OFFICE OF THE INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE

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

OIG Audit Report Number 00-33
January 20, 2000

Prepared by:

KPMG LLP
2001 M Street, N.W.
Washington, D.C. 20036

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This report was issued to Corporation management on September 29, 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 March 28, 2001, and complete its corrective actions by September 28, 2001. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Office of Inspector General
Corporation for National and Community Service

CORPORATION
FOR NATIONAL
SERVICE

Pre-Audit Survey of the Kansas Commission on National and Community Service OIG Audit Report Number 00-33

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.

We engaged KPMG LLP to perform the pre-audit survey of the Kansas Commission on National and Community Service. Based on the survey procedures performed, KPMG's concluded that the Commission has adequate controls over subgrantee selection, fiscal administration, monitoring, and the use of training and technical assistance funds. However, their report includes recommendations for improvements in the Commission's subgrantee selection and monitoring procedures. KPMG also recommends that OIG perform limited scope audit work at the Commission focused on subgrantee monitoring and AmeriCorps Member service hour reporting.

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

Responses to the report by the Corporation for National Service and the Kansas Commission are included as appendices C and D, respectively. The Corporation's response indicates that the CNS plans to request semi-annual reports from the Commission on its actions to correct the conditions reported and to follow-up on the corrective actions when the Commission is reviewed during the Corporation's administrative review process. The Kansas Commission's response reports corrective actions related to KPMG's recommendations.

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

Pre-Audit Survey of the
Kansas Commission on National and Community Service
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2001 M Street, N.W.
Washington, DC 20036

January 20, 2000

Inspector General
Corporation for National and Community Service:

At your request, KPMG performed a pre-audit survey of the Kansas Commission on National and Community Service (Commission). 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 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 has established an open, competitive process to select national service sub-grantees subject to the availability of new funds. However, we identified an area for improvement related to inconsistent use of conflict of interest statements for all program years.

- The Commission has established an adequate process for the administration of grant funds.

- The Commission has established adequate policies and procedures for evaluating and monitoring subgrantees. However, we identified areas for improvement related to documentation of sample items reviewed during on-site visits, and explanations of Member activities provided to the Commission by subgrantees in service hour time logs and responses to program surveys.

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- 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.

Based on our preliminary assessments, we recommend the performance of limited audit procedures, with a focus on subgrantee monitoring and AmeriCorps Member service hour reporting at the Commission for program years 1995-96 through 1998-99, to address the issues identified herein.

We also 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 Kansas Commission on National and Community Service.

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 Kansas Commission

The Kansas Commission on National and Community Service, located in Topeka, Kansas has received AmeriCorps grant funds from the Corporation for National and Community Service since before program year 1994-95. It currently operates as part of the Kansas State Department of Education. The Commission currently has four full-time and one part-time staff consisting of an Executive Director, a Learn and Serve America Program Specialist, an AmeriCorps Program Specialist and Fiscal Officer, an Executive Secretary and a Temporary Secretary.

As part of an agency of the State of Kansas, the Commission is annually subject to an Office of Management and Budget (OMB) Circular A-133 audit. However, the Commission's AmeriCorps grant has never been tested as a major program under OMB Circular A-133. A review of the 1998 statewide single audit report (the most recent available) did not indicate any findings or internal control problems that would have a direct effect on the AmeriCorps grant.

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	$1,984,593	38	1
1997-98	1,591,039	38	0
1998-99	1,567,256	41	0

- 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.

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 an 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 State Commission Reference Manual, 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 January 21, 2000. Subsequent to that date, we communicated with the Commission to clarify and resolve certain matters related to our preliminary findings and to obtain additional information to finalize our 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 on 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 or 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 Corporation's and the Commission'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 procedures to administer an open, competitive process to select national service subgrantees. However, these procedures are not consistently applied to all program years. It is the Commission's practice to advertise the availability of funding only when new funds are granted to the Commission. This practice ensures that existing programs in good standing are not eliminated or penalized for lack of new or additional funds. It also allows for existing programs to gain recognition in the community and to continually improve relations with the Commission. The Commission has reported a decline in awards levels over the last few years. Additionally, a representative of the Corporation in a letter dated January 13, 2000 confirmed to the Commission that they were not required to compete the selection process for the 1998-1999 program year due to funding limitations.

Despite the lack of annual advertising practices, the Commission continues to utilize a formal and standard evaluation process in awarding available funds to existing subgrantees. This process includes review of the application, quarterly progress reports, compliance with OMB Circular A-133 requirements, overall control environment of the entity and goals and objectives established by the applicant.

Lack of Formal Conflict of Interest Statements

According to *A Reference Manual for Commission Executive Directors and Members*, section 3.6, "State Commissions should strive to achieve the greatest objectivity and impartiality possible in the review and selection of grantees in the state...Any time a voting Commission member is not, or does not appear to be, for any reason, impartial to a program that is applying to the Commission for funding, the member has a conflict of interest." One way to help ensure this objectivity is to require selection officials (i.e., Commission members, peer reviewers and members of management) to annually certify in writing that they have no conflicts of interest.

The Commission obtains conflict of interest statements from selection officials only when new applicants are being evaluated. Additionally, the Commission does not have a formal policy or procedure that requires these officials to annually sign conflict of interest statements certifying that they continue to have no conflicts. If selection officials have conflicts of interest but do not report them, the fairness of the selection process may be impaired.

Recommendations

We recommend the Commission develop and implement procedures that require selection officials to sign conflict of interest statements annually after discussion of related issues with Commission staff and review of written guidance.

Administering Grant Funds

The Commission has adequate controls in place to provide reasonable assurance that grants are properly administered. These controls include:

- An established, uniform reporting method for all subgrantees;
- Open communication channels with subgrantees to ensure they are aware of record retention and reporting requirements; and
- Review of FSRs and follow up with subgrantees to resolve any noted deficiencies.

In addition, the Commission's organizational structure appears adequate and personnel appear to have adequate skills and experience to manage Corporation grant funds. We identified no significant areas for improvement within this process.

Evaluating and Monitoring Subgrantees

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 evaluates and monitors its subgrantees, and performs annual site visits to each subgrantee to ensure program objectives and grant provisions are being carried out in accordance with Corporation guidelines. These site visits are documented using a standardized report and include reviews of programmatic and financial management practices. The Commission issues a formal communication to the subgrantee identifying weaknesses and required corrective action. They also perform follow up visits as necessary and provide technical assistance to ensure all deficiencies are corrected. However, we identified the following area for improvement related to the evaluation and monitoring of subgrantees.

Documentation of Sample Items Reviewed During On-site Visits

The Commission does not document in the site visit report the actual sample items reviewed, or the source or basis for selecting the sample items tested. Without a record of the sample items examined, subsequent reviewers would be unable to examine the same documentation if a question arose about the results of the test.

Additionally, review of summary time logs of member activities and completed program surveys maintained in selected subgrantee files revealed the use of member activity captions and extremely concise responses to survey questions which raised questions as to the appropriateness of reported activities in compliance with AmeriCorps grant provisions. For example, captions included were "bowling," "dinner," "fundraising," or were sometimes left blank. Although the Commission provided explanations for captions and assurance that appropriate service had been performed, the potential for misinterpretation of ongoing activities remains high for other reports not selected for review.

Recommendations

We recommend the Commission implement the following additional procedures to improve the effectiveness of its evaluation and monitoring of subgrantees:

- Include documentation of actual member files, source documents or reports reviewed during the on-site visit, including the dates covered by the review and the names of the personnel responsible for providing the information; and

- Require subgrantees to provide clearer descriptions of member activities on time sheets and related summaries submitted to the Commission for use in compiling performance statistics. Likewise, clearer narratives on program surveys should be required. Commission management should carefully review explanations and obtain additional information as necessary to reduce the potential for misinterpretation by program reviewers who are not as familiar with program activities as Commission personnel.

Providing Technical Assistance

The Commission has adequate controls in place to provide reasonable assurance that training and technical assistance is made available and provided to subgrantees. Procedures are in place at the Commission to (1) identify training and technical assistance needs of subgrantees through discussions with program directors during quarterly training sessions, site visits, quarterly progress reports and a needs assessment survey; (2) notify subgrantees of training programs; and (3) provide needed training to subgrantees. We identified no significant areas for improvement within this process.

*****

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 Kansas 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.

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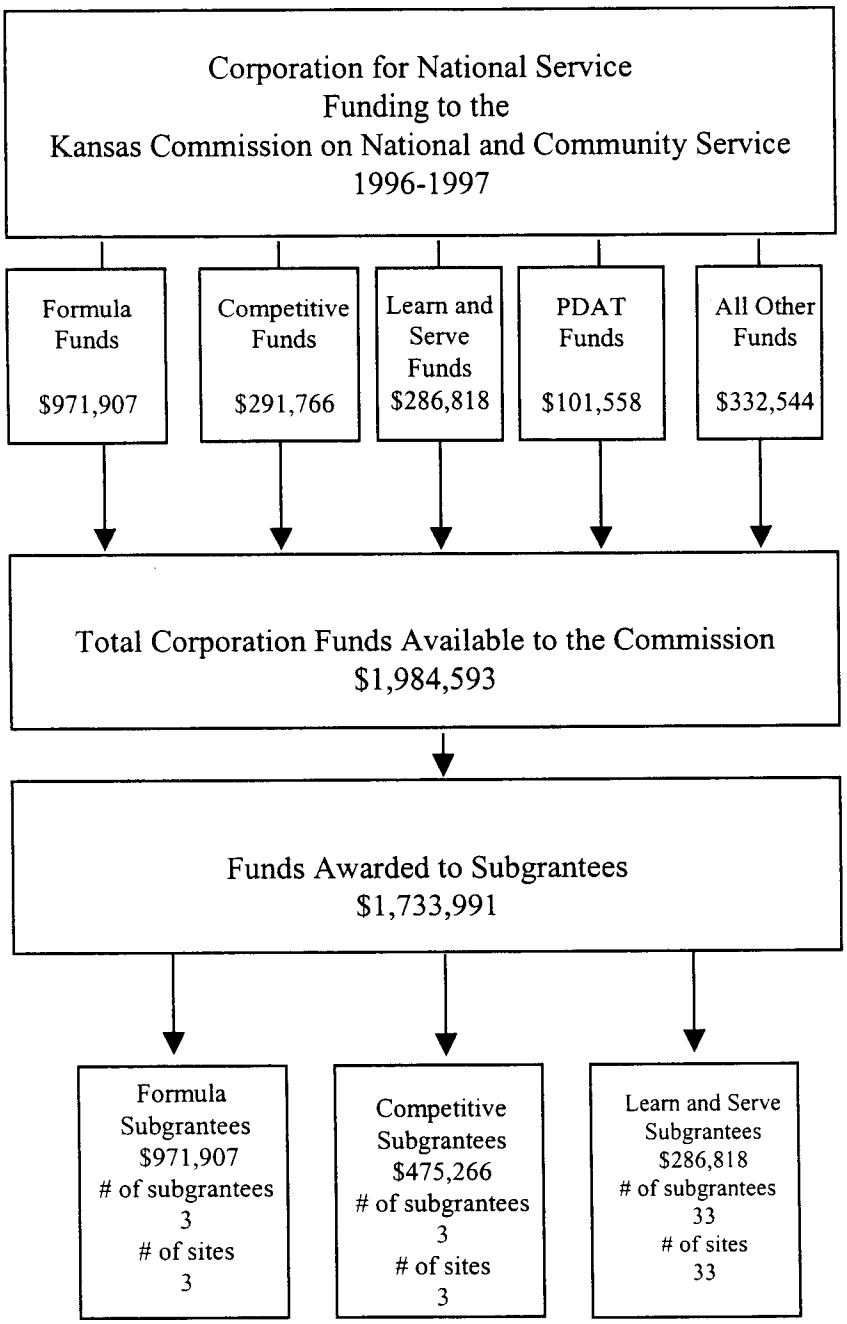
Commission Funding

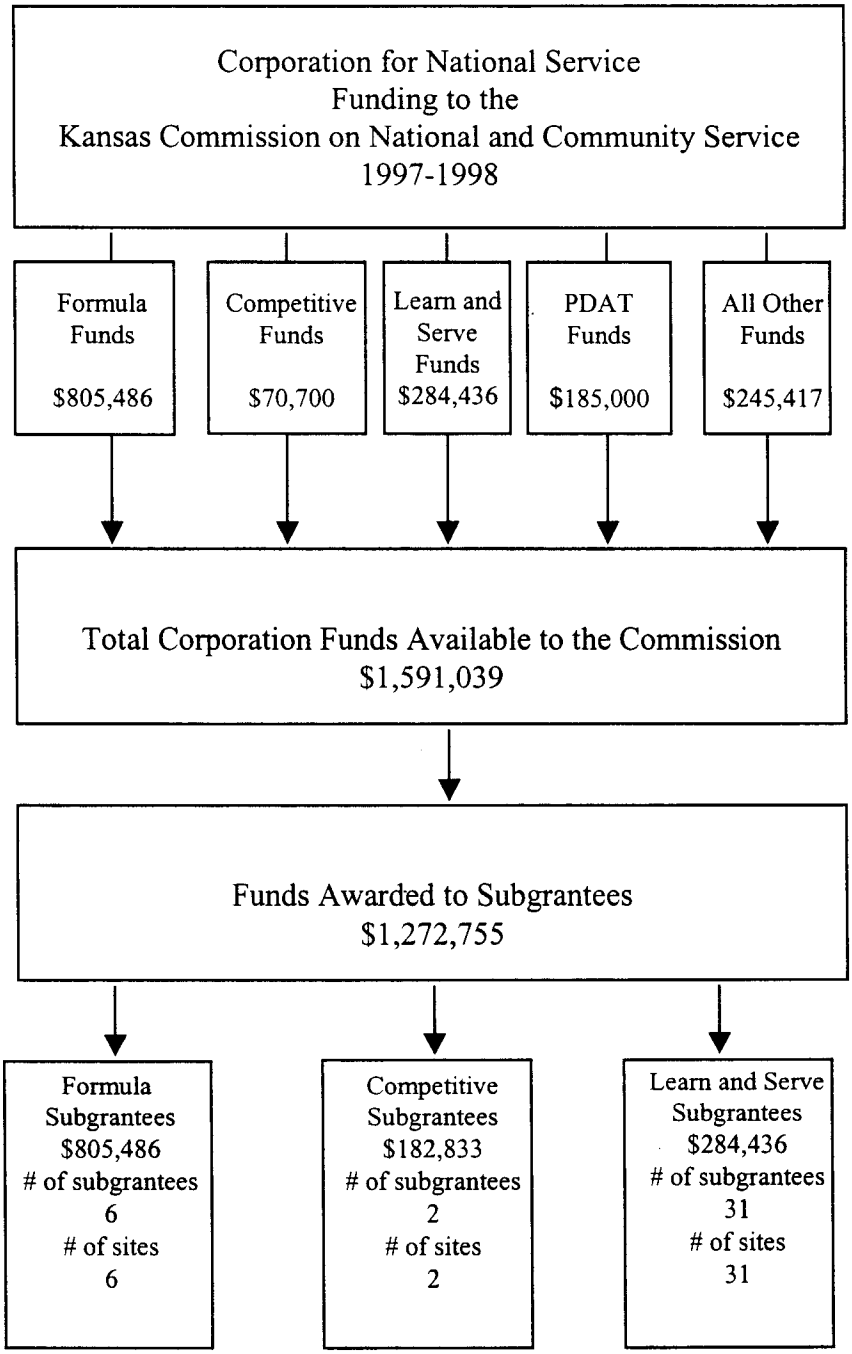
The table below and the flowcharts on the following pages depict the Commission's funding over the past three program years. Funding amounts were agreed to the Commission's FSRs for the 1997-1998 and 1998-1999 program years based on current period information. However, previous program years were agreed to the FSRs on a cumulative basis, rather than on a program year basis.

Funding Source and Type	1996-97	1997-98	1998-99
CNS Formula Grant Funds	$ 971,907	$ 805,486	$ 749,003
CNS Competitive Grant Funds	291,766	70,700	70,700
CNS Promise Fellows Funds	0	0	65,000
CNS Learn and Serve America Funds	286,818	284,436	368,579
CNS PDAT Funds	101,558	185,000	160,000
CNS Administrative Funds	149,044	125,593	153,974
CNS Other Funds (GRASP)	183,500	119,824	0
State Matching Funds	1,979,539	2,833,152	979,196
Total Funding	$3,964,132	$4,424,191	$2,546,452

Commission Funding

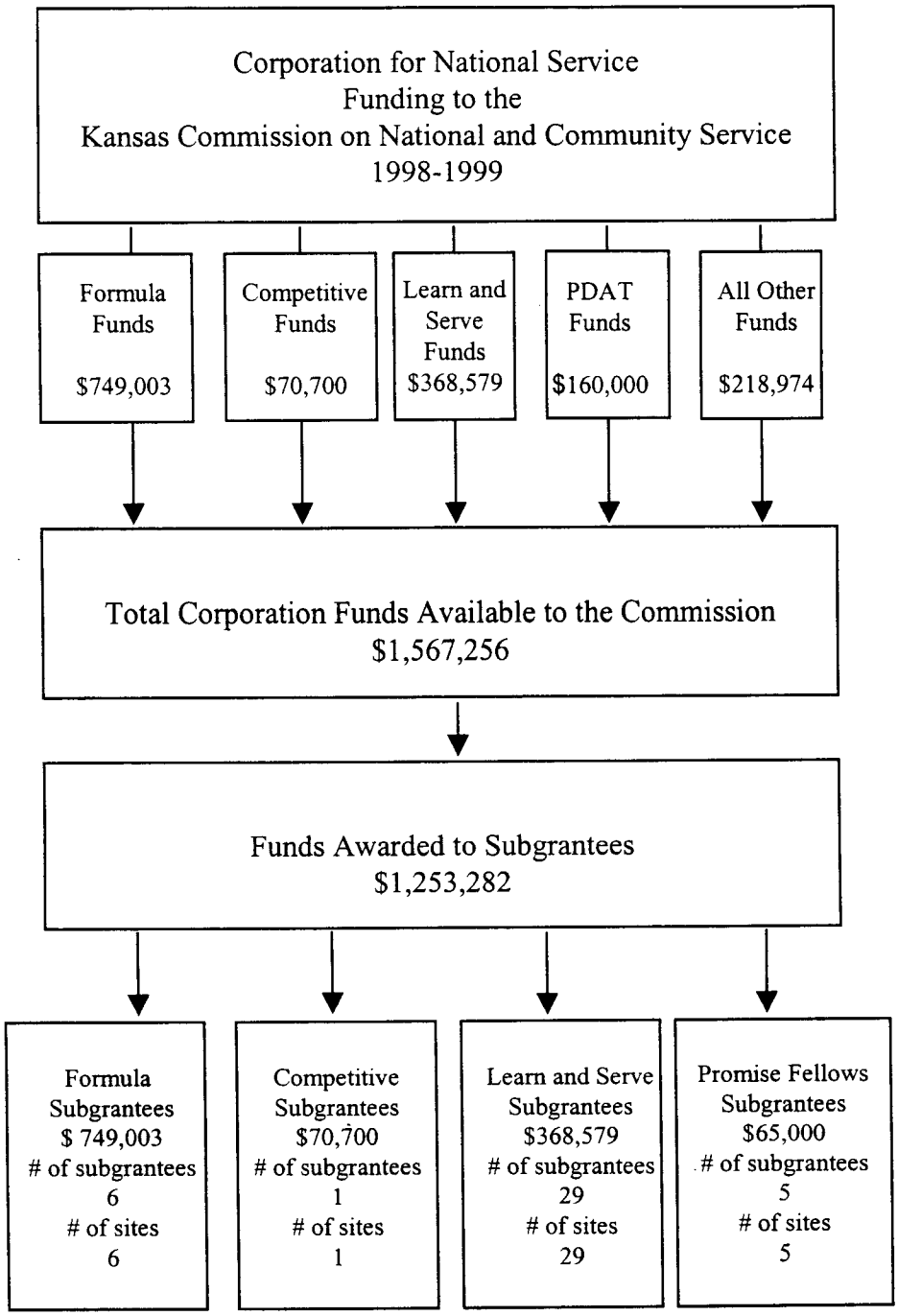
Appendix A




Corporation for National Service
Funding to the
Kansas Commission on National and Community Service
1997-1998
Formula Funds
$805,486
Competitive Funds
$70,700
Learn and Serve Funds
$284,436
PDAT Funds
$185,000
All Other Funds
$245,417
Total Corporation Funds Available to the Commission
$1,591,039
Funds Awarded to Subgrantees
$1,272,755
Formula Subgrantees
$805,486
# of subgrantees
6
# of sites
6
Competitive Subgrantees
$182,833
# of subgrantees
2
# of sites
2
Learn and Serve Subgrantees
$284,436
# of subgrantees
31
# of sites
31

Commission Funding

Appendix A



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 in relation to Subrecipient monitoring, as follows: activities allowed or unallowed and allowable costs; cash management; eligibility; matching; period of availability of Corporation funds; procurement, suspension and debarment; 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 for each subgrantee applicant tested 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 had 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, in conjunction with the Corporation, 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.

CORPORATION
FOR NATIONAL
SERVICE

MEMORANDUM

TO: Luise S. Jordan

THRU: Anthony Musick

FROM: Deborah R. Jospin
Bruce H. Cline

DATE: August 29, 2000

SUBJECT: Response to the Draft Audit Report 00-33 Pre-Audit Survey of the Kansas Commission on National and Community Service

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We have reviewed the draft report on your pre-audit survey of the Kansas Commission. We note that your preliminary assessment recommends a limited procedures audit at the Kansas Commission for program years 1995-96 through 1998-99. The draft audit report includes the following recommendation to the Corporation:

> "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 Kansas Community Service Commission."

Some of the conditions cited in the "results in brief" section of the report include concerns related to inconsistent use of conflict of interest statements for all program years. It was also noted that documentation of sample items reviewed during on-site visits, and explanations of Member activities provided to the Commission by subgrantees in service hour time logs and responses to program surveys, are areas for improvement.

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 Kansas, 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 Kansas Commission provide semi-annual reports on their actions to correct conditions cited in the OIG pre-audit survey.

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September 15, 2000

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

Dear Ms. Jordan:

Thank you for the opportunity to comment on the Pre-Audit Survey of the Kansas Commission on National and Community Service (KsCNCS) prepared by the firm of KPMG LLP for your office. I would first like to indicate that we were very impressed with the knowledge of the auditors from the Kansas City KPMG office who performed this survey. It was refreshing to talk with CPAs who are so familiar with the unique aspects of the statute and regulations that govern the National Service programs that we administer.

During our exit interview on January 21, 2000 with the on-site team, Ann Goodwin, the lead auditor and KPMG Senior Manager, indicated that they would not recommend even a limited scope audit of the KsCNCS. The most recent draft report recommends the performance of limited audit procedures that we believe are unnecessary considering the findings reflect only isolated instances within a five year time frame and not pervasive patterns of noncompliance. Our quick response to modifying procedures to insure that we incorporate the recommendations of our audit team as well as our nine year history demonstrate that we share the same goal--for the KsCNCS to maintain full compliance with the intent of the Act governing our programs. We have demonstrated that this will occur without the expense of another OIG audit.

The remainder of this letter will clarify our current procedures on which the OIG Audit Report Number 00-33 dated January 12, 2000 offers "Recommendations".

Lack of Conflict of Interest Statements

Since 1992, the KsCNCS procedures have always required both peer reviewers and Commissioners to sign conflict of interest statements. The minutes of the KsCNCS meetings over the last eight years reflect the names of Commissioners who recused themselves from voting due to a possible perceived or actual conflict. During the pre-audit survey, we were unable to produce files containing all of the peer reviewer's individual signed conflict of interest statements for one of the approximately 25 peer grant reviews we have had over that time period. These could have been lost during one of the four relocations of our office.

The only subgroup of "selection officials" from whom we have not regularly secured written conflict of interest forms has been our office staff. With no more that three staff persons at any given time having input into the grant selection process, I failed to follow the formal procedure. Since January of this year, we have had four external grant reviews. We have documented files that contain signed conflict of interest forms from each of the subgroups of selection officials (including staff) for each of the four processes. We also changed our review forms to include the conflict of interest statement and signature within the reviewer packet rather than as a separate piece of paper. This procedure is intended to prevent loss of individual sheets that would document that we are striving to achieve the greatest objectivity and impartiality possible in the review and selection of subgrantees.

Documentation of Sample Items Reviewed During On-site Visits

It is important to note that the issue related to time logs of member activities resulted from our sharing with the auditors materials that we received from a subgrantee on December 17, 1999, approximately two weeks prior to the KPMG pre-audit visit. Due to the thoroughness of our on-site monitoring procedures performed on November 4, 1999, the subgrantee was required to submit evidence of how they maintained overall logs of member activities. The subgrantee had just implemented a new system and we wanted to be sure that it was adequate. The lack of clarity was indeed a factor of their new system which involved college work-study students entering the data on AmeriCorps members hours in a system that was used for their college volunteer program. An example of the lack of clarity in describing the activity in which the corpsmember served is exemplified by "bowling". Bowling was used to describe the service of a corpsmember who was a mentor for a Special Olympic athlete who was participating in a bowling tournament. The subgrantee has made all essential changes in their system, including further instruction of corpsmembers on thoroughness in describing their service activity. We worked with them to develop clear descriptions on direct and indirect service. Our review of source documentation (interviews with site supervisors and corpsmembers) covering the term of the logs of member activities also confirms that the service performed met federal requirements related to allowable activities and percentage of direct/indirect service. As is our practice, during our upcoming on-site monitoring visit (November 29, 2000), their system will be reviewed again.

Another recommendation from KPMG related to our procedure of documenting which corpsmember files are reviewed by use of the member's initials rather than their full name. Attached is a copy of one of the revised forms from our on-site protocol that shows our new procedures. The full name of the source and the dates covered by the review are now documented.

In closing, once again, thank you for the opportunity to respond to the draft report on our pre-audit survey. We look forward to hearing from you regarding our request to omit the recommendation for performance of limited audit procedures by the OIG.

Sincerely,

Patricia P. Kells
Executive Director

Attachment 1

c: KsCNCS Membership

Corpsmember File Check List

Appendix D

Name of program:	
Dates covered by this review:	
Data collected by/date:	

	Corpsmember Names								
PRO#	Documentation:								
14a	Start/End Date								
pdh	Application								
6h	Background Check*								
14a	Birth Certificate								
11f	Child Care Documentation*								
6a	Citizenship								
10	Disciplinary Actions*								
16b	Enrollment form/exit form*								
7g	Evaluation								
	▪ Mid-term								
	▪ End-of-term								
6a	H.S. Diploma/G.E.D.								
14b	▪ If no diploma, drop-out date								
14b	▪ Written agreement to obtain								
pdh	Loan Forbearance *								
14a	Member Contract								
14c	Parental Consent Form*								
7a	Position Description								
14a	Project Assignment								
21c	Time Sheets								
7c	Trainings Received								

Legend: *If Applicable pdh=Program Director's Handbook X = yes n/a = Not Applicable O = No	Comments: