant Inspector General for Audit  
Office of Inspector General  
Corporation for National and Community Service  
250 E St. S.W. Suite 4100  
Washington, DC 20525

Re: SerVermont Comment on Draft Audit Report

Dear Mr. Axenfeld,

Thank you for the opportunity to respond to the OIG's draft report for the Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to SerVermont.

SerVermont takes the responsibility of managing public dollars seriously, and we appreciate the opportunity to further enhance our commission operations and grant administration. SerVermont continually seeks to strengthen our policies, procedures, and systems to ensure compliance and detect and enforce instances of noncompliance.

I appreciated the staff and management of RSM UP LLP and the OIG during the audit. Their professionalism and dedication to their work was clear throughout the process.

SerVermont looks forward to working with CNCS to resolve the findings and ensure the continued success of CNCS programming in Vermont.

In Service,

A handwritten signature in black ink, appearing to read "Philip Kolling".

Philip Kolling  
Executive Director, SerVermont

Enclosures

Cc: Cindy Galyen, CNCS Audit Resolution

# SerVermont Audit Response

## **Finding #1 – Noncompliant SerVermont and Subrecipients National Service Criminal History Checks (NSCHC)**

SerVermont concurs that noncompliant NSCHCs were found at SerVermont and both subrecipient organizations.

SerVermont does not concur with any of the questioned cost calculations (\$122,551 federal, \$40,342 Education Award, \$38,746 match, \$229 interest) associated with this finding. This is a compliance finding, and none of the individuals associated with this finding were ineligible to work or serve under the grant. Since April 1, 2017 CNCS has utilized a Mitigation Matrix to determine the financial disallowance associated with NSCHC noncompliance, between \$500 and \$1,500 for each instance of NSCHC noncompliance, depending on mitigating factors. We will work with CNCS to apply the Mitigation Matrix to these instances of noncompliance.

SerVermont believes that protecting the public, especially the most vulnerable members of our community, is the most important thing that we do. This audit highlighted the need for SerVermont to continue to improve the administration of NSCHCs in Vermont, and the training we offer to ensure proper administration of NSCHCs. SerVermont is continuously improving our knowledge, monitoring process, and subgrantee training to ensure that our National Service Criminal History Check training and monitoring is up-to-date and effectively achieving compliance.

NSCHC training is provided to subgrantees, has been a topic of discussion at monthly AmeriCorps Program Director's meetings, and SerVermont ensures that all subgrantee and SerVermont staff participate in NSCHC training annually. SerVermont provided comprehensive NSCHC training to AmeriCorps program staff with roles in the NSCHC process in February of 2018. At the training, participants watched and discussed every virtual training module CNCS has about NSCHCs.

Recent changes CNCS has made to the AmeriCorps member enrollment process (effective July 2, 2018) will also assist in ensuring program compliance with NSCHC requirements.

### Finding 1a. – SerVermont

SerVermont concurs with the facts of the finding presented in the audit report.

SerVermont does not concur with the questioned costs associated with this finding (\$127,896 Total [\$89,150 Federal, \$38,746 Match]). Assessing the mitigating factors using the CNCS NSCHC Mitigation Matrix to determine risk-based disallowance, we believe we reach the High Mitigation level, and a \$500 disallowance is the maximum disallowance for this instance of noncompliance. In this instance, a nationwide search of state criminal history information through a fingerprint-based FBI check had been initiated, and the individual did not have recurring access to a vulnerable population.

National Sex Offender Public Website (NSOPW) checks were not completed on-time for SerVermont staff. SerVermont had NSOPW checks for all staff as of January 3, 2017.

SerVermont has worked with State of Vermont Human Resources and the state repository (Vermont Crime Information Center) to ensure that all future hires at SerVermont receive NSCHC compliant



background checks, including the NSOPW prior to beginning employment. It is possible to make the necessary changes to our onboarding process to achieve NSCHC compliance for covered staff without further pursuing an additional Alternate Search Procedure approval from CNCS.

Finding 1b. – Lyndon State College

SerVermont concurs with the facts of the finding presented in the audit report.

SerVermont does not concur with the questioned costs associated with this finding (\$52,711 Total [\$23,852 Federal, \$28,859 Education Award]). SerVermont and Lyndon State College will work with CNCS to apply the NSCHC Mitigation Matrix to these instances of noncompliance. All individuals covered by this finding were eligible individuals.

Since the period reviewed the subrecipient has taken corrective action to address this finding, including the revision of policies and procedures to ensure complete compliance and documentation of NSCHCs.

Finding 1c. – Vermont Housing and Conservation Board (VHCB)

SerVermont partially concurs with the facts of the finding presented in the audit report. We do not concur with the number of service hours questioned due to lack of accompaniment. We continue to assert that all members were accompanied appropriately in all questioned instances, and documentation of such was provided to the OIG during the audit.

SerVermont does not concur with the questioned costs associated with this finding (\$21,032 [\$9,549 Federal, \$11,483 Education Award]). SerVermont and Vermont Housing and Conservation Board will work with CNCS to apply the NSCHC Mitigation Matrix to these instances of noncompliance. All individuals covered by this finding were eligible individuals.

Vermont Housing and Conservation Board has taken corrective action to address this finding. VHCB has revised their process for documenting accompaniment to ensure it is more clearly presented in AmeriCorps member timesheets. VHCB has also updated their policy on staff background checks to ensure compliance. Finally, VHCB updated their timesheet policy to reflect these updates.

**Finding #2 – Unallowable For-Profit Activities**

SerVermont does not concur with this finding.

SerVermont does not concur with the questioned costs related to this finding (\$11,570 Education Award).

The energy efficient modular homes that the AmeriCorps member demonstrated, which could be considered a “tour”, are not owned or for sale by a for-profit entity. Rather, non-profit public housing trusts in Vermont contracted with a manufacturer of the modular homes to replace mobile homes that were destroyed during the flooding of Tropical Storm Irene in 2011. The member activities were educational in nature, and do not result in a direct sale or financial benefit to any for-profit, therefore the activity was allowable.

Much of the affordable housing in Vermont is developed by non-profit housing entities through public-private partnerships utilizing a for-profit entity. Following Tropical Storm Irene (August 2011), zero

energy modular homes in Vermont became a popular option for non-profit housing trusts to re-house these flood victims. Publicly, the zero energy modular homes have become known by a proprietary eponym of a common manufacturer. The AmeriCorps position was developed after the energy efficient modular housing option was added to the non-profit housing stock to help lower income households access this new housing option. The AmeriCorps member position was designed to engage flood victims and individuals with low-income residing in sub-standard housing in mobile home parks by supporting them through the mobile home replacement process. Members provided outreach, training, resource assistance, and technical support for individuals with low-income interested in replacing or moving out of their existing mobile home, and/or interested in purchasing a subsidized home facilitated by a non-profit housing trust including an energy efficient modular home option. The members' activity resulted in individuals having greater technical and financial information to support decision making, and a transition into safe, affordable housing.

When questions about this activity arose at CNCS after an article was published in which the zero-energy modular housing unit was listed by its brand name, SerVermont and our CNCS Program Officer immediately addressed the issue with the subgrantee and determined a path forward. At no time did SerVermont or CNCS find that any unallowable activities had occurred. Had we determined otherwise, we would have disallowed the member service hours at that time.

Working with CNCS, SerVermont and the subgrantee made changes to the position immediately to avoid confusion going forward. At the time, the AmeriCorps member ceased all tours and demonstrations of the housing unit and technologies, and the member position was modified to remove all activities that could potentially be perceived as unallowable. CNCS approved the changes to the position description after review and allowed the position to move forward. SerVermont also reviewed all educational materials the AmeriCorps member had been utilizing during their service to ensure that the brand name of the housing unit was not utilized in the materials, which it was not. The member and host site were instructed not to use the brand name of the housing unit by the subgrantee. These actions were preventative in nature, with the intent of avoiding potential confusion. CNCS concerns were addressed to their satisfaction, and the issue was considered resolved by all parties prior to the start of the audit.

SerVermont and subgrantee staff have attended numerous trainings on prohibited activities at the CNCS AmeriCorps Symposium and regional national service conferences and will continue to do so. Prohibited activities are routinely included on the agenda at AmeriCorps Program Director's meetings, and SerVermont trains all AmeriCorps members on all prohibited activities annually at the start of service. In addition, SerVermont ensures that all subgrantees train host sites and members on prohibited activities, and prohibited activities are listed in both host site and member agreements. Vermont Housing and Conservation Board trains Host Site Supervisors and AmeriCorps members on prohibited activities and covers the topic in their Host Site and Member Handbook. SerVermont has re-trained AmeriCorps Program Directors on prohibited activities prior to the start of the 2018-2019 AmeriCorps program year.

# Corporation for National and Community Service

NationalService.gov



**To:** Carol Bates, Acting Assistant Inspector General for Audit

**From:** Joseph Liciardello, Acting Chief Grants Officer

**Date:** July 23, 2018

**Subject:** Response to OIG Draft of Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to SerVermont

APPENDIX B

A handwritten signature in black ink, appearing to read "J. Liciardello", is written over the "From:" line of the email header.

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Thank you for the opportunity to review the draft report of Agreed-Upon Procedures for Corporation for National and Community Service Grants awarded to SerVermont. We will respond with our management decision after we receive the final report and have reviewed the auditor's working papers and SerVermont's corrective action plan. We will work with SerVermont representatives to ensure its corrective action adequately addresses all audit findings and recommendations.

**Cc:** Robert McCarty, Chief Financial Officer  
Chester Spellman, Director of AmeriCorps  
Tim Noelker, General Counsel  
Lori Giblin, Chief Risk Officer

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