OFFICE OF THE INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE

PRE-AUDIT SURVEY OF THE WEST VIRGINIA COMMISSION ON NATIONAL AND COMMUNITY SERVICE

OIG Audit Report Number 00-16
November 5, 1999

Prepared by:

KPMG LLP
2001 M Street N.W.
Washington, DC 20036

Under CNS OIG MOU # 98-046-5003
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DOL Contract # J-9-G-8-0022
Task # B9G8V103

This report was issued to Corporation management on March 27, 2000. Under the laws and regulations governing audit follow up, the Corporation must make final management decisions on the report's findings and recommendations no later than September 27, 2000, and complete its corrective actions by March 27, 2001. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

CORPORATION FOR NATIONAL SERVICE

Office of Inspector General
Corporation for National and Community Service

Pre-Audit Survey of the West Virginia Commission on National and Community Service OIG Audit Report Number 00-16

Introduction

The Corporation for National and Community Service, pursuant to the authority of the National and Community Service Act, awards grants and cooperative agreements to state commissions, nonprofit entities, tribes and territories to assist in the creation of full and part time national and community service programs. Currently, in accordance with the requirements of the Act, the Corporation awards approximately two-thirds of its AmeriCorps State/National funds to state commissions. The state commissions in turn fund, and are responsible for the oversight of, subgrantees who execute the programs. Through these subgrantees, AmeriCorps Members perform service to meet educational, human, environmental, and public safety needs throughout the nation.

Thus, state commissions play an important role in the oversight of AmeriCorps programs and expenditures. The Corporation has indicated that it intends to give them greater responsibility. However, the Corporation lacks a management information system that maintains comprehensive information on its grants including those to state commissions and subgrantees. Moreover, although the Corporation began state commission administrative reviews in 1999, the Corporation, historically, has not carried out a comprehensive, risk-based program for grantee financial and programmatic oversight and monitoring. It is also unlikely that AmeriCorps programs are subject to compliance testing as part of state-wide audits under the Single Audit Act due to their size relative to other state programs.

Therefore, CNS OIG has initiated a series of pre-audit surveys intended to provide basic information on the state commissions' operations and funding. The surveys are designed to provide a preliminary assessment of the commissions' pre-award and grant selection procedures, fiscal administration, monitoring of subgrantees (including AmeriCorps Member activities and service hour reporting), and the use of training and technical assistance funds. For each survey, we will issue a report to the state commission and to the Corporation communicating the results and making recommendations for improvement, as appropriate.

Under contract to OIG, KPMG LLP performed the pre-audit survey of the West Virginia Commission on National and Community Service. Their report, which follows, indicates that the West Virginia Commission has established effective controls over pre-award and grant selection procedures, fiscal administration, and the use of training and technical assistance funds. The firm has recommended improvements to the Commission's controls for monitoring subgrantees, AmeriCorps Member activities, and service hour reporting. In addition, KPMG is recommending that OIG perform a limited scope audit for all program years.

CNS OIG has reviewed the report and work papers supporting its conclusions, and we agree with the findings and recommendations presented.

Inspector General
1201 New York Avenue, NW
Washington, DC 20525

Pre-Audit Survey of the West Virginia Commission on
National and Community Service
Table of Contents

RESULTS IN BRIEF ... 1

BACKGROUND ... 2

OVERVIEW OF THE WEST VIRGINIA COMMISSION ... 2

OBJECTIVES, SCOPE, AND METHODOLOGY ... 3

FINDINGS AND RECOMMENDATIONS ... 5

APPENDIX A, COMMISSION FUNDING: 1996-97 THROUGH 1998-99 ... A.1

APPENDIX B, DETAILED ENGAGEMENT OBJECTIVES AND METHODOLOGY ... B.1

APPENDIX C, WEST VIRGINIA COMMISSION ON NATIONAL AND COMMUNITY SERVICE RESPONSE ... C.1

APPENDIX D, CORPORATION RESPONSE ... D.1

2001 M Street, N.W.
Washington, DC 20036

November 5, 1999

Inspector General
Corporation for National and Community Service:

At your request, KPMG performed a pre-audit survey of the West Virginia Commission on National and Community Service. The primary purpose of this survey was to provide a preliminary assessment of:

- the adequacy of the pre-award selection process;
- the fiscal procedures at the Commission;
- the effectiveness of monitoring of its AmeriCorps State subgrantees, including AmeriCorps Member activities and service hours; and
- the controls over the provision of technical assistance.

We were also to report on the recommended scope of additional audit procedures to be performed at the Commission.

Results in Brief

Based on the results of the limited procedures performed, we have made the following preliminary assessments regarding the Commission's systems for administering its AmeriCorps grants:

- The Commission administers an open, competitive process to select national service subgrantees.

- The Commission has an adequate process in place for fiscal administration of grants. However, we were unable to verify the timeliness of receipt of certain Financial Status Reports (FSRs) tested because these documents are not routinely date-stamped upon receipt.

- The Commission has controls in place to evaluate and monitor subgrantees. However, the Commission does not consistently obtain Office of Management and Budget (OMB) Circular A-133 reports or other audit reports from subgrantees. In addition, the monitoring tool does not contain specific sections related to the review for prohibited activities.

- The Commission has adequate controls in place to provide reasonable assurance that training and technical assistance is made available and provided to subgrantees.

The section below entitled Findings and Recommendations describes the weaknesses noted above in further detail and addresses additional issues noted during the survey.

KPMG LLP. KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

Although few findings resulted from this pre-audit survey, the Commission's AmeriCorps grants have never been tested as part of an OMB Circular A-133 audit. Therefore, based on our preliminary assessment, we recommend the performance of a limited scope audit at the Commission for program years 1995-96 through 1998-99.

Additionally, we recommend that the Corporation follow up with the Commission to determine that appropriate corrective actions are put into place to address the conditions reported herein, and that the Corporation consider these conditions in its oversight and monitoring of the Commission.

Background

The National and Community Service Trust Act of 1993, P.L. 103-82, which amended the National and Community Service Act of 1990, established the Corporation for National and Community Service.

The Corporation, pursuant to the authority of the Act, 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. Through these grantees, AmeriCorps Members perform service to meet the educational, human, environmental, and public safety needs throughout the nation, especially addressing those needs related to poverty. In return for this service, eligible Members may receive a living allowance and post service educational benefits.

Currently, the Corporation awards approximately two-thirds of its *AmeriCorps State/National* funds to State Commissions. State Commissions are required to include 15 to 25 voting members. Each Commission has a responsibility to develop and communicate a vision and ethic of service throughout its State.

The Commissions provide AmeriCorps funding to approved applicants for service programs within their states and are responsible for monitoring these subgrantees' compliance with grant requirements. The Commissions are also responsible for providing training and technical assistance to AmeriCorps State and National Direct programs and to the broader network of service programs in the state. The Commissions are prohibited from directly operating national service programs.

The Corporation's regulations describe standards for financial management systems that must be maintained by State Commissions. The standards require, in part, that the State Commissions maintain internal controls that provide for accurate, current, and complete disclosure of the financial and programmatic results of financially assisted activities, and provide effective control and accountability for all grant and subgrant cash, real and personal property, and other assets.

Overview of the West Virginia Commission

The West Virginia Commission on National and Community Service, located in Charleston, West Virginia, has received AmeriCorps grant funds from the Corporation for National and Community Service since program year 1994-95. The Commission makes grants to non-profit organizations and other agencies to run National Service Programs. The Commission currently has five full-time staff consisting of an Executive Director, a Program Officer, a Training and

Technical Assistance Officer, a Fiscal Officer/Public Outreach Coordinator, and an Administrative Assistant.

As a state agency under the West Virginia Governor's Office, the Commission is subject to the annual statewide single audit by the state comptroller, but the AmeriCorps grants have never been selected for testing as major programs. However, the Commission was subject to a legislative audit as part of its reauthorization as a state agency in 1997. A legislative audit is a preliminary performance audit that assesses the Commission's impact on the public and attainment of its objectives. No findings were identified in this audit, and the Commission was reauthorized for the maximum allowable time period of six years.

The Commission provided us with the following information for the last three program years:

Program Year	Total Corporation Funding	Number of Subgrantees *	Number of Sub-grantees Subject to A-133 Audit Requirements*
1996-97	$1,068,187	5	0
1997-98	1,404,902	5	1
1998-99	2,574,639	8	1

* Determination is based solely on dollar value of federal awards passed through the Commission for the program year. Remaining subgrantees could be subject to an OMB Circular A-133 audit if they received additional federal grant funds from other sources. Because the Commission does not consistently obtain and review such audit reports as reported on page 7, we were unable to verify that applicable subgrantees complied with this audit requirement.

Appendix A contains more detailed information on funding received from the Corporation during program years 1996-97 through 1998-99.

Objectives, Scope, and Methodology

We were engaged by the Office of the Inspector General, Corporation for National and Community Service, to provide a preliminary assessment of the systems and procedures in place at the Commission for administering its AmeriCorps grants and for monitoring the fiscal activity of subgrantees. The primary purpose of this pre-audit survey was to provide a preliminary assessment of:

- the adequacy of the pre-award selection process;
- the fiscal procedures at the Commission;
- the effectiveness of monitoring of its AmeriCorps State subgrantees, including AmeriCorps Member activities and service hours; and
- the controls over the provision of technical assistance.

We were also to report on the recommended scope of additional audit procedures to be performed at the Commission.

Our survey included the following procedures:

- reviewing applicable laws, regulations, grant provisions, the Corporation's *A Reference Manual for Commission Executive Directors and Members*, and other information to gain an understanding of legal, statutory and programmatic requirements;

- reviewing OMB Circular A-133 reports and current program year grant agreements for the Commission;

- obtaining information from Commission management to complete flowcharts documenting the hierarchy of AmeriCorps grant funding for program years 1996-97, 1997-98 and 1998-99; and

- performing the procedures detailed in Appendix B over the Commission's internal controls, selection of subgrantees, administration of grant funds, evaluation and monitoring of grants, and the technical assistance process.

As part of the procedures performed, we documented and tested internal controls in place at the Commission using inquiries, observations, and examination of a limited sample of source documents. Finally, we summarized the results of our work to develop the findings and recommendations presented in this report. We discussed all findings with Commission management during an exit conference on November 5, 1999 or prior to the issuance of the draft report.

Our procedures were performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not, perform an audit of any financial statements, and the procedures described above were not sufficient to express an opinion on the controls at the Commission or its compliance with applicable laws, regulations, contracts and grants. Accordingly, we do not express an opinion on any such financial statements or on the Commission's controls and compliance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We provided a draft of this report to the Commission and the Corporation. The Commission's and the Corporation's responses to our findings and recommendations are included as Appendix C and Appendix D, respectively.

Findings and Recommendations

Selecting Subgrantees

According to *A Reference Manual for Commission Executive Directors and Members*, section 3.2, "Commissions are expected to develop a fair and impartial process for reviewing and selecting applicants for potential funding." The Commission has developed and implemented various procedures to meet this responsibility. For example, funding availability is widely advertised, and all selection officials sign conflict of interest certifications before the commencement of the selection process. In addition, selection officials receive an instruction package and use a standard score sheet to evaluate each applicant. Applicants are required to complete an organizational capacity questionnaire to assist selection officials in determining if the applicants' financial systems are adequate to support the program. The Commission documents all funding decisions and adequately communicates them to the applicants. We identified no significant areas for improvement within this process as a result of the limited procedures performed.

Administering Grant Funds

As part of the grant administration process, "Commissions must evaluate whether subgrantees comply with legal, reporting, financial management and grant requirements and ensure follow through on issues of non-compliance" (*A Reference Manual for Commission Executive Directors and Members*, section 4.3). The Commission has developed and implemented procedures to properly administer grant funds received from the Corporation. Procedures are in place to withhold funding payments if subgrantees do not submit Financial Status Reports (FSRs) timely, manage reimbursement-based disbursements to subgrantees, and ascertain whether subgrantees have met their matching requirements. The Commission's organizational structure appears adequate and personnel appear to have adequate skills and experience to manage Corporation grant funds.

Prior to the middle of program year 1996-97, the West Virginia Governor's Office was responsible for the financial aspects of the Corporation's grants. These responsibilities included monitoring of grant drawdowns and review for compliance with matching requirements. In mid-program year 1996-97, the Commission assumed these duties and implemented its current procedures over the financial requirements of the Corporation's grants.

We identified the following area for improvement related to the evaluation of subgrantee compliance with reporting and grant requirements.

Timeliness of Receipt of FSRs

Two of the five FSRs we selected for review were not date stamped upon receipt. The Commission does not routinely date-stamp FSRs from subgrantees as they are received. Therefore, the Commission can not routinely verify if these documents are submitted timely in compliance with the grant agreement. As a result, subgrantee FSRs may be submitted late.

In program year 1999-2000, the Commission began using the Web Based Reporting System which electronically records the date subgrantees submit their FSRs to the Commission. As a result, no recommendation is required at this time related to timeliness of receipt of FSRs.

Evaluating and Monitoring Subgrantees

As noted above, the Commission is responsible for evaluating whether subgrantees comply with legal, reporting, financial management and grant requirements and ensuring follow through on issues of noncompliance. The Commission has developed and implemented various procedures to meet this responsibility. Commission personnel perform site visits to each subgrantee at least annually. In program year 1997-98, the Commission began using a standard monitoring checklist during site visits to determine grantee compliance. As part of completing the checklist during site visits, Commission personnel select, document and examine a sample of Member files and expenses reported by the subgrantee. The Commission maintains copies of the supporting documentation reviewed as an audit trail. Upon completing site visits, Commission personnel notify the subgrantees of the results, including strengths, challenges, recommendations, and any necessary follow-up requirements.

Although the review for Member eligibility is part of site visit procedures, the Commission has historically reviewed the Immigration and Naturalization Service (INS) Form I-9 to ascertain eligibility. Maintenance and review of this form for Member eligibility exceeded minimum requirements set forth by the Corporation prior to program year 1999-2000. However, the INS Form I-9 does not validate status as a U.S. citizen, U.S. national or lawful permanent resident alien of the U.S. Based on new requirements from the Corporation, the Commission has changed this policy for program year 1999-2000 and will review birth certificates to assess the citizenship aspect of Member eligibility.

As noted above, prior to the middle of program year 1996-97, the West Virginia Governor's Office was responsible for the financial aspects of the Corporation's grants. During this time period, site visits to subgrantees did not include sampling program expenses. However, the Commission implemented these procedures when it assumed responsibility for monitoring the financial requirements of the Corporation's grants.

We identified the following areas for improvement related to the evaluation and monitoring of subgrantees.

Review for Prohibited Activities

The Commission has no formal procedures in place to determine, on a periodic basis throughout the grant period, if AmeriCorps Members are performing prohibited activities. The Commission's site visit monitoring tool does require Commission personnel to note the existence of subgrantee policies to prevent prohibited activities. However, the Commission has not incorporated specific procedures for review for prohibited activities into this monitoring tool.

Without proper procedures in place by the Commission to determine if AmeriCorps Members are performing prohibited activities, such activities being performed by AmeriCorps Members could remain undetected, causing noncompliance. The inclusion of these procedures in the monitoring tool would help ensure that they were performed and documented consistently during each site visit.

Review of OMB Circular A-133 Reports or Other Audit Reports from Subgrantees

OMB Circular A-133 Compliance Supplement, April 1999, Part 6 – Internal Control suggests that review of and follow-up on subgrantees' audit reports is a key component of a program to monitor subgrantees' compliance with federal grant requirements. However, as part of the Commission's monitoring process, the Commission does not consistently obtain OMB Circular A-133 or other audit reports from its subgrantees, if applicable. Two of five subgrantees we selected for review did not have required OMB Circular A-133 or other audit reports on file for the most recent program year. Therefore, the Commission cannot review these reports to determine if auditors have identified control weaknesses or instances of noncompliance related to the AmeriCorps program. As a result, control weaknesses or instances of material noncompliance related to the AmeriCorps program of which the Commission is not aware may exist and may not be corrected.

Recommendations

We recommend the Commission focus on measures for improving the effectiveness of its evaluation and monitoring of subgrantees as follows:

- Develop formal procedures to determine if AmeriCorps Members are performing prohibited activities. These procedures should be carried out during each subgrantee site visit and should be specifically incorporated in the Commission's monitoring tool.

- Ensure that its subgrantees consistently submit OMB Circular A-133 or other audit reports once the final reports are issued. The Commission should track receipt of required OMB Circular A-133 or other audit reports using a control log and follow-up on outstanding reports periodically. The Commission should also review these reports, determine if corrective action relevant to the AmeriCorps grant is needed, and develop procedures to ensure necessary corrective action occurs timely and adequately addresses the issues.

Providing Technical Assistance

Annually, the Commission receives grant funds to provide technical assistance to its subgrantees. Procedures are in place at the Commission to (1) identify training needs of subgrantees through quarterly progress reports, training evaluations, and needs assessment surveys; (2) notify subgrantees of training programs; and (3) provide needed training to subgrantees. Although funding is limited to address the training needs of Commission staff, they attend the training sessions provided to subgrantees. We identified no significant areas for improvement within this process as a result of the limited procedures performed.

*****

This report is intended solely for the information and use of the Office of the Inspector General, the management of the Corporation for National and Community Service, the management of the West Virginia Commission on National and Community Service, and the United States Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

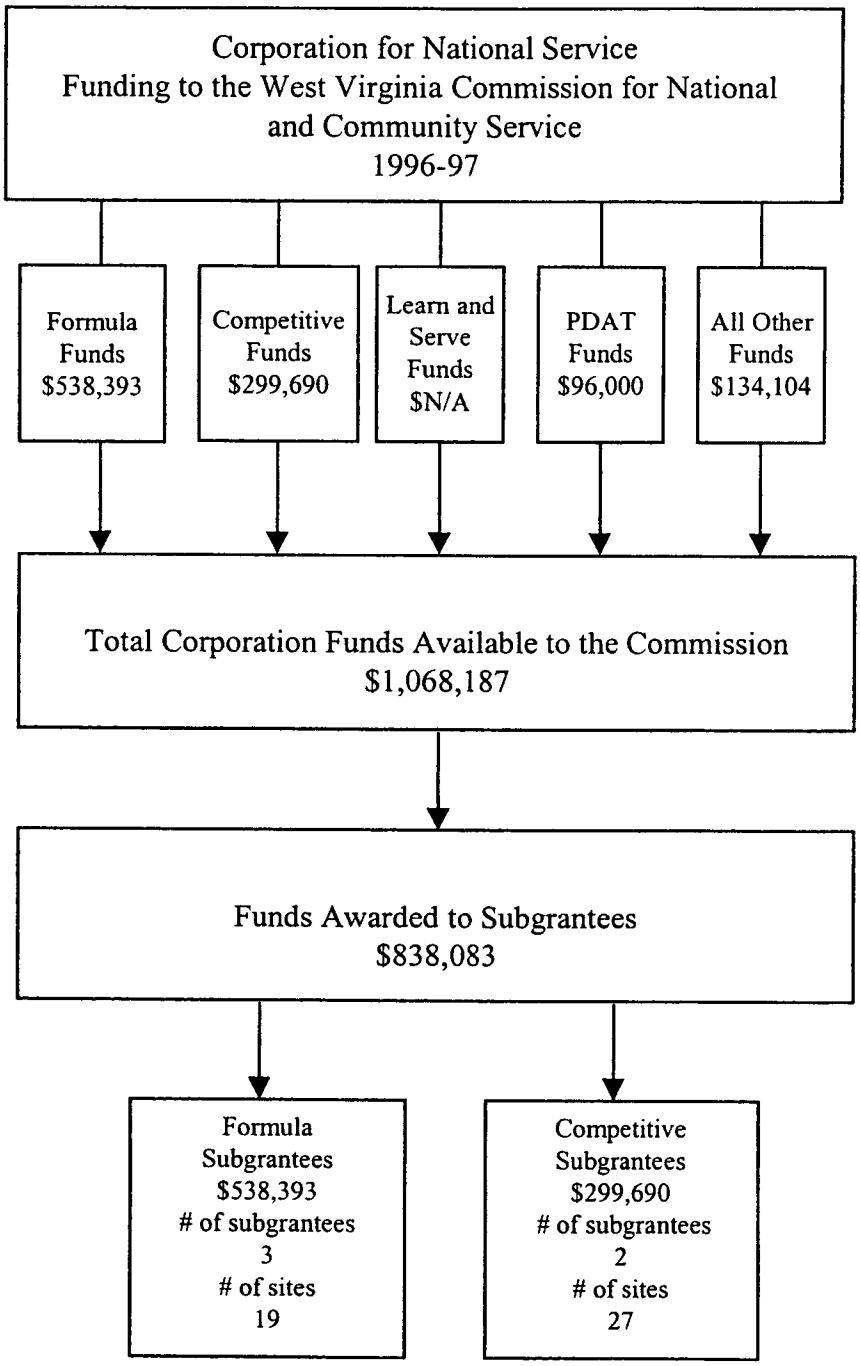
Commission Funding

Appendix A

The table below and the flowcharts on the following pages depict the Commission's funding over the past three program years. We were unable to agree the funding amounts to the Commission's FSRs for (a) 1998-99 because the final FSR for the program year had not been completed at the time of field work and (b) previous program years because those FSRs had been prepared on a cumulative, not program year, basis.

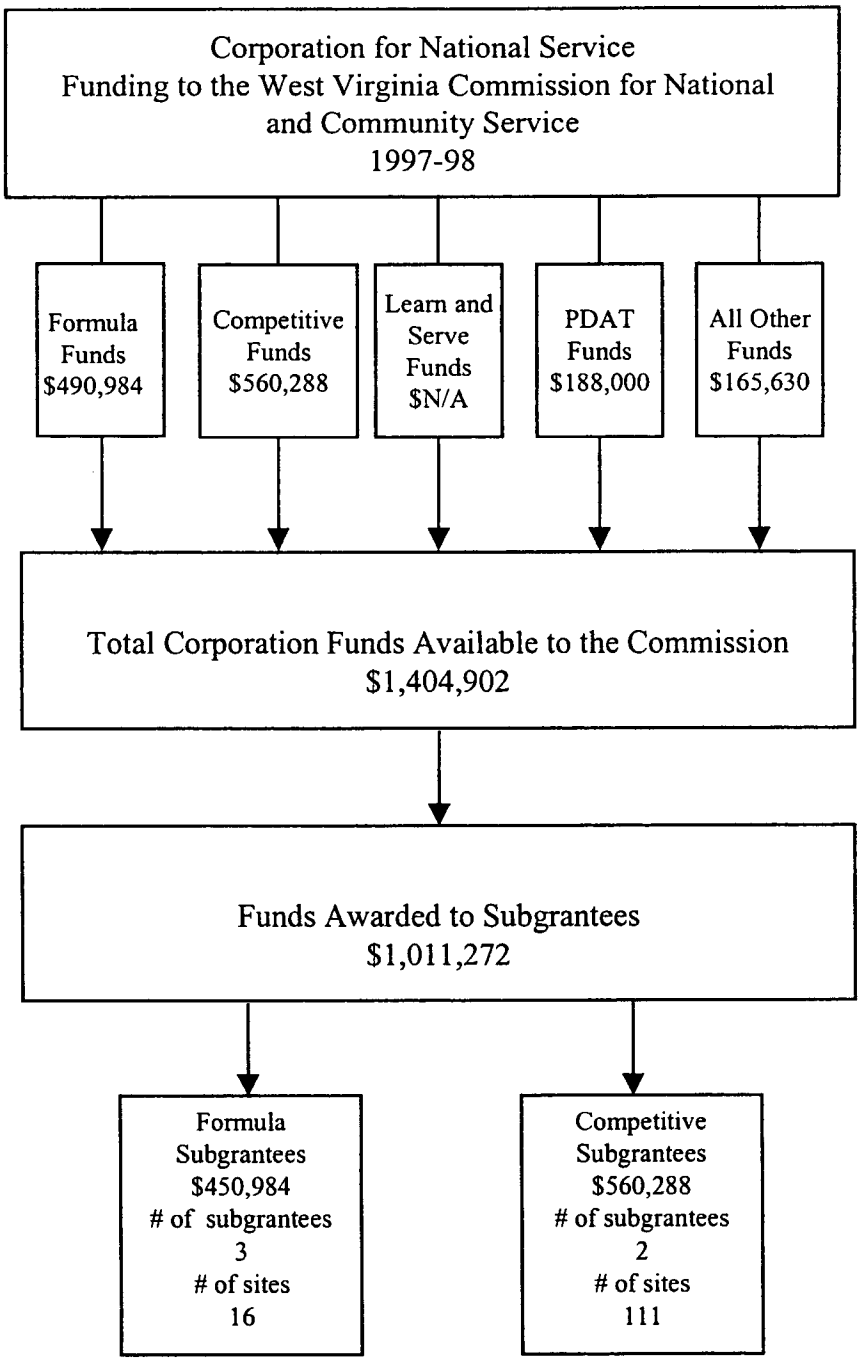
Funding Source and Type	1996-97	1997-98	1998-99
CNS Formula Grant Funds	$ 538,393	$ 490,984	$ 568,446
CNS Competitive Grant Funds	299,690	560,288	1,642,512
CNS PDAT Funds	96,000	188,000	174,000
CNS Administrative and Other Funds	134,104	165,630	189,681
State Matching Funds	70,484	167,236	169,800
Total Funding	$1,138,671	$1,572,138	$2,744,439

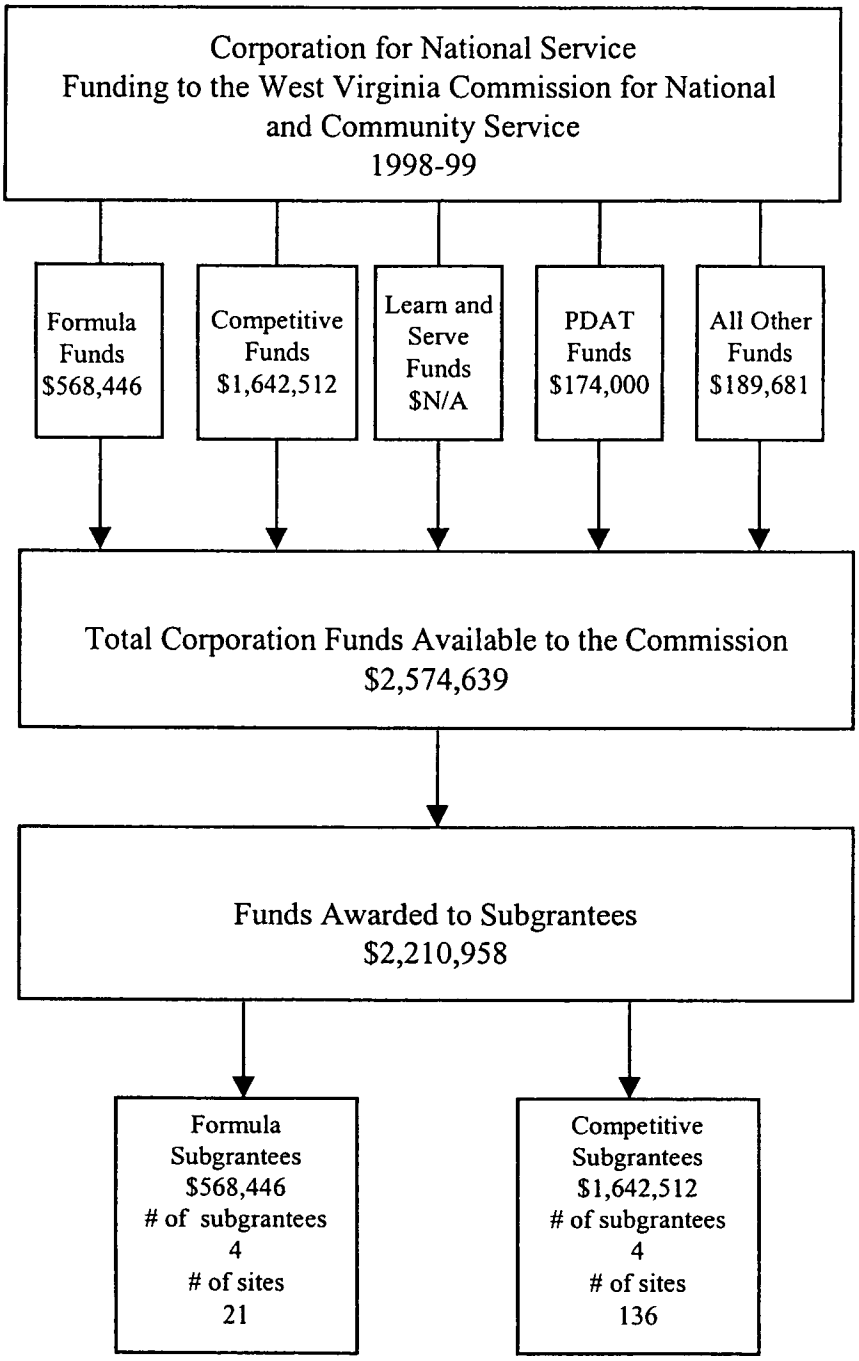
Commission Funding



Commission Funding

Appendix A




Corporation for National Service
Funding to the West Virginia Commission for National and Community Service
1998-99
Formula Funds $568,446
Competitive Funds $1,642,512
Learn and Serve Funds $N/A
PDAT Funds $174,000
All Other Funds $189,681
Total Corporation Funds Available to the Commission
$2,574,639
Funds Awarded to Subgrantees
$2,210,958
Formula Subgrantees
$568,446
# of subgrantees
4
# of sites
21
Competitive Subgrantees
$1,642,512
# of subgrantees
4
# of sites
136

Detailed Engagement Objectives and Methodology

Appendix B

Internal Controls

Our objective was to make a preliminary assessment of the adequacy of the Commission's financial systems and documentation maintained by the Commission to provide reasonable assurance that transactions are properly recorded and accounted for to: (1) permit the preparation of reliable financial statements and Federal reports; (2) maintain accountability over assets; and (3) demonstrate compliance with laws, regulations, and other compliance requirements.

In order to achieve the above objective, we identified the compliance requirements with a direct and material effect on the Commission's AmeriCorps grant program, as follows: activities allowed or unallowed and allowable costs; eligibility; matching; period of availability of Corporation funds; procurement, suspension and debarment; subrecipient monitoring; and reporting by the Commission to the Corporation. We then interviewed key Commission personnel to assess the Commission's controls surrounding these requirements.

Selecting Subgrantees

Our objectives were to make a preliminary assessment:

- of the adequacy of the systems and controls utilized by the Commission to select national service subgrantees to be included in an application to the Corporation;
- as to whether the Commission evaluated the adequacy of potential subgrantee financial systems and controls in place to administer a Federal grant program prior to making the award to the subgrantees; and
- as to whether Commission involvement in the application process involved any actual or apparent conflict of interest.

In order to achieve the above objectives, we interviewed key Commission management and documented procedures performed by the Commission during the pre-award financial and programmatic risk assessment of potential subgrantees. We also reviewed documentation to determine if conflict of interest forms were signed by selection officials annually and maintained by the Commission.

Administering the Grant Funds

Our objectives were to:

- make a preliminary assessment of the adequacy of the systems and controls utilized by the Commission to oversee and monitor the performance and progress of funded subgrantees;
- make a preliminary assessment as to whether the Commission's organizational structure and staffing level and skill mix are conducive to effective grant administration and whether the Commission has a properly constituted membership;

- make a preliminary assessment as to whether the Commission provided adequate guidance to subgrantees related to maintenance of financial systems, records, supporting documentation, and reporting of subgrantee activity;

- make a preliminary assessment of the adequacy of financial systems and documentation maintained by the Commission to support oversight of subgrantees and required reporting to the Corporation (including Financial Status Reports, enrollment forms and exit forms); and

- determine whether the Commission has procedures in place to verify the accuracy and timeliness of reports submitted by the subgrantees.

In order to achieve the above objectives, we reviewed Financial Status Reports submitted by subgrantees, as well as Financial Status Reports submitted by the Commission to the Corporation, to preliminarily assess the accuracy of submitted Financial Status Reports. We also determined whether the Commission has implemented the Web Based Reporting System (WBRS).

Evaluating and Monitoring Subgrantees

Our objectives were to:

- make a preliminary assessment of the adequacy of the systems and controls utilized by the Commission to implement a comprehensive, non-duplicative evaluation and monitoring process for their subgrantees;

- determine whether the Commission has an established subgrantee site visit program in place and make a preliminary assessment of the effectiveness of its design in achieving monitoring objectives;

- make a preliminary assessment of the adequacy of the Commission's procedures used to assess subgrantee compliance with Corporation regulations (e.g., those governing eligibility of Members, service hour reporting, prohibited activities, payment of living allowances to Members and allowability of costs incurred and claimed under the grants by subgrantees (including reported match));

- make a preliminary assessment of the adequacy of the Commission's procedures for obtaining, reviewing and following up on findings included in the subgrantee OMB Circular A-133 audit reports, where applicable;

- determine whether program goals are established and results are reported and compared to these goals; and

- make a preliminary assessment of the adequacy of the procedures in place to evaluate whether subgrantees are achieving their intended purpose.

In order to achieve the above objectives, we documented the procedures performed by the Commission to evaluate and monitor individual subgrantees. In addition, we judgmentally selected subgrantees and obtained the Commission's documentation for site visits. We reviewed

the documentation to preliminarily assess the adequacy of the procedures performed by the Commission to assess financial and programmatic compliance and related controls at the sites. We also determined whether the Commission received and reviewed OMB Circular A-133 audit reports from subgrantees.

Providing Technical Assistance

Our objectives were to:

- make a preliminary assessment of the adequacy of the systems and controls utilized by the Commission to provide technical assistance to subgrantees and other entities in planning programs, applying for funds, and implementing and operating programs;

- determine whether a process is in place to identify training and technical assistance needs; and

- determine whether training and technical assistance is provided to identified subgrantees.

In order to achieve the above objectives, we documented the procedures performed by the Commission to identify and satisfy training needs for the subgrantees and Commission employees. We also obtained a summary of all training costs incurred during the current year to ensure they properly related to training activities that were made available to all subgrantees.

COMMISSION FOR
NATIONAL & COMMUNITY
SERVICE

March 7, 2000

Luise S. Jordan
Inspector General
Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525

Dear Ms. Jordan:

Pursuant to your letter of February 10, I submit the following responses to the draft report on the pre-audit survey of the West Virginia Commission. As requested, suggested revisions necessary to correct errors or clarify facts have been submitted under separate cover.

Recommendation: *"Develop formal procedures to determine if AmeriCorps Members are performing prohibited activities. These procedures should be carried out during each subgrantee site visit and should be specifically incorporated in the Commission's monitoring tool."*

Response: By way of background, the Commission has developed a number of procedures to apprise subgrantees of prohibited activities and monitor their compliance. Those procedures include:

- Training of subgrantee program director and program staff at annual supervisors training:
- Training of members at subgrantee member orientation;
- Close monitoring of subgrantee progress reports, including follow-up to potentially prohibited activity;
- Cross-stream member training, during which Commission staff talk to members about their activities;
- Monitoring of news clippings, publications, and other subgrantee publicity; and
- Annual inspection of subgrantee agreements and member-related materials to ensure inclusion of prohibited activities language.

Due to these procedures, the Commission has uncovered instances of violations of prohibited activities and has responded as appropriate to the situation, usually by having the program deduct hours from member time sheets. The Commission has also developed a relationship with its subgrantees such that program staff call the Commission for guidance before they or members engage in potentially prohibited activities.

Nevertheless, the Commission has revised its monitoring tool based on this recommendation to include specific questions about prohibited activities and will seek additional technical assistance from the Corporation on this matter.

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Recommendation: *"Require its subgrantees to submit OMB Circular A-133 or other audit reports once the final reports are issued. The Commission should track receipt of required OMB Circular A-133 or other audit reports using a control log and follow-up on outstanding reports periodically. The Commission should also review these reports, determine if corrective action relevant to the AmeriCorps grant is needed, and develop procedures to ensure necessary corrective action occurs timely (sic) and adequately addresses the issues."*

Response: The Commission does obtain A-133 or other audit reports from its subgrantees on an annual basis, performs a desk review of the report, and takes follow-up action if deemed necessary. The Commission takes issue with implications in the report that the Commission's collection of such reports is haphazard or unregulated. Of all program files reviewed, auditors uncovered only one report missing from the files of two subgrantees. In other words, of 17 audit reports that should have been collected, only two were missing.

The Commission reviewed its records and ascertained the reasons for the missing reports, then promptly collected those reports from the subgrantees. The revision of the Commission's monitoring tools mentioned above includes a clear check-off when reports are submitted.

Should you have any questions about this matter, please do not hesitate to contact me at (304) 340-3627.

Sincerely,

Jean Ambrose
Executive Director

cc: Paula Flaherty, Chair of the Commission
Dawna Skaggs, Financial Accounting and Reporting Section
Bryan Michaels, State Comptroller

MEMORANDUM

AmeriCorps National Service

CORPORATION FOR NATIONAL SERVICE

TO: Luise S. Jordan

THRU: Anthony Musick

FROM: Deborah R. Jospin
Bruce H. Cline

DATE: March 10, 2000

SUBJECT: Response to the Draft Audit Report 00-16, *Pre-Audit Survey of the West Virginia Commission for National Community Service*

We have reviewed the draft report on your pre-audit survey of the West Virginia Commission for National and Community Service. Given the nature of the report, this response serves as our proposed management decision. We note that your preliminary assessment recommends a limited scope audit at the Commission for program years 1995-96 through 1998-99. The draft audit report includes a recommendation to the Corporation. We are providing the following response to that recommendation. The Inspector General recommended:

> "Additionally, we (the Inspector General) recommend that the Corporation follow up with the Commission to determine that appropriate corrective actions are put into place to address the conditions reported herein, and that the Corporation consider these conditions in its oversight and monitoring of the Commission."

Some of the conditions cited in the "results in brief" section of the report include concerns related to the timely receipt of Financial Status Reports, the review of audit reports from subgrantees and the review for prohibited activities.

Given our limited program administration resources, we developed a plan to assess State Commission administration functions. Over a three-year period, we will be reviewing each of the state commissions. As part of our follow-up with West Virginia, we will determine whether the Commission has put appropriate corrective actions in place for conditions noted in the pre-audit survey that your office has issued.

In addition to this scheduled review, we will also request that the West Virginia Commission provide semi-annual reports on their actions to correct conditions cited in the OIG pre-audit survey.

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Washington, DC 20525
Telephone 202-606-5000

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