

**Office of Inspector General
Corporation for National and
Community Service**

**PERFORMANCE AUDIT OF
CORPORATION FOR NATIONAL & COMMUNITY SERVICE
GRANTS AWARDED TO
SENIORS COUNCIL**

OIG REPORT NUMBER 17-06

Office of Inspector General

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

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This report was issued to Corporation management on April 12, 2017. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than October 12, 2017, and complete its corrective actions by April 12, 2018. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



April 12, 2017

TO: Clay Kempf
Executive Director, Seniors Council

Erin McGrath
Acting Director of Senior Corps, CNCS

Dana Bourne
Chief Grants Officer, CNCS

FROM: Stuart Axenfeld /s/
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General (OIG) Report 17-06: Audit of Corporation for National and Community Service Grants Awarded to Seniors Council

Attached is the final report on the OIG Report 17-06: *Audit of Corporation for National and Community Service Grants Awarded to Seniors Council*. This audit was performed by OIG staff in accordance with the 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 October 12, 2017. Notice of final action is due by April 12, 2018.

If you have questions pertaining to this report, please contact Thomas Chin, Audit Manager, at (202) 606-9362 or t.chin@cncsoig.gov; or me at (202) 606-9360 or s.axenfeld@cncsoig.gov.

Attachment

cc: Lynda Francis, President, Board of Directors, Seniors Council
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OFFICE OF INSPECTOR GENERAL
AUDIT OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
GRANTS AWARDED TO SENIORS COUNCIL

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EXECUTIVE SUMMARY

Seniors Council manages community service programs for senior citizens in Aptos, California, received grants of approximately \$2 million from the Senior Companion Program (SCP) and the Foster Grandparents Program (FGP) between July 2013 and June 2015. Both programs are administered by the Corporation for National and Community Service (CNCS). Following a site visit by the CNCS's Office of Grants Management in June 2015, it requested that the Office of Inspector General (CNCS-OIG) perform an audit of the costs charged to these grants and of Senior Council's financial management.

The CNCS- OIG audited the costs incurred by Seniors Council during this period and questioned \$45,546 or approximately 2.3 percent of the \$2 million in Federal costs charged on these grants. The questioned costs resulted from the grantee not performing required background checks for its volunteers prior to beginning service; and overstating its claimed expenditures by more than \$10,000. Seniors Council also commingled funds for multiple grants and grant years, improperly drew down and misapplied Federal funds, overstated grant expenditures on Federal Financial Reports (FFRs), and did not fully complete background checks for its volunteers. Seniors Council had various compliance issues, including lack of budget-to-actual comparisons, an improper cost allocation methodology, unmet minimum volunteer service hours, and undocumented volunteers' letter of agreements.

Our initial financial management findings were severe and required immediate CNCS attention; therefore, we issued a Management Alert to CNCS in July 2016. CNCS immediately adopted our recommendation to place a manual hold on further drawdowns until Seniors Council completed multiple corrective actions.

To address our audit findings, we recommend that CNCS disallow and recover all questioned costs. To improve compliance, we also recommend that Seniors Council: (1) improves its financial management system; (2) strengthens its internal controls; (3) performs timely reconciliations of its general ledger to FFRs and drawdowns; (4) conducts supervisory reviews of the reconciliations periodically; (5) follows its current policies and procedures for conducting criminal history checks; and (6) revises its written policies and procedures for SCP and FGP.

We received Seniors Council's and CNCS's responses to the draft report. Seniors Council generally agreed with most of the findings and recommendations. See their responses after each of the individual recommendations. CNCS stated that it would respond to the final report after reviewing Seniors Council's corrective action plan to ensure that corrective action adequately addresses all of the audit findings and recommendations.

The audit procedures were conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The following table summarizes Senior Council's grant awards, the costs claimed, and the questioned costs identified by the audit.

CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS

Grants	Audit Period	Total Federal Grants Awarded (\$)	Total Federal Costs Claimed (\$)	Questioned Costs (\$)	Appendix ¹
Senior Companion Program Grant 11SCPCA007	07/01/13 to 06/30/14	158,299	158,299	23,686	A
Foster Grandparents Program 11SFPCA001	07/01/13 to 06/30/14	844,681	844,681	13,730	B
Senior Companion Program Grant 14SCPCA003	07/01/14 to 06/30/15	158,299	158,299	2,687	C
Foster Grandparents Program 14SFPCA004	07/01/14 to 06/30/15	844,681	844,681	5,443	D
TOTAL (\$)		2,005,960	2,005,960	45,546	

FINDINGS

Our audit uncovered violations of applicable grant terms, rules, and regulations, which resulted in questioned costs and overcharges. Our findings fall into eight categories:

- Finding No. 1 – The grantee commingled funds from multiple grants and grant years.
- Finding No. 2 – The grantee improperly drew down and recorded grant funds.
- Finding No. 3 – The grantee overstated grant expenditures on FFRs submitted to CNCS.
- Finding No. 4 – The grantee did not conduct timely and complete criminal history checks for SCP and FGP volunteers.
- Finding No. 5 – The grantee did not properly compare its budget to actual expenditures for all CNCS grants reviewed.
- Finding No. 6 – The grantee improperly allocated its CNCS grant costs.
- Finding No. 7 – SCP and FGP volunteers did not consistently perform the required minimum service hours.
- Finding No. 8 – Seniors Council did not retain copies of its service agreements with SCP volunteers assigned to assisted living facilities.

CNCS-OIG issued a Management Alert to CNCS on July 11, 2016 to immediately address the issues noted in the Finding Nos. 1 through 3 above. These issues were serious enough to warrant immediate attention by CNCS to protect the use of its grant funds, while we continued our off-site fieldwork. In the Alert, we recommended that CNCS place a manual hold on further drawdowns until Seniors Council completed corrective actions to ensure the proper use and accounting of the Federal funds. CNCS immediately adopted our recommendation the grantee remained on a manual hold at the end of our audit fieldwork in November 2016.

¹ Separate schedules detailing the questioned costs are presented in Appendices A through D.

We discuss our findings below, highlighting the questioned costs² associated with each.

Finding No. 1 – The grantee commingled funds from multiple grants and grant years.

Although Seniors Council received multiple CNCS grants, its financial records do not segregate funds and costs by grant number and grant year, but only by program (SCP versus FGP). Basically, Seniors Council commingled, in a single account, funds and expenses from two concurrent SCP grants and from successive SCP grants (awarded in 2011 and 2014). In another account, Seniors Council commingled FGP funds and expenses from multiple FGP grants.

Seniors Council's former accounting staff, who had been replaced with a new accountant, lacked the technical knowledge and skills to properly manage the grantee's financial records. Also, the grantee's accounting system, QuickBooks, has full capability to segregate funds, but Seniors Council does not use this feature. Financial management systems include standard accounting practices, sufficient internal controls, a clear audit trail, and written cost allocation procedures, and can identify expenditures that should not be charged to the grant. The commingling of funds prevents Seniors Council from are or are performing meaningful financial analyses and auditors from matching revenue and expenditures year by year, thus raising the possibility that funds have been misapplied. Further, it contributed to the drawdown and reconciliation problems noted in Finding Nos. 2 and 3, below.

Criteria

45 CFR §2543.21. *Standards for financial management systems*, Subpart b.2, states:

Recipients' financial management systems shall provide for the following: . . . Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.

2 CFR §200.302. *Financial management*, states, in part:

- b. The financial management system of each non-Federal entity must provide for the following:
 - 1. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
 - 2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §200.327 Financial reporting and §200.328 Monitoring and reporting program

² A questioned costs is: (1) an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that at the time testing, such costs were not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable.

performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand.

3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Recommendations

We recommend that CNCS:

- 1a. Require Seniors Council implement financial management systems and practices to properly segregate costs for each grant and grant year. Seniors Council should develop chart of accounts and use its QuickBooks' full capabilities to ensure that costs are segregated;
- 1b. Require Seniors Council to develop a detailed corrective action plan, with milestones, target completion dates and verification activities, to address the deficiencies noted in this report;
- 1c. Require Seniors Council to provide training to its staff concerning financial management, and obtain technical assistance from CNCS to oversee Seniors Council's financial management tasks;
- 1d. Issue a moratorium on further competitive grants to Seniors Council until such time as CNCS can verify that it has met the above conditions; and
- 1e. Continue the manual hold for Seniors Council until CNCS reviews and confirms the completion of all corrective action done by Seniors Council.

Seniors Council's Comments:

Seniors Council stated that it agreed with the finding and recommendations, except recommendation 1e. Seniors Council stated that it created a series of new reports that segregate funds by programs, fiscal years, Federal, and match. With more experienced staff, Seniors Council believed it had remedied this finding. However, Seniors Council disagreed with OIG's recommendation 1e related to continuing the drawdown manual hold for Seniors Council because it believed the findings were procedural in nature and that no misuse or misappropriation of funds occurred. Seniors Council believes that it would be more productive to spend time implementing OIG's recommendations and deliver program services.

OIG's Comments:

Seniors Council's planned corrective action meets the intent of the OIG's recommendations. Also, OIG will engage with CNCS in the audit resolution process in its determination of the timing to

remove the drawdown manual hold after CNCS confirms Seniors Council completes resolution of the findings.

Finding No. 2 – The grantee improperly drew down and recorded grant funds.

Seniors Council improperly drew down funds from the Payment Management System (PMS).³ We identified two instances where Seniors Council drew funds from one CNCS grant and posted those funds on its general ledger to another CNCS grant. In the first instance, the grantee drew \$5,699 from the SCP grant and \$900 from the FGP grant, but recorded the entire amount in its general ledger under the SCP grant account. In the second instance, Seniors Council drew \$13,000 from the SCP grant, but applied \$1,101 of that amount to FGP expenses.

Seniors Council also drew significant amount of grant funds very early in the grant terms. It drew 15 percent (\$125,000) of its \$844,681 FGP grant on July 2, 2013, the second day of the grant. The same drawdown practice occurred the following year, when the grantee drew more than one-quarter (\$220,000) of its \$844,681 FGP grant and more than one-quarter (\$40,200) of its \$158,299 SCP grant on the second day of the grant award.

Without any written drawdown policies and procedures, and as stated above, the former accounting staff lacked the technical knowledge and skills to properly manage the grantee's financial records. Seniors Council drew down excessive grant funds and recorded them to the incorrect program.

Criteria

2 CFR §200.302. *Financial management*, states:

- a. Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.
- b. The financial management system of each non-Federal entity must provide for the following:
 1. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
 2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in

³ PMS is a secure, online grants payment platform managed by the Department of Health and Human Services. It provides Federal agencies and grantees with payments, cash management, and grant accounting support services.

§200.327 Financial reporting and §200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand.

3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
4. Effective control over, and accountability for, all funds, property, and other assets, the non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §200.303 Internal controls.
5. Comparison of expenditures with budget amounts for each Federal award.
6. Written procedures to implement the requirements of §200.305 Payment.

2 CFR §200.305. *Payment*, states, in part:

- b. For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also, §200.302 Financial management paragraph (b)(6). Except as notes elsewhere in this part, Federal agencies must require recipients to use only OMB-approved standard government-wide information collection requests to request payment.

45 CFR §2543.22. *Payment*, states, in part:

- a. Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205.

FGP and SCP Operations Handbook, Part 10.5.2, states:

Grantees use SMARTLINK to access funds. SMARTLINK is an automated “next day” direct deposit system for the Federal government. Recipients assigned to SMARTLINK use a PC to access the PMS SMARTLINK Request For Funds application, enter their account and drawdown information (e.g., account number and amount requested), and receive a status message detailing their transaction. The transaction is completed online, and funds are direct-deposited into the recipient’s account on the next business day.

Funds should only be drawn down for immediate cash needs or on a reimbursement basis. Grantees should develop written policies and procedures for drawdowns so that they are done on a consistent basis and a clear audit trail exists. 2 CFR Chapter II, Subpart D, Section 200.305.

At any time, CNCS Grant Officials can log on to the PMS directly or view authorized, disbursed, and advanced amounts in the electronic grants system.

Grantees may:

- Draw down funds on a reimbursement basis;
- Draw down funds that they will be using in the immediate future, usually considered to be within three days of receipt; or
 - Maintain advance payment of federal funds in interest bearing accounts unless the following apply:
 - a. The grantee receives less than \$120,000 in Federal awards annually.
 - b. The account would not earn interest in excess of \$500 per year.
 - c. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
 - d. A bank system prohibits or precludes interest bearing accounts.
 - Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Service PMS through an electronic medium using either Automated Clearing House network or a Fedwire Funds Service payment.

Recommendations

We recommend that CNCS:

- 2a. Require Seniors Council develop and implement appropriate internal controls and procedures for drawdowns, and include a reconciliation of drawdowns to the accounting records;
- 2b. Require Seniors Council to develop a detailed corrective action plan, with milestones, target completion dates and verification activities, to address the deficiencies noted in this report;
- 2c. Require Seniors Council to provide training to its staff concerning financial management, and obtain technical assistance from CNCS to oversee Seniors Council's financial management tasks;
- 2d. Issue a moratorium on further competitive grants to Seniors Council until such time as CNCS can verify that it has met the above conditions; and
- 2e. Continue the manual hold for Seniors Council until CNCS reviews and confirms the completion of all corrective action done by Seniors Council.

Seniors Council's Comments:

Seniors Council stated that it agreed with the finding and recommendations, with the exception for recommendations 2d and 2e. Seniors Council stated that it implemented a new drawdown procedure which would directly relate to expenditure reimbursements. The Seniors Council Fiscal Officer also attended conferences to improve financial skills and regulation compliance. However, Seniors Council disagreed with OIG's recommendations 2d and 2e related to the recommended moratorium on new grants and continuing the drawdown manual hold for Seniors Council. Seniors Council stated that it has already made many of the OIG recommended changes and that new grant applications should be judged on the merits of the proposals submitted. Seniors Council also stated that the manual holds delayed payments to its volunteers which caused significant stress on an already understaffed fiscal department.

OIG's Comments:

Seniors Council's planned corrective action meets the intent of the OIG's recommendations. Also, OIG will engage with CNCS in the audit resolution process in its determination of the timing to lift the drawdown manual hold and awarding new grants to Seniors Council after CNCS confirms that the Seniors Council completes resolution of the findings.

Finding No. 3 – The grantee overstated grant expenditures on FFRs submitted to CNCS.

Seniors Council overstated grant expenditures reported on two FFRs submitted to CNCS for a total of \$10,564. During the audit period, FFRs for SCP grant award no. 11SCPCA007 were overstated by \$6,547; and FFRs for FGP grant award no. 14SFPCA004 were overstated by \$4,017.⁴ Two other submitted FFRs (grant award nos. 11SFPCA001 and 14SCPCA003) had grant expenditures understated by \$1,401.

We note that, as a result of the drawdown irregularities, the misapplication of funds and commingling that are identified in Findings No. 1 and 2, the disparity between the FFRs and the properly incurred expenses could be even greater. Seniors Council did not reconcile the FFRs that it submitted to CNCS for the SCP and FGP grants to its internal accounting records (general ledger). Without timely reconciliations, the grantee cannot ensure the accuracy of the costs claimed or detect these errors. We question costs of \$10,564 due to the overstatement of funds.

Criteria

45 CFR § 2543.21, *Standards for financial management systems*, states, in part:

- b. Recipients' financial management systems shall provide for the following:
 1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program.

⁴ During our on-site fieldwork in June 2016, we initially noted in our July 2016 Management Alert that three FFRs were overstated by \$51,820. Subsequently, Seniors Council reconciled the differences between its general ledger and the four reviewed FFRs under our audit period. We reviewed Seniors Council's reconciliation analysis and as a result, adjusted the overstated FFR figure to \$10,564.

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

[omitted]

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

2 CFR §200.302. *Financial management*, states, in part:

- b. The financial management system of each non-Federal entity must provide for the following:
 1. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
 2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §200.327 Financial reporting and §200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand.
 3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Recommendations

We recommend that CNCS:

- 3a. Disallow and recover the questioned cost totaling \$10,564;
- 3b. Ensure that Seniors Council strengthens its internal controls and procedures, to include procedures to require that timely FFR to general ledger reconciliations are performed, and that supervisors are required to periodically review those reconciliations; and
- 3c. Continue the manual hold for Seniors Council until CNCS reviews and confirms the completion of all corrective action done by Seniors Council.

Seniors Council's Comments:

Seniors Council stated that it agreed with the finding and recommendations, with the exception of recommendations 3a and 3c. Seniors Council confirmed that it overstated grant expenditures reported on the FFRs by the amount reported by OIG. However, it claimed that the overstated funds were excess non-Federal funds and not subject to CNCS's fund recovery. Seniors Council stated that it implemented a new report that captured such excess funds, with its staff responsible for reconciling Federal and non-Federal funds on a monthly basis.

OIG's Comments:

Seniors Council's planned corrective action meets the intent of the OIG's recommendations. Also, OIG will engage with CNCS in the audit resolution process in its determination of allowed and disallowed costs.

Finding No. 4 – The grantee did not conduct timely and complete criminal history checks for SCP and FGP volunteers.

In multiple instances, Seniors Council failed to complete checks of the National Sex Offender Public Website (NSOPW) before allowing volunteers to begin service and also failed to initiate FBI fingerprint checks as of volunteers' start dates. Auditors found untimely or incomplete criminal history checks for four of the five SCP volunteers whose files we reviewed and for five of the ten sampled FGP files.⁵

Four of the five sampled SCP volunteers and five of the ten sampled FGP volunteers did not have criminal history checks properly conducted prior to their service start dates. Two of the four SCP volunteers did not have National Sex Offender Public Website (NSOPW) checks completed and the two other SCP volunteers did not have FBI checks initiated prior to their start dates. Four of the five FGP volunteers did not have their FBI checks initiated and the other remaining FGP volunteer did not have an NSOPW check completed prior to their start dates.

In October 2014, in connection with the self-assessment of criminal history check (CHC) compliance required by CNCS, Seniors Council updated its criminal history check policies and procedures to bring them in line with CNCS's criminal history check guidelines.

As a matter of public safety, by not properly performing the required criminal history checks for its volunteers, the grantee placed itself, CNCS, and the population that it serves at risk. We question stipend payments to volunteers who did not have their criminal history checks completed or initiated prior to their start of service. We question stipend payments of \$19,826 for three of the four SCP volunteers, and \$15,156 for three of the five FGP volunteers who had criminal history check exceptions. We did not question stipends paid to one SCP volunteer and two FGP volunteers because Seniors Council conducted proper criminal history checks on them prior to the CNCS's self-assessment of CHC compliance. As a result, the total questioned costs is \$34,982. The table below quantifies the questioned stipends for each grant:

⁵ The NSOPW check was untimely for two of the five sampled SCP volunteers and for one out of the ten sampled FGP volunteers. The FBI fingerprint checks were not initiated timely for two of the five sampled SCP members and for four out of the ten sampled FGP members.

Grants	Questioned Costs (\$)
11SCPCA007 (SCP)	17,139
11SFPCA001 (FGP)	13,730
14SCPCA003 (SCP)	2,687
14SFPCA004 (FGP)	1,426
Total	34,982

Criteria

45 Code of Federal Regulations (CFR) §2540.204, *When must I conduct a National Service Criminal History Check on an individual in a covered position?*, states:

a. *Timing of the National Service Criminal History Check Components.*

1. You must conduct and review the results of the nationwide National Sex Offender Public Website (NSOPW) check required under §2540.203 before an individual in a covered position begins work or starts service.
2. You must initiate state registry or FBI criminal history checks required under §2540.203 before an individual in a covered position begins work or starts service. You may permit an individual in a covered position to begin work or start service pending the receipt of results from state registry or FBI criminal history checks as long as the individual is not permitted 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 appropriate individual, as described in §2540.205(g) of this chapter.

Recommendations

We recommend that CNCS:

- 4a. Disallow and recover the questioned costs totaling \$34,982; and
- 4b. Ensure that Seniors Council continuously educates its staff regarding the requirements for timely and complete criminal history and that senior leaders perform periodic quality control checks to ensure that CHCs are being performed as required checks.

Seniors Council's Comments:

Seniors Council partially concurred recommendation 4a and concurred with recommendation 4b. Seniors Council stated that two SCP volunteers who did not have NSOPW checks completed had separate background checks done by the third-party vendor, IntelliCorp, with concurrence from CNCS's Senior Program Specialist. Also, Seniors Council confirmed that the FBI checks were completed as required; however, it stated that all FBI and NSOPW checks were completed by the deadline of the CNCS's CHC self-assessment period. Therefore, Seniors Council requested that the questioned cost of \$34,982 be withdrawn.

Seniors Council agreed with recommendation 4b and stated that corrective action has taken place with CNCS's concurrence. Seniors Council stated that it continued to work with CNCS to ensure CHCs are completed as required per its revised policy, and its staff are trained regularly on CHC requirements.

OIG's Comments:

During our audit fieldwork, Seniors Council did not provide any support or explanation regarding the existence of the IntelliCorp background checks for the two SCP volunteers. Also, as we discussed above, FBI checks for the questioned volunteers were not initiated prior to their start dates, which took place prior to the CNCS's CHC self-assessment period.

Seniors Council's planned corrective action related to recommendation 4b meets the intent of the OIG's recommendations. OIG will engage with CNCS in the audit resolution process in its determination of allowed and disallowed costs.

Finding No. 5 – The grantee did not properly compare its budget to actual expenditures for all CNCS grants reviewed.

In its grant applications, Seniors Council, as required, submitted a budget showing how it planned to expend the awarded funds, breaking down the costs by category (e.g., volunteer stipends, grantee staff payroll, supplies, etc.). Grantees have limited leeway to deviate from the budget approved as part of a grant award. To ensure that it follows its approved budget, a grantee must compare its actual expenditures to the budgeted amounts and categories, and seek approval when making significant changes. Moreover, this is an important financial management tool to track expenses during the life cycle of a grant and to inform future grant applications.

Seniors Council did not perform budget-to-actual comparisons by category and has no policies or procedures requiring it do so or assigning that responsibility to a staff member. Instead, it compared only the total budgeted amount to the total amount expended. It performed this comparison manually, for the purpose of ensuring that it did not overdraw its funding for each grant. This comparison is of limited usefulness. Given the indiscriminate commingling of funds from concurrent and successive grants and grant years, this comparison served mainly to ensure that Seniors Council drew all of the funds that were awarded, rather than ensuring that they were spent in accordance with the budget approved by CNCS. Seniors Council had no system in place to ensure that it did not exceed the amounts awarded for each category of expenses, or to notify staff when further reprogramming of funds between categories would require approval from CNCS. Periodic comparison by category of budgeted versus actual expenditures is necessary to ensure accountability and compliance with rules that constrain a grantee's discretion to reallocate funding.

Criteria

2 CFR §200.302. *Financial management*, Subpart b.5, states:

The financial management system of each non-Federal entity must provide for . . . comparison of expenditures with budget amounts for each Federal award.

Recommendation

5. We recommend that CNCS require Seniors Council develop and implement appropriate internal controls and procedures for periodically comparing budget-to-actual expenditures by each cost type.

Seniors Council's Comments:

Seniors Council partially disagreed with the finding, mainly related to the characterization of the lack of fiscal oversight and internal controls. However, Seniors Council agreed with the recommendation and modified its process to review budget to actual expenditures directly from its financial system reports. Such review is currently performed by the Seniors Council's fiscal staff, Program Director, Executive Director, and the Finance Committee of the Board.

OIG's Comments:

Seniors Council's planned corrective action meets the intent of the OIG's recommendation.

Finding No. 6 – The grantee improperly allocated its CNCS grant costs.

Seniors Council improperly allocated indirect costs to its CNCS grants. During the audit period, Seniors Council allocated certain costs (*i.e.*, personnel, office space, copying, and office supplies) to the FGP and SCP grants based on the percentage of volunteers in each program. This percentage was derived from the number of volunteers in its program during the 2012 grant year. Recently, Seniors Council changed its allocation method to an appropriate cost allocation plan that more accurately reflects how these incurred costs⁶ are allocated.

Criteria

2 CFR §230. Cost Principles for Non-Profit Organizations, Appendix A, Subpart A.4. *Allocable costs*, states:

- a. A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:
 1. Is incurred specifically for the award.
 2. Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
 3. Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

⁶ Based on the current cost allocation plan, the grantee's personnel costs are allocated by hours recorded on timesheets; office space costs are allocated by square footage; copying costs are allocated by copy codes; and office supply costs are allocated directly by specific costs.

- b. Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

2 CFR §200.405. *Allocable costs*, subpart d., states:

Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis...

Recommendation

6. We recommend that CNCS require Seniors Council follow its current updated cost allocation plan to ensure that costs are charged properly.

Seniors Council's Comments:

Seniors Council stated that it agreed with the finding and recommendation. It is now following the updated allocation plan and costs are being charged properly. Seniors Council also plans to review its allocation plans annually and at the end of each fiscal year.

OIG's Comments:

Seniors Council's planned corrective action meets the intent of the OIG's recommendation.

Finding No. 7 – SCP and FGP volunteers did not consistently perform the required minimum service hours.

Two of the five SCP volunteers and eight of the ten FGP volunteers sampled did not consistently perform the required minimum weekly service hours based on our review of volunteer timesheets. We also noted that some volunteers did not perform any weekly service. SCP and FGP programs require that each volunteer complete between 15 to 40 hours per week. Our finding is a repeated issue from the CNCS's most recent grantee monitoring site visit report issued in August 2015.

According to Seniors Council, the main reason some volunteers did not perform the minimum required weekly service hours was due to the temporary closing of certain volunteer stations/sites. Most of the FGP volunteers served at schools, which close for holiday breaks. However, these volunteers were not reassigned to serve at other volunteer stations/sites during their downtime. Also, the current Seniors Council policies and procedures do not address volunteer reassignments, should they encounter service downtime. Volunteers working less than 15 hour a week are not in compliance with program requirements and could result in ineffective volunteer service.

Criteria

45 CFR 2551.51. *What are the terms of service of a Senior Companion?*, states:

A Senior Companion shall serve a minimum of 15 hours per week and a maximum of 40 hours per week. A Senior Companion shall not serve more than 2088 hours per year. Within these limitations, a sponsor may set service policies consistent with local needs.

45 CFR 2552.51. *What are the terms of service of a Foster Grandparent?*, states:

A Foster Grandparent shall serve a minimum of 15 hours per week and a maximum of 40 hours per week. A Foster Grandparent shall not serve more than 2088 hours per year. Within these limitations, a sponsor may set service policies consistent with local needs.

Recommendation

7. We recommend that CNCS ensure that Seniors Council revises its written policies and procedures to address anticipated volunteer downtime and reassignments so that all volunteers complete a minimum of 15 hours per week of service.

Seniors Council's Comments:

Seniors Council stated that it agreed with the recommendation. It revised its policy in September 2015 with concurrence from CNCS.

OIG's Comments:

Seniors Council's planned corrective action meets the intent of the OIG's recommendation.

Finding No. 8 – Seniors Council did not retain copies of its service agreements with SCP volunteers assigned to assisted living facilities.

Every SCP volunteer must enter into an agreement with the grantee and the volunteer's service site that sets forth the rights and responsibilities of the volunteer. SCP requires its grantees to maintain in each volunteer's file a copy of the executed letter of agreement. No such document was found in the files of two of the five SCP volunteers that we reviewed.

Seniors Council advised that, while it requires letters of agreement for volunteers who serve in private homes, it does not require them for volunteers assigned to assisted living facilities. The SCP program regulations do not make such a distinction and require a letter of agreement for every volunteer to be executed before commencement of service. Volunteers serving at institutions, no less than those serving in private residences, need to know their rights and responsibilities.

Criteria

45 CFR 2551.12 *Definitions*, subpart (i), *Letter of Agreement*, states:

Letter of Agreement. A written agreement between a volunteer station, the sponsor and the adult served or the persons legally responsible for that adult. It authorizes the assignment of a Senior Companion in the client's home, defines the Senior Companion's activities and delineates specific arrangements for supervision.

Recommendation

8. We recommend that CNCS ensure that Seniors Council require and document signed letter of agreements for all volunteers.

Seniors Council's Comments:

Seniors Council did not concur with the finding. Seniors Council stated that letter of agreement is only required for SCP volunteers who serve at private homes, per 45 CFR 2551.12 and SCP Operations Handbook, but not at assisted living facilities.

OIG's Comments:

As we pointed out above, the CFR or SCP program regulations do not make such a distinction between a "private home" and an "assisted living facilities." However, we believe volunteers serving at institutions, no less than those serving in private residences, need to know their rights and responsibilities. This can be achieved by requiring a letter of agreement for every SCP volunteer before they start their service.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objectives were to determine whether CNCS-funded Federal assistance provided to Seniors Council was expended in accordance with grant terms and conditions, laws and regulations; to determine whether the claimed costs are allowable, adequately supported, and properly charged; and to report upon such compliance issues, controls and questioned costs that may be identified as a result of performing these audit procedures. The audit covered the two-year period from July 2013 to June 2015.

The audit procedures required us to obtain an understanding of Seniors Council and its policies, procedures, and grants. We also reviewed documents at Seniors Council's office related to our audit procedures on volunteer eligibility, claimed costs, matching costs, and compliance with laws, regulations, and the terms of grant agreements. Our audit procedures included judgmentally selecting samples to test costs claimed by Seniors Council for compliance with its CNCS grant agreements, grant circulars issued by the Office of Management and Budget, and other Federal requirements. The questioned costs detailed in this report are based on our sample; the total costs questioned might have been higher if we had tested all of the expenditures incurred during the audit period, and we have not projected or estimated the amounts that would have been questioned had all of the claimed costs been tested. We began our audit in April 2016 and conducted our on-site fieldwork at the Seniors Council office (Aptos, California) during June 20 – 23, 2016.

This performance audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we

planned and performed the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

CNCS suggested that OIG audit Seniors Council as part of OIG's FY 2016 audit plan, as it expressed concerns about Seniors Council's PMS drawdowns. During a CNCS monitoring site visit conducted in June 2015, it noted that Seniors Council drew down funds at the beginning of each grant to cover expenses from the previous grant year. CNCS contacted the OIG in January 2016 and made OIG aware of the potential issue.

Subsequent to our on-site fieldwork, we issued a Management Alert to CNCS on July 11, 2016 that included preliminary findings (as reported in the Finding Nos. 1-3 above) that required immediate intervention by CNCS to protect the integrity of its grant funds, while we continued our off-site fieldwork. In the Management Alert, we recommended CNCS place a manual hold on further drawdowns until Seniors Council completed appropriate corrective action to ensure proper use of and accounting for Federal funds. CNCS adopted our recommendation and immediately placed a hold on Seniors Council's additional drawdowns. Seniors Council remained on a manual hold at the end of our audit fieldwork in March 2017.

BACKGROUND

CNCS, under the authority of the National Community Service Trust Act, as amended, awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in the creation of full and part-time national and community service programs.

Seniors Council, headquartered in Aptos, California, is a community-based non-profit organization providing services in Santa Cruz, San Benito, Monterey and Santa Clara Counties. Governed by a 13 member Board of Directors (Board), and with 11 people on staff, Seniors Council's mission is to enable older persons to function with independence and dignity in their homes and in the community to their fullest capacity. Seniors Council operates the following CNCS programs:

- FGP in Monterey, San Benito, Santa Cruz, and Santa Clara Counties; and
- SCP in Monterey, San Benito, Santa Cruz, and Santa Clara Counties.

Seniors Council Foster Grandparents are volunteers who serve 15 – 40 hours per week mentoring and tutoring individual children in pre-school and elementary schools. Seniors Council SCP promotes companionship services to homebound elders. These are elders who reside in their own houses or in adult residential complexes and are in need of social interaction and human companionship. SCP encourages social interaction; promotes physical activities and exercise; promotes activities that enhance behavioral health; assists with arts and craft activities; assists in reality orientation; and encourages socially appropriate behavior.

EXIT CONFERENCE

The exit conference was conducted on November 30, 2016. At the exit conference, we presented each of the findings set forth in this report. Seniors Council's response was received on April 3, 2017, and is included in its entirety in Appendix E. CNCS's response was received on March 30, 2017 and is included in its entirety in Appendix F.

APPENDICES

**SENIORS COUNCIL
SCHEDULE OF QUESTIONED COSTS
AWARD NO. 11SCPCA007**

Issues	Questioned Costs (\$)	Notes
Required criminal history checks were not conducted for volunteers prior to service start date	17,139	1
FFR did not reconcile to the general ledger	6,547	2
Total	23,686	

NOTES:

1. Seniors Council did not conduct or document required background checks for certain SCP volunteers prior to their service start dates. (See Finding No. 4)
2. Seniors Council did not reconcile its FFRs to its general ledger for all grants reviewed. (See Finding No. 3)

**SENIORS COUNCIL
SCHEDULE OF QUESTIONED COSTS
AWARD NO. 11SFPCA001**

Issue	Questioned Costs (\$)	Note
Required criminal history checks were not conducted for volunteers prior to service start date	13,730	1
Total	13,730	

NOTE:

1. Seniors Council did not conduct or document the required background checks for certain FGP volunteers prior to their service start dates. (See Finding No. 4)

**SENIORS COUNCIL
SCHEDULE OF QUESTIONED COSTS
AWARD NO. 14SCPCA003**

Issue	Questioned Costs (\$)	Note
Required criminal history checks were not conducted for volunteers prior to service start date	2,687	1
Total	2,687	

NOTE:

1. Seniors Council did not conduct or document the required background checks for certain SCP volunteers prior to their service start dates. (See Finding No. 4)

**SENIORS COUNCIL
SCHEDULE OF QUESTIONED COSTS
AWARD NO. 14SFPCA004**

Issues	Questioned Costs (\$)	Notes
Required criminal history checks were not conducted for volunteers prior to service start date	1,426	1
FFR did not reconcile to the general ledger	4,017	2
Total	5,443	

NOTES:

1. Seniors Council did not conduct or document required background checks for certain FGP volunteers prior to their service start dates. (See Finding No. 4)
2. Seniors Council did not reconcile its FFRs to its general ledger for all grants reviewed. (See Finding No. 3)



SERVICE • SUPPORT • ADVOCACY

AREA AGENCY ON AGING Appendix E
San Benito & Santa Cruz Counties

FOSTER GRANDPARENT/SENIOR COMPANION PROGRAM
Monterey, San Benito, Santa Clara & Santa Cruz Counties

PROJECT SCOUT
Tax Counseling Assistance

COMPANION FOR LIFE
Emergency Response Systems

April 3, 2017

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

RE: OIG Report Number 17-XX Draft Performance Audit Report of the Seniors Council of Santa Cruz & San Benito Counties

Dear Mr. Axenfeld:

Attached please find the Seniors Council response to the OIG Draft Audit Report listed above. Also included is a status update to each finding, including the actions we have taken to respond to and correct the reported condition.

Lastly, we've included several attachments in the form of Exhibits as backup material for our comments.

Should you have any questions regarding our report, please contact me directly at (831) 688-0400 ext. 115.

The full set of responses follows.

Sincerely,

Clay Kempf
Executive Director

cc: Rhonda Honnegger, Seniors Grants Officer, Office of Grants Management, CNCS
Ben Stoltenberg, Grants Management Specialist, CNCS
Bob Campbell, Foster Grandparent/Senior Companion Program Director
Cathy Colvard, Fiscal Officer, Seniors Council
Lynda Francis, President, Seniors Council Board of Directors

234 Santa Cruz Avenue • Aptos, California 95003 **www.seniorscouncil.org**
PHONE: AAA – (831) 688-0400 • FG/SCP – (831) 475-0816 • SCOUT – 1-877-373-8297 • FAX: (831) 688-1225

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MONTEREY, SAN BENITO, & SANTA CRUZ COUNTIES & YOUR PRIVATE DONATIONS

Responses to OIG Draft Audit Report March 2017

Seniors Council of Santa Cruz and San Benito Counties
Foster Grandparent & Senior Companion Program

FINDINGS

Finding No. 1 – The grantee commingled funds from multiple grants and grant years.

We recommend that CNCS:

- 1a. Require Seniors Council implement financial management systems and practices to properly segregate costs for each grant and grant year. Seniors Council should develop chart of accounts and use its QuickBooks' full capabilities to ensure that costs are segregated;
- 1b. Require Seniors Council to develop a detailed corrective action plan, with milestones, target completion dates and verification activities, to address the deficiencies noted in this report;
- 1c. Require Seniors Council to provide training to its staff concerning financial management, and obtain technical assistance from CNCS to oversee Seniors Council's financial management tasks;
- 1d. Issue a moratorium on further competitive grants to Seniors Council until such time as CNCS can verify that it has met the above conditions; and
- 1e. Continue the manual hold for Seniors Council until CNCS reviews and confirms the completion of all corrective action done by Seniors Council.

Seniors Council's Comments:

We agree with the finding and the recommendations with the exception of Item 1e.

With the help of the OIG we have implemented a series of new reports that should remedy this finding. We have now established a report that segregates not only the FGP and SCP funds but the Federal and Non-Federal (match) dollars on separate reports as well. We have added the Specific Federal Award Identification Numbers and can run the reports for any and all date ranges, i.e. separate Fiscal Years.

Turnover in our Fiscal Office just before the OIG audit resulted in our being challenged to provide the detailed information requested during the audit. There were never more

expenses booked to the Federal dollars per Fiscal Year than the grant award. However, because of unfamiliarity with our system, staff struggled to produce extensive supporting details. Staff are now more experienced, are implementing the OIG Recommendations, and developing related reports that address the finding.

Regarding Item 1e – the hold on funds and the related requirement for the two programs to be subjected to the equivalent of a monthly audit is counterproductive and uses precious funds and staff time for purposes that seem to be punitive rather than productive. Had any misuse or misappropriation of funds occurred, we would accept this finding; however, the OIG findings were procedural in nature. The hours spent on these mini-audits could be used more productively to implement the OIG recommendations and provide support for the delivery of program services.

Finding No. 2 – The grantee improperly drew down and recorded grant funds.

We recommend that CNCS:

- 2a. Require Seniors Council develop and implement appropriate internal controls and procedures for drawdowns, and include a reconciliation of drawdowns to the accounting records;
- 2b. Require Seniors Council to develop a detailed corrective action plan, with milestones, target completion dates and verification activities, to address the deficiencies noted in this report;
- 2c. Require Seniors Council to provide training to its staff concerning financial management, and obtain technical assistance from CNCS to oversee Seniors Council's financial management tasks;
- 2d. Issue a moratorium on further competitive grants to Seniors Council until such time as CNCS can verify that it has met the above conditions; and
- 2e. Continue the manual hold for Seniors Council until CNCS reviews and confirms the completion of all corrective action done by Seniors Council.

Seniors Council's Comments:

We concur with the finding, with the exception of recommendations 2d and 2e.

The Fiscal Department staff implemented a new procedure at the beginning of FY16/17 that the Seniors Council would withdraw approximately 1/12 of the funding per month

based roughly on previous years expenditures which were approximately \$80-90K per month. That has been modified to drawdowns being directly tied to reimbursement for expenditures.

The Seniors Council fiscal office continues to implement the OIG's recommended changes on a variety of topics. Seniors Council Fiscal Officer has attended the National CNCS Conference (as well as the California Association of Area Agencies on Aging Conference) in order to improve her skills and those of her staff, and to insure compliance with CNCS regulations.

Recommendation 2d – given the Seniors Council extensive history of providing high-quality services with a minimum of overhead – including rescuing two CNCS programs that were about to close – we disagree with the recommended moratorium on new grants. We have already made many of the changes recommended in this report, and will continue to do so in the coming months. We strongly feel our applications should be allowed, and should be judged on the merits of the proposals submitted.

Recommendation 2e – as previously stated, these manual holds include CNCS conducting monthly mini-audits of the organization, delaying payments to our vulnerable volunteers and causing significant stress on an already understaffed fiscal department; a department whose constraints are in no small part because of limited program administrative funds. The agency conducts an annual independent financial audit, and is regularly monitored and/or audited by the California Department of Aging, the County of Santa Cruz, the IRS, various private foundations, and CNCS.

Finding No. 3 – The grantee overstated grant expenditures on FFRs submitted to CNCS.

We recommend that CNCS:

- 3a. Disallow and recover the questioned cost totaling \$10,564;
- 3b. Ensure that Seniors Council strengthens its internal controls and procedures, to include procedures to require that timely FFR to general ledger reconciliations are performed, and that supervisors are required to periodically review those reconciliations; and
- 3c. Continue the manual hold for Seniors Council until CNCS reviews and confirms the completion of all corrective action done by Seniors Council.

Seniors Council's Comments:

We agree with the finding, but with a relevant mitigating circumstance. We disagree with recommendations 3a and 3c, and agree with recommendation 3 b. The Seniors Council did overstate the Grants by the amount indicated. However, it was Non-Federal money and, therefore should not be subject to CNCS Recovery. Excess \$'s are Non-Federal (UNRESTRICTED) operating grants that are used when we have spent out our Federal and Non-Federal (Match) Grants.

The Seniors Council has implemented a new report that captures the "Excess" funds on the report if we do, in fact, over or underspend. The Program Director and Fiscal Officer meet monthly to reconcile the Federal and Non-Federal funding to ensure funds are tracked regularly and correctly.

The \$1,401.00 understated funds finding is correct.

Item 3c has been addressed under both previous findings, and we reiterate those details here; the hold is a fiscal and operating burden consisting of a monthly mini-audit, and seems more punitive than productive.

Finding No. 4 – The grantee did not conduct timely and complete criminal history checks for SCP and FGP volunteers.

We recommend that CNCS:

- 4a. Disallow and recover the questioned costs totaling \$34,982; and
- 4b. Ensure that Seniors Council continuously educates its staff regarding the requirements for timely and complete criminal history and that senior leaders perform periodic quality control checks to ensure that CHCs are being performed as required checks.

Seniors Council's Comments:

We "partially concur" with recommendation 4a. The finding states "Two of the four SCP Volunteers did not have NSOPW checks completed" . . . This is incorrect. All volunteers sited had an IntelliCorp background checks completed that included the National Sex Offender Registry, prior to their placement in the volunteer assignment. Exhibit A attached is a May 27, 2014 e-mail from Gayle Hawkins, Senior Program Specialist for the Corporation for National and Community Service (CNCS) confirms the fact the

IntelliCorp background check satisfies the NSOPW requirement. Any part of the \$34,982 attributable to the NSOPW part of the check should be deducted from the total penalty.

We agree that the FBI/DOJ background checks were not completed as required until the CNCS self assessment period in 2014. However, CNCS self-assessment period (see attached Exhibit B) was a period during which background checks could be brought into compliance and if completed by the end of the assessment period would be exempt from non-compliance penalties. Given that we completed all FBI/DOJ and NSOPW background checks by the deadline for the self-assessment period we request that the \$34,982 be withdrawn.

We agree with recommendation 4b. Steps were first taken to correct this recommendation in September 2015 at the time of the CNCS Program Monitoring. CNCS accepted our corrections and required no further response. Since that time we have continued to work with CNCS to ensure that CHC's are being completed as required per current policy (attached as Exhibit C). Seniors Council staff are trained regularly at monthly staff meetings and managers perform quality checks at the completion of every CHC.

Finding No. 5 – The grantee did not properly compare its budget to actual expenditures for all CNCS grants reviewed.

5. We recommend that CNCS require Seniors Council develop and implement appropriate internal controls and procedures for periodically comparing budget-to-actual expenditures by each cost type.

Seniors Council's Comments:

We partially agree with the finding, and agree with the recommendation. Our disagreement is in the characterization of the lack of fiscal oversight and internal controls. Fiscal staff, the Program Director, the Executive Director, and the Finance Committee of the Board of Directors regularly reviewed program budgets during the audit period. While it is true that these reviews looked at spreadsheets rather than Quickbook reports, those spreadsheets consisted of data directly imported from Quickbooks.

That being said, we have since modified our process to look directly at Quickbook reports by all of the aforementioned review bodies, and continue to develop and improve on various tools to assure effective internal (and external) controls.

Finding No. 6 – The grantee improperly allocated its CNCS grant costs.

6. We recommend that CNCS require Seniors Council follow its current updated cost allocation plan to ensure that costs are charged properly.

Seniors Council's Comments:

We agree. We are following the current updated allocation plan and the costs are being charged properly. We will review yearly and the end of every Fiscal Year and make changes accordingly, even if there has been no change in the allocation of funds.

Finding No. 7 – SCP and FGP volunteers did not consistently perform the required minimum service hours.

7. We recommend that CNCS ensure that Seniors Council revises its written policies and procedures to address anticipated volunteer downtime and reassignments so that all volunteers complete a minimum of 15 hours per week of service.

Seniors Council's Comments:

We agree with recommendation 7. Documentation was revised in September 2015 as part of the CNCS Program Monitoring. CNCS accepted our corrections and required no further response. We continue to work with CNCS to ensure all ACTIVE volunteers document a minimum of 15 hours per week of service on their volunteer time sheets.

Finding No. 8 – Seniors Council did not retain copies of its service agreements with SCP volunteers assigned to assisted living facilities.

8. We recommend that CNCS ensure that Seniors Council require and document signed letter of agreements for all volunteers.

Seniors Council's Comments:

We do not concur with Finding 8. All SCP volunteers serving in the home of an SCP client have a signed "service agreement" (our Letter of Agreement) on file in our office. The "criteria" sighted in the finding, 45 CFR 2551.12 Definitions, subpart (1), states ". . . It authorizes the assignment of a Senior Companion in the client's home, . . ." Page 37 section 6.2.2 of the August 2016 Senior Companion Program Operations Handbook distributed by CNCS states, "Under 45 CFR 2551.62(d) volunteer stations that manage assignments in private homes must obtain a Letter of Agreement describing and authorizing the SCP volunteer activities in each home . . ." Your finding states "Seniors

Council did not retain copies of its service agreements with SCP volunteers assigned to assisted living facilities .”

Our understanding of the regulations is that the Letter of Agreement (service agreement) is only required for SCP volunteers who go into private homes to provide volunteer services.

Corporation for National and Community Service

NationalService.gov



To: Stuart Axenfeld, Assistant Inspector General for Audit, Office of Inspector General

From: Dana Bourne, Chief Grants Officer, Office of Grants Management *Dana Bourne*

Date: March 30, 2017

Subject: Response to OIG Draft of Performance Audit of Corporation for National and Community Service Grants Awarded to Seniors Council

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

Cc: Jeffrey Page, Chief Operating Officer
Erin McGrath, Acting Director, Senior Corps
Angela Williams, Acting General Counsel
Lori Giblin, Chief Risk Officer