OFFICE OF THE INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE

Summary of Thirty-Seven State Commission Pre-Audit Survey Reports

OIG Audit Report Number 01-41
June 6, 2001

This report was issued to Corporation management on July 31, 2001. 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 January 28, 2002, and complete its corrective actions by July 31, 2002. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

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Background and Purpose

State commissions play an important role in the oversight of AmeriCorps programs and expenditures. Currently the Corporation for National Service (Corporation) awards approximately two-thirds of its AmeriCorps State/National funds to state commissions. Most state commissions receive additional funding for Learn and Serve America or other Corporation-funded initiatives.

The Corporation has indicated that it intends to give them greater responsibility. Such devolution increases the need for the Corporation's oversight. However, the Corporation presently lacks a management information system that maintains comprehensive information on its grants, including those to state commissions and their subgrantees. And, although the Corporation began state commission administrative reviews in 1999, only 21 such reviews have been completed to date. Moreover, the Corporation cannot rely on audit coverage under the Single Audit Act because the Corporation's funding, including the AmeriCorps programs are, generally, not subject to compliance testing as part of state-wide audits under the Act due to their size relative to other Federally funded state programs.

Therefore, OIG has initiated a series of pre-audit surveys intended to provide basic information on the state commissions' operations and funding. The surveys consist of on-site reviews at the state commissions and generally last one to two weeks. They are designed to provide a preliminary assessment of the commissions' pre-award and grant selection procedures, fiscal administration, and monitoring of subgrantees (including AmeriCorps Member activities and service hour reporting). The surveys are also intended to provide information on the level of audit coverage that may be afforded by the Single Audit Act requirements. Using this information, we assess risk and determine the timing, nature and scope of future OIG audit work.

We agreed with Congressional committee staff to periodically provide a cross-cutting analysis of the results of the surveys to provide insight on the strengths and weaknesses of the state commissions. This report summarizes the conditions and other information revealed by the 37 pre-audit surveys listed in Appendix A.

Summary of Results

The state commissions we selected for survey work were intended to be a representative sample of all state commissions, i.e., including large and small commissions and commissions that were considered by the Corporation to be well-run and those reputed to be in other categories. Review of the reports indicates that we achieved the cross section that we were seeking. Table 1 indicates that we surveyed commissions for which Corporation funding for program year 1999 ranged from less than $1 million (Delaware, Idaho, Nevada and Wyoming) to over $10 million (California, Texas and Washington). The number of subgrantees ranged

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from a low of four (Delaware) to a high of 58 (Florida). Their staffing ranged from 1 FTE (Alaska, Wyoming) to 26 (Florida).

Strengths

We concluded that only 1 of the 37 commissions, Tennessee, has established systems that offered reasonable assurance that pre-award and grant selection procedures, fiscal administration, and monitoring of subgrantees (including AmeriCorps Member activities and service hour reporting) were adequate during all program years surveyed. However, 25 commissions have initiated improvements in recent years, 16 of which are due to implementation of the Web Based Reporting System (WBRS).

Twenty-two of the surveyed commissions, or approximately 60 percent, have established systems that provide for adequate fiscal administration of Corporation grant funds.

The assessments also revealed that 17 of the 37 commissions have established systems that provide reasonable assurance that the pre-award and grant selection procedures are adequate. Most were described as administering an open, competitive process to select national service subgrantees. However, many of the commissions did not always retain sufficient documentation to support their grant selection process, in particular conflict of interest forms signed by individuals reviewing applications.

Weaknesses

Assessment of the commissions' systems for monitoring subgrantees proved to be the most problematic area in the pre-audit surveys (as illustrated in Table 3). Of the 37 commissions reviewed, 30 were found to have inadequate systems for monitoring their subgrantees. Clearly, more emphasis needs to be placed on the commissions' responsibility for oversight of their subgrantees. Further, although many of the commissions utilize site visit monitoring checklists fashioned after a model provided by a Corporation-funded training and technical assistance organization, the Corporation has not, and refuses to, issue basic guidelines that establish the minimum requirements for monitoring or to require the use of monitoring checklists in a structured manner. As a result, the monitoring of subgrantees is left to the discretion of each commission. The Corporation's refusal to require structured monitoring reviews of subgrantees is rooted in the premise that it advocates what it characterizes as a "risk based" approach to monitoring subgrantees, as discussed in *Summary of Responses,* below.

The pre-audit surveys have demonstrated that this unstructured approach to monitoring subgrantees has led to (1) erratic and differing levels of monitoring of subgrantees, and (2) a lack of sufficient documentation being maintained at the commissions to allow us to assess the extent of the monitoring that was performed.

Over half of the commissions did not consider the adequacy of the applicants' financial systems in the selection process. And, at one third of the state commissions, we found little or no evidence that subgrantee audit reports were routinely reviewed by commission staff, eight commissions did not review the audit reports, and three commissions did not require submission of subgrantee audit reports.

Finally, although more than half of the 37 commissions had adequate systems for fiscal administration, we recommended improvements in policies and procedures at most of the commissions. As noted above, the most frequently reported conditions were related to subgrantee financial reports. Prior to the implementation of WBRS, many commissions did not submit their financial status reports (FSRs) in a timely manner, review and/or maintain subgrantee FSRs, or obtain them from subgrantees in a timely manner. Seventeen commissions lack evidence of reconciling financial data on FSRs to underlying financial records.

Other Matters Noted

Eighteen of the commissions, or slightly less than 50 percent, were operated with an administrative staff of less than five individuals. We found that the number of administrative staff positions, as established in grant budgets approved by the Corporation, could not be correlated with either the amount of Corporation funding and/or the number of subgrantees or sites. Hence, the level of administrative staffing at the commissions can be described as erratic. The need for improvement in oversight of subgrantees by commission staff, taken together with the Corporation's initiatives toward transferring greater responsibility to the commissions suggests that the Corporation should work with the commissions and determine whether guidelines should be established for commission staffing.

As noted above, the Web Based Reporting System (WBRS) has resulted in improvements in the timeliness of submission of information from commissions and subgrantees to the Corporation. WBRS is currently used to transmit Member enrollment and end-of-term data, as well as Financial Status Reports to the Corporation from the majority of the state commissions and selected "National Direct" grantees. Both grantees and their subgrantees have access to WBRS.

Recent pre-audit surveys found weaknesses in WBRS access controls at 2 of 12 commissions. Moreover, reviews of the controls performed during the audit of the Corporation's financial statements revealed that the controls over grantee financial data and Americorps Member information have not been redesigned to consider electronic submission of data by the new WBRS system.

Controls over the input and transmission of data via WBRS are critical to ensure the integrity of the National Service Trust database, and to the Corporation's ability to rely on the financial data submitted by its grantees as a basis for making grants management decisions. Therefore, OIG has recommended that the Corporation and the commissions design additional controls for implementation at the grantee level which consider the paperless environment in which WBRS operates. These controls should include routine review of error listings generated by WBRS by someone other than the person inputting data to the system, a spot check of underlying support for the data submitted via WBRS on a periodic basis, and improved access controls to WBRS at grantee and subgrantee sites, as appropriate.[1]

[1] OIG Audit Report 01-01; Audit of the Corporation for National Service's Fiscal Year 2000 Financial Statements.

Summary of Responses by State Commissions and the Corporation to the Pre-Audit Surveys

We provided individual draft reports to each state commission surveyed and to the Corporation and considered their responses when finalizing the reports. Each final report includes the responses received. In some cases, the state commissions have disagreed with some of the reported findings, but all of the 37 commissions indicated that they either agreed with, or have initiated corrective actions in response to other findings and recommendations.

The Corporation responded to 29 of the 37 reports. Because we are scheduling commissions for audit based on risk and will be performing work over the next several years (rather than immediately for all commissions), each of our survey reports recommends that the Corporation follow-up to see that the conditions reported have been effectively corrected. Generally, the responses have indicated that the Corporation will consider the reports during their administrative monitoring and oversight reviews to be performed on a three-year cycle. The Corporation began the administrative reviews in 1999. As of May 2001, 21 administrative reviews have been completed. The Corporation indicates that an additional 14 reviews are scheduled for the remainder of fiscal year 2001. The responses also indicated that the Corporation will request the commissions to report corrective action to them on a semiannual basis.

We have also urged the Corporation to improve its guidance on monitoring. However, the Corporation has expressed its disagreement with these recommendations in a number of its responses to the reports. The disagreement appears to be rooted in the premise that what the Corporation presently advocates can be characterized as a "risk based" approach to monitoring subgrantees. The concept of focusing on "risk" in assessing the likelihood of inappropriate transactions or activities is far from new; it has been used by the auditing profession for many years and is formally codified in the Statements on Auditing Standards promulgated by the American Institute of Certified Public Accountants (AICPA), and by the Office of Management and Budget (OMB) in the 1997 revision to Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The difference between the AICPA and OMB approaches and that of the Corporation is that the former are structured (e.g., where risk is assessed as "low" such an assessment must be justified by testing of controls) whereas the latter is totally unstructured and permits the state commissions to monitor their subgrantees in any manner and to any degree that the individual commission might feel appropriate, without establishing a rationale supporting the monitoring employed.

The Corporation further justifies its position since it "requires its grantees and subgrantees to use the OMB A-133 audits as the primary basis for oversight of its awards" on the premise that "(t)hese audits cover the entire operations of the subgrantee including internal controls and compliance with laws and regulations." This argument exhibits a lack of understanding of the OMB Circular A-133 audit process, particularly how programs are selected for compliance testing. The pre-audit surveys have disclosed, and we have advised the Corporation, that, in most cases, the Corporation grants are not, for various reasons, specifically covered by the OMB Circular A-133 audits and, consequently, no reliance can be placed on these audits

insofar as compliance with the specific requirements of the Corporations grants are concerned. In fact, as illustrated in Table 6, we found that only 12 of the 37 commissions have been audited as separate entities or tested as major programs as defined by OMB Circular A-133. More importantly, the results of the surveys indicate that the current monitoring process does not work well and needs improvement.

This report includes six tables that summarize information gained and the findings resulting from the surveys. The tables were compiled from a database maintained under contract to OIG by the independent auditing firm, Leonard G. Birnbaum, LLP and referenced to the individual reports from which the data was derived. Appendix A lists the 37 pre-audit survey reports which are available from OIG upon request. Appendix B describes the objectives, scope and methodology for the pre-audit surveys. The Corporation's response to this Summary Report is included as Appendix C.

In its response, the Corporation points out areas where Corporation management disagrees with this summary report stating that "...State Commissions are performing their roles and responsibilities in a far more exemplary manner than is described in this summary...". Unfortunately, this conclusory response provides no examples or other evidence to support this position. Nonetheless, it is possible to view the state commissions as committed to improving their performance. The surveys have revealed, and this report acknowledges, that some state commissions have initiated financial management improvements in recent years. However, these pre-audit surveys are being performed to gain information to plan future audit work that must cover most of the years that the state commissions have been in operation. In doing so, we cannot ignore the risk that Federal funds may have been misspent, brush aside the commissions' past shortcomings, or restart the audit clock in 1999. Further analysis of the comments contained in the Corporation's response is included in Appendix D.

Luise S. Jordan
Inspector General

June 6, 2001

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Corporation for National Service
Pre-Audit Surveys of State Commissions

Table 1: Summary of State Commission
PY 1999 Current Staffing, Funding and Subgrantee Information

State Commission	Staff Size	CNS Funding	Awarded to Subgrantees	Type of Grants (No. of Subs.)
Dollars in Thousands				
Alabama	9	$1,900	$1,663	AmeriCorps (7) PDAT (Not Available) Administration (N/A)
Alaska	1	$1,147	$1,044	AmeriCorps (4) Educational (Not Available) PDAT (Not Available) Administration (N/A)
California	20	$27,028	$25,893	AmeriCorps (35) America Reads(8) Educational (9) Promise Fellows (Not Available) PDAT (Not Available) Administration (N/A) State Disability (Not Available)
Colorado	3	$2,554	$2,296	AmeriCorps (8) Learn and Serve (1) Educational (3) PDAT (Not Available) America Reads (1) Administration (N/A)
Connecticut	5	$4,286	$3,964	AmeriCorps (8) Learn and Serve (1) America Reads (2) Promise Fellows (1) PDAT (Not Available) Administration (N/A)
Delaware	5	$965	$687	AmeriCorps (3) Learn and Serve (1) PDAT (Not Available) Administration (N/A) Promise Fellowship (Not Available)

N/A: Not Applicable

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Table 1: Summary of State Commission
PY 1999 Current Staffing, Funding and Subgrantee Information

State Commission	Staff Size	CNS Funding	Awarded to Subgrantees	Type of Grants (No. of Subs.)
Florida	26	$6,502	$5,823	AmeriCorps (35) Learn and Serve (23) PDAT (Not Available) Other (Not Available)
Idaho	3	$968	$644	AmeriCorps (4) PDAT (Not Available) Administration (N/A) Promise Fellowship (Not Available)
Illinois	3	$4,629	$4,292	AmeriCorps (18) Learn and Serve (7) PDAT (Not Available) Other (12)
Iowa	3	$1,250	$1,009	AmeriCorps (8) PDAT (Not Available) Administration (N/A)
Kansas	5	$1,567	$1,253	AmeriCorps (7) Learn and Serve (29) PDAT (Not Available) Promise Fellows (5) Administration (N/A)
Kentucky	5	$3,694	$3,365	AmeriCorps (10) Learn and Serve (5) PDAT (Not Available) Administration (N/A) Promise Fellowship (Not Available)
Maine	4	$1,754	$1,438	AmeriCorps (5) Administration (N/A) PDAT (Not Available) America Reads (1) Promise Fellows (1)

N/A: Not Applicable

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Table 1: Summary of State Commission
PY 1999 Current Staffing, Funding and Subgrantee Information

State Commission	Staff Size	CNS Funding	Awarded to Subgrantees	Type of Grants (No. of Subs.)
Maryland	17	$6,800	$6,309	AmeriCorps (12) Learn and Serve (3) Disabilities (1) America Reads (1) Promise Fellows (1) PDAT (Not Available) Administration (N/A)
Massachusetts	14	$6,266	$5,513	AmeriCorps (22) Learn and Serve (4) PDAT (Not Available) Administration (N/A) America Reads (1) Promise Fellowship (Not Available)
Michigan	13	$4,684	$4,182	AmeriCorps (20) Learn and Serve (10) PDAT (Not Available) Administration (N/A) Promise Fellowship (7)
Minnesota	6	$3,495	$3,301	AmeriCorps (11) Learn and Serve (Not Available) PDAT (Not Available) Educational (1) Promise Fellows (1)
Mississippi	8	$4,293	$3,468	AmeriCorps (9) Learn and Serve (5) Disability (1) America Reads (1) Promise Fellows (10) PDAT (Not Available) Administration (N/A)

N/A: Not Applicable

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Table 1: Summary of State Commission
PY 1999 Current Staffing, Funding and Subgrantee Information

State Commission	Staff Size	CNS Funding	Awarded to Subgrantees	Type of Grants (No. of Subs.)
Missouri	3	$1,998	$1,877	AmeriCorps (14) Learn and Serve (Not Available) Promise Fellows (4) PDAT (Not Available)
Nevada	3	$388	$223	AmeriCorps (1) PDAT (Not Available) Promise Fellows (2) Administration (N/A)
New Hampshire	4	$1,613	$1,259	AmeriCorps (5) Learn and Serve (Not Available) PDAT (Not Available) Educational (Not Available)
New Jersey	4	$5,146	$4,270	AmeriCorps (12) America Reads (Not Available) PDAT (Not Available) Administration (N/A) Promise Fellowship (Not Available)
New Mexico	3	$1,067	$944	AmeriCorps (5) Learn and Serve (Not Available) PDAT (Not Available) Other (Not Available)
North Carolina	7	$2,940	$2,586	AmeriCorps (10) Learn and Serve (14) PDAT (Not Available) Administration (N/A) Promise Fellowship (Not Available)
Ohio	15	$3,591	$3,125	AmeriCorps (20) Learn and Serve (8) PDAT (Not Available) Other (27)

N/A: Not Applicable

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Table 1: Summary of State Commission
PY 1999 Current Staffing, Funding and Subgrantee Information

State Commission	Staff Size	CNS Funding	Awarded to Subgrantees	Type of Grants (No. of Subs.)
Oregon	5	$1,739	?	Information Not Available
Pennsylvania	6	$4,046	$3,812	AmeriCorps (11) Learn and Serve (10) PDAT (Not Available) Other (2)
Rhode Island	4	$3,225	$2,965	AmeriCorps (7) Learn and Serve (14) PDAT (Not Available) Administration (N/A) Promise Fellowship (1)
South Carolina	8	$1,528	$1,189	AmeriCorps(7) PDAT (Not Available) Administration (N/A)
Tennessee	5	$3,848	$3,476	AmeriCorps (15) Learn and Serve (15) PDAT (14) Miscellaneous (5) Administration (3)
Texas	22	$12,353	$11,096	AmeriCorps (25) Educational (5) Learn and Serve (7) Promise Fellows (7) America Reads (2) PDAT (Not Available) Administration (N/A)

N/A: Not Applicable

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Table 1: Summary of State Commission
PY 1999 Current Staffing, Funding and Subgrantee Information

State Commission	Staff Size	CNS Funding	Awarded to Subgrantees	Type of Grants (No. of Subs.)
Vermont	3	$1,388	$1,260	AmeriCorps (4) Learn and Serve (12) Educational (4) PDAT (Not Available) Promise Fellows (1) Administration (N/A)
Virginia	6	$2,383	$2,051	AmeriCorps (7) Learn and Serve (Not Available) PDAT (Not Available) Other (Not Available)
Washington	6	$10,895	$10,295	AmeriCorps (10) Learn and Serve (1) PDAT (Not Available) Administration (N/A) Miscellaneous (5)
West Virginia	5	$2,575	$2,211	AmeriCorps (8) Learn and Serve (Not Available) PDAT (Not Available) Other (Not Available)
Wisconsin	5	$2,195	$1,921	AmeriCorps (7) Learn and Serve (12) PDAT (Not Available) Administration (N/A)
Wyoming	2	$896	$747	AmeriCorps (4) Learn and Serve (6) PDAT (Not Available) Other (Not Available)

N/A: Not Applicable

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Table 2: Adequate Systems of Management Controls
By State Commissions

State Commission	Adequate Pre-Award Selection Process	Adequate Fiscal Management of CNS Grant Funds	Adequate Monitoring of Subgrantees
Alabama			
Alaska	√		
California	√	√	
Colorado			
Connecticut			
Delaware			
Florida		√	
Idaho	√	√	
Illinois	√		
Iowa	√	√	
Kansas		√	√
Kentucky			
Maine	√	√	
Maryland	√		
Massachusetts			
Michigan			
Minnesota			
Mississippi	√	√	
Missouri			

√ - Adequate

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Table 2: Adequate Systems of Management Controls
By State Commissions

State Commission	Adequate Pre-Award Selection Process	Adequate Fiscal Management of CNS Grant Funds	Adequate Monitoring of Subgrantees
Nevada		√	√
New Hampshire		√	
New Jersey	√	√	
New Mexico		√	√
North Carolina	√		
Ohio			√
Oregon			
Pennsylvania	√	√	
Rhode Island	√	√	
South Carolina		√	√
Tennessee	√	√	√
Texas		√	
Vermont			
Virginia		√	
Washington	√		
West Virginia	√	√	
Wisconsin	√	√	
Wyoming	√		

√ - Adequate

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Table 3: Analysis of State Commissions Findings
By Category, Finding and Frequency of Occurrence
(All Findings for the 37 State Commissions)

Category	Finding	Frequency	Finding No.
Grant Award	Adequacy of applicants' financial systems not considered in the selection process	19	G4
	Conflict of interest forms not maintained	16	G9
	Documentation supporting grant making decisions not available in all cases	9	G2
	Documentation in support of grantee application rejections not available for review	8	G10
	Inadequate documentation to support subgrantee selection process	6	G1
	Documentation supporting the selection review process is inconsistent and incomplete	2	G3
	Limited advertising of funding availability	2	G6
	Documentation of advertisements for availability of funds not maintained	2	G7
	No written policies and procedures to ensure consistent communication to selection officials for previously funded applicants	2	G12
	Subgrantee selection procedures do not identify data to be provided by previously funded applicants	2	G13
	Lack of written grievance procedures	2	G15
	No public advertising of program funds	1	G5
	Availability of 1998 program year funds not advertised – reasons not documented	1	G8
	No procedures to determine if subgrantees have been suspended or disbarred by the Federal government	1	G11
	Lack of formal procedures of maintaining conflict of interest forms	1	G14

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Table 3: Analysis of State Commissions Findings
By Category, Finding and Frequency of Occurrence
(All Findings for the 37 State Commissions)

Category	Finding	Frequency	Finding No.
Fiscal Administration	FSRs submitted untimely or unable to determine submission date	26	F2
	Lack of evidence of FSR and matching reconciliation review	17	F4
	All required FSRs were not maintained and/or portions missing from others	13	F3
	Documentation supporting expenditures missing	6	F10
	No written procedures for review of matching requirements	4	F6
	Lack of procedures to determine the accuracy of information processed through the state's financial systems	4	F11
	No support for review of subgrantee FSRs and no comparison of FSRs to accounting systems and/or documentation during site visits	3	F1
	Funds not tracked using budget line items	2	F12
	Inadequate access into WBRS	2	F15
	Lack of control procedures over maintenance of equipment purchases	2	F16
	Lack of review of matching and earmarking requirements	1	F5
	Inadequate documentation to support Commission's in-kind match amount	1	F7

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Table 3: Analysis of State Commissions Findings
By Category, Finding and Frequency of Occurrence
(All Findings for the 37 State Commissions)

Category	Finding	Frequency	Finding No.
Fiscal Administration	Learn and Serve FSRs prepared on a cash basis	1	F8
	Lack of review of subgrantees' expense reimbursement reports	1	F9
	Lack of comprehensive formal policies and procedures with fiscal agent, DCCWD	1	F13
	Lack of prohibited activities training for members	1	F14
	Inadequate description on timesheets for program service performed	1	F17
	Computer systems back up procedures are not being performed	1	F18
	Web based reporting system is not being used to produce FSRs	1	F19
	Inadequate disbursement of funds to subgrantees	1	F20
	Inadequate procedures in place to ensure timely drawdown of Federal funds	1	F21
	Lack of procedures over disbursements	1	F22
	Lack of commission level records and supervisory review	1	F23
	The commission uses their drawdown requests to compile FSRs submitted to the Corporation, therefore, FSRs are not compiled based on expenditures report	1	F24
	Lacks of documentation of financial and grant management procedures and controls	1	F25

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Table 3: Analysis of State Commissions Findings
By Category, Finding and Frequency of Occurrence
(All Findings for the 37 State Commissions)

Category	Finding	Frequency	Finding No.
Monitoring	Monitoring system needs improvement; Site visit documentation missing	19	M6
	Lack of documentation of review of subgrantee OMB A-133 or other audit reports	12	M13
	No review of OMB A-133 audit reports	8	M10
	No written procedures for follow-up on deficiencies at subgrantees	7	M2
	No requirement for submission of OMB A-133 audit reports	3	M9
	No written procedures for monitoring subgrantees	2	M1
	Not all subgrantee OMB A-133 audit reports were obtained	2	M12
	Information from Member surveys is not documented and maintained	2	M17
	Monitoring checklist not documented for specific Member files and expense items reviewed	2	M19
	No procedures to determine if subgrantees are performing prohibited activities	2	M22
	No written procedures to ensure subgrantees correct deficiencies	1	M4
	Subgrantee OMB A-133 or other audit reports were not maintained in files	1	M11
	Unable to determine if progress reports was received timely	1	M15
	Review of progress reports and submission of results to subgrantees not in conformance with Council procedures	1	M16

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Table 3: Analysis of State Commissions Findings
By Category, Finding and Frequency of Occurrence
(All Findings for the 37 State Commissions)

Category	Finding	Frequency	Finding No.
Monitoring	Procedures to select Members for testing not documented	1	M20
	No procedures to determine if Members' living allowances are correctly paid	1	M23
	Labor hour certification not maintained	1	M26

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Table 3: Analysis of State Commissions Findings
By Category, Finding and Frequency of Occurrence
(All Findings for the 37 State Commissions)

Category	Finding	Frequency	Finding No.
Site Visits	Monitoring system needs improvement; Site visit documentation missing	19	M6
	No evidence of review of subgrantee financial systems, Member timesheets, expense documentation during site visits	8	M8
	No comprehensive schedule for planned and actual site visits is maintained	6	M5
	Sampled items are not documented on site visit report	4	M21
	Lack of timely communication and follow-up on deficiencies found during site visits	2	M3
	Subgrantee financial systems and expense documentation not reviewed during site visits	2	M7
	Subgrantee progress reports not formally verified during site visits	2	M14
	Actual dates of site visits not documented	1	M24
	Procedures for Learn and Serve subgrantees do not include site visits or submission of written feedback on quarterly progress reports	1	M25
	Inadequate procedures for monitoring subgrantee documentation during site visits	1	M27
	Inadequate review of performance measures and program results during site visits	1	M28

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Table 4: Summary of State Commissions Findings
By Commission and Number of Findings in Each Category

State Commission	State Responses (See 1, 2, 3, & 4 Below)	Number of Findings in Each Category		
		Grant Award	Fiscal Administration	Monitoring
Alabama	3	6	6	4
Alaska	1, 3	3	3	2
California	2	2	4	4
Colorado	2	3	1	2
Connecticut	2, 3	3	5	4
Delaware	2, 3	5	4	2
Florida	1, 3	2	-	1
Idaho	2	-	2	2
Illinois	2, 3	2	2	3
Iowa	2, 3	1	-	1
Kansas	1, 3	1	-	1
Kentucky	4	4	3	2
Maine	2	-	3	2
Maryland	2	-	2	1
Massachusetts	2	2	4	2
Michigan	2, 3	2	4	1
Minnesota	2, 3	3	1	4
Mississippi	1, 3	-	1	1

1. The Commission's response agreed with the findings and recommendations in the pre-audit survey report.
2. The Commission disagreed in whole or in part with the findings and recommendations in the pre-audit survey report.
3. The Commission's response indicated that it initiated or planned to initiate corrective action in response to the findings and recommendations in the pre-audit survey report.
4. The Commission's response did not indicate that it agreed or disagreed with the findings in the pre-audit survey report.

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Table 4: Summary of State Commissions Findings
By Commission and Number of Findings in Each Category

State Commission	State Responses (See 1, 2, 3, & 4 Below)	Number of Findings in Each Category		
		Grant Award	Fiscal Administration	Monitoring
Missouri	1, 3	3	4	6
Nevada	1	4	2	1
New Hampshire	2, 3	5	2	7
New Jersey	2, 3	1	1	3
New Mexico	1, 3	1	2	1
North Carolina	2, 3	3	3	3
Ohio	2, 3	3	2	7
Oregon	1, 3	2	8	3
Pennsylvania	1, 3	-	2	4
Rhode Island	2	-	2	2
South Carolina	1, 3	1	3	2
Tennessee	1	1	1	-
Texas	1, 3	3	2	1
Vermont	2, 3	1	7	3
Virginia	Did not respond	2	-	2
Washington	2, 3	1	3	2
West Virginia	2, 3	-	1	2
Wisconsin	2	3	3	2
Wyoming	1, 3	1	2	4

1. The Commission's response agreed with the findings and recommendations in the pre-audit survey report.
2. The Commission disagreed in whole or in part with the findings and recommendations in the pre-audit survey report.
3. The Commission's response indicated that it initiated or planned to initiate corrective action in response to the findings and recommendations in the pre-audit survey report.
4. The Commission's response did not indicate that it agreed or disagreed with the findings in the pre-audit survey report.

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Table 5: Summary of Conditions Reported
By State Commission

Alabama State Community Service Commission		
Category	Finding	Finding Number
Grant Award	Inadequate documentation to support subgrantee selection process	G1
	Documentation supporting grant making decisions not available in all cases	G2
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Limited advertising of funding availability	G6
	Conflict of interest forms not maintained	G9
	Subgrantee selection procedures do not identify data to be provided by previously funded applicants	G13
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	Lack of evidence of FSR and matching reconciliation review	F4
	No written procedures for review of state matching requirements	F6
	Lack of prohibited activities training for members	F14
	Lack of procedures over disbursements	F22
	Lack of Commission level records and supervisory review	F23
Monitoring Site Visits	No comprehensive schedule for planned and actual site visits is maintained	M5
	Monitoring system needs improvement; Site visits documentation inadequate	M6
	Labor hour certification not maintained	M26
	Inadequate procedure for monitoring subgrantee documentation during site visits	M27

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Table 5: Summary of Conditions Reported
By State Commission

Alaska State Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting grant making decisions not available in all cases	G2
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Conflict of interest forms not maintained	G9
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	Lack of evidence of FSR and matching reconciliation review	F4
	The Commission uses their drawdown requests to compile FSRs submitted to the Corporation, therefore, FSRs are not compiled based on expenditures report	F24
Monitoring Site Visits	Monitoring system needs improvement; Site visit documentation missing	M6
	No review of OMB A-133 audit reports	M10

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Table 5: Summary of Conditions Reported
By State Commission

California Community Service Commission		
Category	Finding	Finding Number
Grant Award	Inadequate documentation to support subgrantee selection process	G1
	Adequacy of applicants' financial systems not considered in the selection process	G4
Fiscal Administration	FSRs submitted untimely or unable to determine submission date	F2
	All required FSRs were not maintained and/or portions missing from others	F3
	Lack of evidence of FSR and matching reconciliation review	F4
	Lack of procedures to determine the accuracy of information processed through the state's financial systems	F11
Monitoring Site Visits	No written procedures for follow-up on deficiencies at subgrantees	M2
	Subgrantee financial systems and expense documentation not reviewed during site visits	M7
	No evidence of review of subgrantee financial systems, member timesheets, expense documentation during site visits	M8
	No adequate review of OMB A-133 audit reports	M10

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Table 5: Summary of Conditions Reported
By State Commission

Colorado Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting grant making decisions not available in all cases	G2
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Lack of written grievance procedures	G15
Fiscal Administration	Lack of evidence of FSR and matching reconciliation review	F4
Monitoring Site Visits	Monitoring system needs improvement; Site visit documentation missing	M6
	Lack of adequate documentation of review of subgrantee OMB A-133	M13

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Table 5: Summary of Conditions Reported
By State Commission

Connecticut Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting grant making decisions not available in all cases	G2
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Conflict of interest forms not maintained	G9
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	All required FSRs were not maintained and/or portions missing from others	F3
	Lack of evidence of FSR and matching reconciliation review	F4
	Web based reporting system is not being used to produce FSRs	F19
	Lacks of documentation of financial and grant management procedures and controls	F25
Monitoring Site Visits	No adequate written procedures for follow-up on deficiencies at subgrantees	M2
	Monitoring system needs improvement; Site visit documentation missing	M6
	No evidence of review of subgrantee financial systems, member timesheets, expense documentation during site visits	M8
	No review of OMB A-133 audit reports	M10

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Table 5: Summary of Conditions Reported
By State Commission

Delaware Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Inadequate documentation to support subgrantee selection process	G1
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Availability of 1998 program year funds not advertised – reasons not documented	G8
	Conflict of interest forms not maintained	G9
	Documentation in support of the pre-1998 grantee application rejections not available for review	G10
Fiscal Administration	No support for review of subgrantee FSRs and no comparison of FSR's to accounting systems and/or documentation during site visits	F1
	Fourteen FSRs submitted untimely or late and unable to determine submission date of four others	F2
	All required FSRs were not maintained and portions missing from others from 1995 – 1997	F3
	Administrative and Program Development and Training funds not tracked using budget line items	F12
Monitoring	Monitoring system needs improvement; Information excluded from site visit documentation	M6
	Lack of documentation of review of subgrantee OMB A-133 or other audit reports	M13

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Table 5: Summary of Conditions Reported
By State Commission

Florida Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting grant making decisions not available in all cases	G2
	Conflict of interest forms not maintained	G9
Monitoring Site Visits	No evidence of review of subgrantee financial systems, member timesheets, expense documentation during site visits	M8

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Table 5: Summary of Conditions Reported
By State Commission

Idaho Community Service Commission		
Category	Finding	Finding Number
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	Lack of evidence of FSR and matching reconciliation review	F4
Monitoring Site Visits	Monitoring system needs improvement; Site visit documentation missing	M6
	Lack of documentation of review of OMB Circular A-133 reports or other audit reports from subgrantees	M13

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Table 5: Summary of Conditions Reported
By State Commission

Illinois Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	No public advertising of program funds	G5
	Documentation in support of the pre-1998 grantee application rejections not available for review	G10
Fiscal Administration	FSRs submitted untimely or late and unable to determine submission date	F2
	Lack of review of subgrantees' expense reimbursement reports	F9
Monitoring	No comprehensive schedule for planned and actual site visits is maintained	M5
	Not all subgrantee OMB A-133 audit reports were obtained	M12
	Information from Member surveys is not documented and maintained	M17

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Table 5: Summary of Conditions Reported
By State Commission

Iowa Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Conflict of interest forms not maintained	G9
Monitoring	Monitoring system needs improvement; Site visit documentation missing	M6

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Table 5: Summary of Conditions Reported
By State Commission

Kansas Community Service Commission		
Category	Finding	Finding Number
Grant Award	Lack of formal procedures of maintaining conflict of interest forms	G14
Monitoring Site Visits	Sampled items are not documented in site visit report	M21

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Table 5: Summary of Conditions Reported
By State Commission

Kentucky Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting grant making decisions not available in all cases	G2
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Documentation of advertisements for availability of funds not maintained	G7
	Conflict of interest forms not maintained	G9
Fiscal Administration	FSRs submitted untimely or late and unable to determine submission date	F2
	All required FSRs were not maintained and portions missing from others	F3
	Lack of evidence of FSR and matching reconciliation review	F4
Monitoring	Monitoring system needs improvement; Information excluded from site visit documentation	M6
	Lack of documentation of review of subgrantee OMB A-133 or other audit reports	M13

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Table 5: Summary of Conditions Reported
By State Commission

Maine Community Service Commission		
Category	Finding	Finding Number
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	Specific documentation supporting expenditures are inadequate	F10
	Inadequate access into WBRS	F15
Monitoring Site Visits	Lack of documentation of review of subgrantee OMB A-133 or other reports	M13
	Inadequate review of performance measures and program results during site visits	M28

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Table 5: Summary of Conditions Reported
By State Commission

Maryland Community Service Commission		
Category	Finding	Finding Number
Fiscal Administration	Prior to program year 1998-1999, Financial Status Reports submitted untimely or unable to determine submission date	F2
	Prior to program year 1998-1999, lack of evidence of FSR and matching reconciliation review	F4
Monitoring	No evidence of review of subgrantee financial systems, member timesheets, and expense documentation because reviewer does not identify documents tested during site visits	M8

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Table 5: Summary of Conditions Reported
By State Commission

Massachusetts Community Service Commission		
Category	Finding	Finding Number
Grant Award	Conflict of interest forms not maintained	G9
	Documentation in support of grantee application rejections not available for review	G10
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	All required FSRs were not maintained and/or portions missing from others prior to program year 1998-1999	F3
	Lack of control procedures over maintenance of equipment purchases	F16
	Computer systems back up procedures are not being performed	F18
Monitoring Site Visits	Monitoring system needs improvement; Site visit documentation missing	M6
	Lack of documentation of review of subgrantee OMB A-133	M13

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Table 5: Summary of Conditions Reported
By State Commission

Michigan Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting grant making decisions not available in all cases	G2
	Adequacy of applicants' financial systems not considered in the selection process	G4
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	All required FSRs were not maintained and/or portions missing from others	F3
	Lack of evidence of FSR and matching reconciliation review	F4
	Documentation supporting expenditures missing	F10
Monitoring Site Visits	Monitoring system needs improvement; Site visits documentation missing	M6

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Table 5: Summary of Conditions Reported
By State Commission

Minnesota Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Inadequate documentation to support subgrantee selection process	G1
	Adequacy of applicants' financial systems not considered in the selection process	G4
	No written policies and procedures to ensure consistent communication to selection officials for previously funded applicants	G12
Fiscal Administration	No written procedures for review of matching requirements	F6
Monitoring	No written procedures for monitoring subgrantees	M1
	No written procedures for follow-up on deficiencies at subgrantees	M2
	Monitoring checklist not documented for specific Member files and expense items reviewed	M19
	Sample size determination not documented	M21

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Table 5: Summary of Conditions Reported
By State Commission

Mississippi Community Service Commission		
Category	Finding	Finding Number
Fiscal Administration	Inadequate description of timesheets for program service performed	F17
Monitoring	Lack of documentation of review of subgrantee OMB A-133	M13

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Table 5: Summary of Conditions Reported
By State Commission

Missouri Community Service Commission		
Category	**Finding**	**Finding Number**
Grant Award Process	Adequacy of applicants' financial systems not considered in the selection process	G4
	Conflict of interest forms not maintained	G9
	No procedures to determine if subgrantees have been suspended or disbarred by the Federal government	G11
Fiscal Administration	FSRs submitted untimely or late or unable to determine submission date	F2
	All required FSRs were not maintained and/or portions missing from others	F3
	Lack of review of matching and earmarking requirements	F5
	Documentation supporting expenditures missing	F10
Monitoring	No written procedures for follow-up on deficiencies at subgrantees	M2
	No comprehensive schedule for planned and actual site visits is maintained	M5
	Subgrantee financial systems and expense documentation not reviewed during site visits	M7
	No requirement for submission of OMB A-133 audit reports	M9
	No review of OMB A-133 audit reports	M10
	Information from Member surveys is not documented and maintained	M17

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Table 5: Summary of Conditions Reported
By State Commission

Nevada State Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting the selection review process is inconsistent and incomplete	G3
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Documentation in support of grantee application rejections not available for review	G10
	Lack of written grievance procedures	G15
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	Documentation supporting expenditures missing	F10
Monitoring	No written procedures for monitoring subgrantees	M1

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Table 5: Summary of Conditions Reported
By State Commission

New Hampshire Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Adequacy of applicants' financial systems not considered in the selection process	G4
	Limited advertising of funding availability	G6
	Conflict of interest forms not maintained	G9
	Documentation in support of grantee application rejections not available for review	G10
	No written policies and procedures to ensure consistent communication to selection officials for previously funded applicants	G12
Fiscal Administration	FSRs submitted untimely or late or unable to determine submission date	F2
	Lack of evidence of FSR and matching reconciliation review	F4
Monitoring	No written procedures for follow-up on deficiencies at subgrantees	M2
	No comprehensive schedule for planned and actual site visits is maintained	M5
	No evidence of review of subgrantee financial systems, Member timesheets, expense documentation during site visits	M8
	No requirement for submission of OMB A-133 audit reports	M9
	No review of OMB A-133 audit reports	M10
	No procedures to determine if subgrantees are performing prohibited activities	M22
	No procedures to determine if Member's living allowances are correctly paid	M23

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Table 5: Summary of Conditions Reported
By State Commission

New Jersey Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Adequacy of applicants' financial systems not considered in the selection process	G4
Fiscal Administration	FSRs submitted untimely or late or unable to determine submission date	F2
Monitoring	Monitoring system needs improvement; Site visit documentation missing	M6
	No review of OMB A-133 audit reports	M10
	Subgrantee OMB A-133 or other audit reports not maintained	M11

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Table 5: Summary of Conditions Reported
By State Commission

New Mexico Community Service Commission		
Category	Finding	Finding Number
Grant Award	Conflict of interest forms not maintained	G9
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	Lack of evidence of FSR and matching reconciliation review	F4
Monitoring Site Visits	Monitoring system needs improvement; Site visit documentation missing	M6

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Table 5: Summary of Conditions Reported
By State Commission

North Carolina Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Inadequate documentation to support subgrantee selection process	G1
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Documentation of ads for availability of funds not maintained	G7
Fiscal Administration	No support for review of subgrantee FSRs and no comparison of FSRs to accounting systems and/or documentation during site visit	F1
	FSRs submitted untimely or late or unable to determine submission date	F2
	All required FSRs were not maintained and/ or portions missing from others	F3
Monitoring	Monitoring system needs improvement; Site visit documentation missing	M6
	Lack of documentation of review of subgrantee OMB A-133 or other audit reports	M13
	Actual dates of site visits not documented	M24

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Table 5: Summary of Conditions Reported
By State Commission

Ohio Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation supporting the selection review process inconsistent and incomplete	G3
	Conflict of interest forms not maintained	G9
	Subgrantee selection procedures do not identify data to be provided by previously funded applicants	G13
Fiscal Administration	Lack of evidence of FSR and matching reconciliation review	F4
	Lack of procedures to determine the accuracy of information processed through the state's financial system	F11
Monitoring	No written procedures for follow-up on deficiencies at subgrantees	M2
	Monitoring system needs improvement; Site visit documentation missing	M6
	No requirement for submission of OMB A-133 audit reports	M9
	No review of OMB A-133 audit reports	M10
	Unable to determine if progress reports were received timely	M15
	Review of progress reports and submission of results to subgrantees not in conformance with Council procedures	M16
	Procedures for Learn and Serve subgrantees do not include site visits or submission of written feedback on quarterly progress reports	M25

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Table 5: Summary of Conditions Reported
By State Commission

Oregon State Community Service Commission		
Category	Finding	Finding Number
Grant Award	Adequacy of applicants' financial systems not considered in the selection process	G4
	Documentation in support of grantee application rejections not available for review	G10
Fiscal Administration	FSRs submitted untimely or unable to determine submissions date	F2
	All required FSRs were not maintained and /or portions missing from others	F3
	Lack of evidence of FSR and matching reconciliation review	F4
	Inadequate documentation supporting expenditures missing, i.e. administrative grant expenses, unable to determine how amounts charged were derived	F10
	Lack of procedures to determine the accuracy of information processed through the state's financial systems	F11
	Lack of comprehensive formal policies and procedures with fiscal agent, DCCWD	F13
	Inadequate disbursement of funds to subgrantees, i.e. on a pro rata basis instead of on a reimbursement or proximate need basis	F20
	Inadequate procedures in place to ensure timely drawdown of Federal funds	F21
Monitoring Site Visits	Lack of timely communication and follow-up on deficiencies found during site visits	M3
	Monitoring system needs improvement; Site visit documentation missing	M6
	No review of OMB A-133 audit reports	M10
Other	Composition of the board of commissioner does not appear to be representative of the population of the state of Oregon	O1
	Staff levels may be inadequate to perform all required duties beginning July 1, 2000	O2

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Table 5: Summary of Conditions Reported
By State Commission

Pennsylvania Community Service Commission		
Category	Finding	Finding Number
Fiscal Administration	FSRs submitted untimely or late or unable to determine submission date	F2
Monitoring	No written procedures to ensure subgrantees correct deficiencies	M4
	No comprehensive schedule for planned and actual site visits is maintained	M5
	No evidence of review of subgrantee financial systems, Member timesheets, expense documentation during site visits	M8
	Subgrantee progress reports not formally verified during site visits	M14
Other	Staff levels inadequate to perform all required duties	O2

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Table 5: Summary of Conditions Reported
By State Commission

Rhode Island Community Service Commission		
Category	Finding	Finding Number
Fiscal Administration	Lack of evidence of FSR and matching reconciliation review	F4
	Learn and Serve FSRs prepared on a cash basis	F8
Monitoring	Monitoring system needs improvement; Site visit documentation missing	M6
	Procedures to select Members for testing not documented	M20

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Table 5: Summary of Conditions Reported
By State Commission

South Carolina State Community Service Commission		
Category	Finding	Finding Number
Grant Award	Documentation in support of grantee application rejections not available for review	G10
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	All required FSRs were not maintained and/or portions missing from others	F3
	Lack of evidence of FSR and matching reconciliation review	F4
Monitoring Site Visits	Monitoring system needs improvement; Site visit documentation missing	M6
	No evidence of review of subgrantee financial systems, member timesheets, expense documentation during site visits	M8

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Table 5: Summary of Conditions Reported
By State Commission

Tennessee Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Conflict of interest forms not maintained	G9
Fiscal Administration	All required FSRs were not maintained and/or portions missing from others	F3

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Table 5: Summary of Conditions Reported
By State Commission

Texas State Community Service Commission		
Category	Finding	Finding Number
Grant Award	Inadequate documentation to support subgrantee selection process	G1
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Conflict of interest forms not maintained	G9
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	No written procedures for review of matching requirements	F6
Monitoring Site Visits	No comprehensive schedule for planned and actual site visits is maintained	M5

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Table 5: Summary of Conditions Reported
By State Commission

Vermont Community Service Commission		
Category	Finding	Finding Number
Grant Award	Adequacy of applicants' financial systems not considered in the selection process	G4
Fiscal Administration	Financial Status Reports submitted untimely or unable to determine submission date	F2
	Inadequate written procedures for review of matching requirements	F6
	Documentation supporting expenditures inadequate	F10
	Lack of procedures to determine the accuracy of information processed through the states' financial systems	F11
	Funds not tracked using budget line items	F12
	Inadequate authority to WBRS. All users were granted "Executive Director" access authority	F15
	Lack of control procedures over maintenance of equipment purchases	F16
Monitoring Site Visits	No evidence of review of subgrantee financial systems, member timesheets, expense documentation during site visits	M8
	Lack of documentation of review of subgrantee OMB A-133 or other audit reports	M13
	Subgrantee progress reports not formally verified during site visits	M14

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Table 5: Summary of Conditions Reported
By State Commission

Virginia Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Conflict of interest forms not maintained	G9
	Documentation in support of grantee application rejections not available for review	G10
Monitoring	Lack of timely communication and follow-up on deficiencies found during site visits; Follow-up results not documented	M3
	Sample size determination not documented	M21

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Table 5: Summary of Conditions Reported
By State Commission

Washington Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Documentation supporting grant making decisions not available in all cases	G2
Fiscal Administration	No support for review of subgrantee FSRs and no comparison of FSRs to accounting systems and/or documentation during site visits	F1
	FSRs submitted untimely or late and unable to determine submission date	F2
	All required FSRs were not maintained and portions missing from others	F3
Monitoring	Monitoring system needs improvement; Information excluded from site visit documentation	M6
	Lack of documentation of review of subgrantee OMB A-133 or other audit reports	M13

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Table 5: Summary of Conditions Reported
By State Commission

West Virginia Community Service Commission		
Category	Finding	Finding Number
Fiscal Administration	FSRs submitted untimely or late or unable to determine submission date	F2
Monitoring	Not all subgrantee OMB A-133 audit reports were obtained	M12
	No procedures to determine if subgrantees are performing prohibited activities	M22

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Table 5: Summary of Conditions Reported
By State Commission

Wisconsin Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Documentation supporting grant making decisions not available in all cases	G2
	Adequacy of applicants' financial systems not considered in the selection process	G4
	Conflict of interest forms not maintained	G9
Fiscal Administration	FSRs submitted untimely or late or unable to determine submission date	F2
	All required FSRs were not maintained and/or portions missing from others	F3
	Lack of evidence of FSR and matching reconciliation review	F4
Monitoring	Monitoring system needs improvement; Site visit documentation missing	M6
	Lack of documentation of review of subgrantee OMB A-133 or other reports	M13

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Table 5: Summary of Conditions Reported
By State Commission

Wyoming Community Service Commission		
Category	Finding	Finding Number
Grant Award Process	Adequacy of applicants' financial systems not considered in the selection process	G4
Fiscal Administration	Lack of evidence of FSR and matching reconciliation review	F4
	Inadequate documentation to support Commission's in-kind match amount	F7
Monitoring	No written procedures for follow-up on deficiencies at subgrantees	M2
	Lack of documentation of review of subgrantee OMB A-133 or other reports	M13
	Monitoring checklist not documented for specific Member files and expense items reviewed	M19
	Sample size determination not documented	M21

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Table 6: State Commissions Audited as a Major Program Under Single Audit Act Requirements

State Commission	Audited as a Major Program in the State's Annual Audit (Years Audited)	Audited as a Separate Entity Under Single Audit Act Requirements (Years Audited)
California	1997, 1998 and 1999	
Florida	June 30, 1996	June 30, 1997
Maryland	June 30, 1999	
Massachusetts	June 30, 1995, 1996, 1997, 1998 and 1999	
Michigan	September 30, 1998	
Nevada	June 30, 2000	
New Hampshire	June 30, 1998	
New Mexico	June 30, 1998	
Oregon	June 30, 1999	
Rhode Island AmeriCorps Learn and Serve and Administration Grants		September 30, 1995, 1996, 1997, 1998 September 30, 1995 and 1996
South Carolina	June 30, 1998	
Washington	June 30, 1998	

Schedule Of
OIG State Commission Pre-Audit Survey Reports

Commission	*OIG Report Number*
Alaska State Community Service Commission	00-24
Alabama State Commission On National And Community Service	01-20
California Commission Improving Life Through Service	01-18
Colorado Governor's Commission On Community Service	01-25
Connecticut Commission On National And Community Service	01-21
Delaware Community Service Commission	00-06
Florida Commission On Community Service	00-30
Idaho Commission For National And Community Service	00-28
Illinois Commission on Community Service	00-32
Iowa Commission on Volunteer Service	00-07
Kansas Commission On National And Community Service	00-33
Kentucky Commission on Community Volunteerism and Service	00-11
Maine Commission For Community Service	01-19
Maryland Governor's Office On Service And Volunteerism	01-16
Massachusetts Service Alliance	01-24
Michigan Community Service Commission	00-25
Minnesota Commission On National And Community Service	00-31
Mississippi Commission For Volunteer Service	01-15
Missouri Community Service Commission	00-17
Nevada Commission For National And Community Service	01-17
New Hampshire Commission On National And Community Service	00-19

Schedule Of
OIG State Commission Pre-Audit Survey Reports

Commission	*OIG Report Number*
New Jersey Commission On National And Community Service	00-26
New Mexico Commission For Community Volunteerism	00-34
North Carolina Commission On Volunteerism And Community Service	00-08
Ohio Governor's Community Service Council	00-15
Oregon Community Service Commission	01-03
Pennsylvania Commission On National And Community Service	00-14
Rhode Island Service Alliance: A Commission for National And Community Service	00-27
South Carolina Commission on National And Community Service	01-22
Texas Commission On Volunteerism And Community Service	01-23
Tennessee Commission On National And Community Service	00-09
Vermont Commission On National And Community Service	01-26
Virginia Commission On National And Community Service	00-18
Washington Commission On National And Community Service	00-10
West Virginia Commission On National And Community Service	00-16
Wisconsin National And Community Service Board	00-29
Wyoming Commission For National And Community Service	00-35

The tables and statistics for this report were compiled from the 37 pre-audit survey reports listed above.

State Commission
Pre-Audit Surveys
Objectives, Scope and Methodology

Objectives, Scope, and Methodology

The purpose of the Office of Inspector General's pre-audit surveys of the individual state commissions is to provide a preliminary assessment of their systems and procedures for administering their AmeriCorps and other CNS funding. The procedures are less in scope than an audit and are intended to provide for a preliminary assessment of:

- the adequacy of the pre-award selection process;
- the fiscal procedures at the commission; and
- the effectiveness of monitoring of subgrantees, including AmeriCorps Member activities and service hours.

The results of the surveys aid OIG in determining future audit work to be performed at each commission.

The surveys include the following procedures:

- reviewing applicable laws, regulations, grant provisions, the Corporation guidance, including its *State Administrative Standards Tool*, 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 CNS grant funding for program years 1995 through 99; and
- performing the procedures detailed below over the commission's internal controls, selection of subgrantees, administration of grant funds, and the evaluation and monitoring of grants.

Each commission's internal controls are documented and tested using inquiries, observations, and examination of a limited sample of source documents. The results of our work are summarized to develop the findings and recommendations for each commission.

Although the work performed does not constitute an audit, the procedures, described herein, are performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We provide drafts of each report to the individual commission and to the Corporation for comment and include their responses in the final report.

State Commission
Pre-Audit Surveys
Objectives, Scope and Methodology

Objective and the Procedures Performed for Each Area

Internal Controls

Our objective is 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 identify the compliance requirements with a direct and material effect on the commission's AmeriCorps and other grant program, as follows: activities allowed or unallowed and allowable costs; cash management; eligibility; matching; period of availability of Corporation funds; and reporting by the commission to the Corporation. We then interview key commission personnel to assess the commission's controls surrounding these requirements.

Selecting Subgrantees

Our objectives are 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 interview key commission management and document procedures performed by the commission during the pre-award financial and programmatic risk assessment of potential subgrantees. We also review documentation to determine if conflict of interest forms for each subgrantee applicant tested were signed by selection officials annually and maintained by the commission.

State Commission
Pre-Audit Surveys
Objectives, Scope and Methodology

Administering the Grant Funds

Our objectives are 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 review 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.

Evaluating and Monitoring Grants

Our objectives are 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;

State Commission
Pre-Audit Surveys
Objectives, Scope and Methodology

- 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 document the procedures performed by the commission to evaluate and monitor individual subgrantees. In addition, we judgmentally select subgrantees and obtain the commission's documentation for site visits. We review 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 determine whether the commission receives and reviews OMB Circular A-133 audit reports from subgrantees.

CORPORATION
FOR NATIONAL
SERVICE

DATE: July 18, 2001

TO: Luise Jordan, Inspector General

THRU: William Anderson, Deputy Chief Financial Officer

FROM: Peter Heinaru, Acting Director, AmeriCorps State/National

SUBJECT: Comments on June 18 draft of OIG Report 01-41, *Summary of 37 State Commission Pre-Audit Survey Reports*

Thank you for the opportunity to comment on the draft summarizing the results of 37 Office of the Inspector General (OIG) pre-audit survey reports on governor-appointed State Commissions on national service. We are pleased that the survey reports confirm the Corporation's position that the State Commissions have shown considerable improvement in their administration of Corporation grants and are continuing to work diligently to make improvements in their administrative management.

We note that the pre-audit surveys generally covered the State Commissions' operations during the period 1994 through 1999. This time frame includes the initial start-up of the Commissions and their first years administering a new and complex Federal program. Given these circumstances, the OIG's findings that the Commissions could not always provide sufficient documentation of actions taken to administer and monitor the program for all years surveyed are not unusual or wholly unexpected.

In addition, the individual reports issued by the OIG for the most part addressed areas where the State Commission needed to improve operations. Areas where operations were running well do not get specifically discussed in the reports or in this summary, nor are they covered to the same degree as areas needing improvement. This reporting style is the one predominantly used by auditors, and understandably so. But the downside of this is that when the information is consolidated, as it is for this summary report, the reader is left with the impression that the findings are reflective of the entire review. That is not the case. When considered in their entirety, the State Commissions are performing their roles and responsibilities in a far more exemplary manner than is described in this summary. The Corporation hopes that the reader will keep this in mind as she/he forms an overall assessment of the Commissions. The Corporation and individual State Commissions welcome this oversight and look forward to the opportunity to share their overall management and programming impact with interested parties.

We continue to work with the Commissions to ensure that the Commissions adequately document their activities. To facilitate these efforts, we suggest that future summaries prepared by the OIG differentiate between significant and less significant findings. For example, the tables in the report appear to give equal weight to instances where FSRs are not submitted at all versus where they are a week late. The Corporation does not want to be misinterpreted as condoning late submission of a report, nonetheless, reports are at times submitted late, or they may not be logged in immediately upon receipt. This is a relatively minor matter that can be corrected with greater management attention, but it is not a reflection of a significant financial weakness.

The tables also do not clearly identify findings occurring during the start-up period for a State Commission that were subsequently corrected and those that the Commission has not begun to address. The reader of this report needs to be able to understand what the findings are and to be able to assess their overall impact. Thus, the Corporation believes that a simple review of numbers and counts, without proper context, is not the most effective way to analyze the information and make policy determinations. Making these types of distinctions in the reports would better enable the Corporation and the Commissions to concentrate our limited resources on those items that will provide the most benefit.

The summary report also makes several broad representations that we believe deserve further discussion. First, the summary report indicates the Corporation lacks a management information system that maintains comprehensive information on its grants, including those to State Commissions and their subgrantees. We disagree with this statement. While the Corporation currently does not have one system, it does have systems that maintain comprehensive information on grants. First and foremost is the National Trust Database, which maintains information on members enrolled in national service positions. Supporting the Trust database is the web-based reporting system (WBRS) that maintains comprehensive information on the members, grant objectives, and programmatic and financial reporting of AmeriCorps grantees. Finally, the Corporation operates Grantsbase, which includes information on grants to State Commissions. Taken together, these systems provide a comprehensive picture of the Corporation's grant programs.

That said, the Corporation does agree that the systems can be improved. In fiscal 2001, the Corporation received funds to replace Grantsbase with a new web-based system that will perform all aspects of grant-making – from submission of grant applications to grant closeout. While development of this system is underway, the Corporation continues to rely on the more limited system capabilities of Grantsbase. The Corporation acknowledges that the new grants system will do far more than the current Grantsbase.

Secondly, the Corporation disagrees with the OIG's conclusion that it "has not, and refuses to issue basic guidelines that establish minimum requirements for monitoring or to require the use of monitoring checklists in a structured manner." In fact, the Corporation has several processes and requirements in place to ensure State Commissions monitor sub-grantees appropriately. First, the Corporation's grant provisions require

State Commissions to use the OMB Circulars common across the grant programs of the Federal government for administering and monitoring their sub-grantees (specifically OMB Circulars A-21; A-87, A-102; A-110; A-122; and A-133). These circulars provide guidance to assure that Federal funds are used in compliance with applicable Federal statutory and regulatory provisions and costs are reasonable and necessary for operating the programs.

It is worth noting that the OMB Circulars, and their associated government-wide common rules, specifically provide guidance to pass-through entities (e.g., State Commissions) on monitoring subgrantees. In particular, OMB Circular A-133 states that "factors such as size of the award, percentage of total program's funds, complexity of the compliance requirements may influence the extent of monitoring procedures." The Circular goes on to state that "Monitoring activities may take various forms, such as reviewing reports submitted by the sub-recipient, performing site visits to the sub-recipient to review financial and programmatic records and observe operations, arranging for agreed-upon procedures for certain aspects of sub-recipient activities, such as eligibility requirements, reviewing the results of single or program-specific audits." This is the approach taken by the Corporation.

Moreover, at the end of 1999, the Corporation developed the State Administrative Standards for Commissions. The Standards set the minimum requirements for the controls and systems State Commissions must have in place to administer Corporation grants. In three specific standards, the Corporation further delineates the State Commission's monitoring responsibilities related to sub-grantees. These standards indicate that, among other strategies, the Commissions must employ a risk-based monitoring strategy, conduct monitoring site visits to sub-grantees, provide feedback from site visits and assure that sub-grantees remedy deficiencies within appropriate timeframes.

OMB approved the Corporation's initiative to establish additional administrative standards and to perform reviews of State Commissions based on the standards. To date, the Corporation has reviewed 25 State Commissions, with reports on the results issued for 17. These reviews identify areas where Commissions are meeting standards and areas where work needs to be done. Each State Commission develops a plan to remedy deficiencies found during the standards review and works closely with its Corporation program officer to fulfill the requirements of the standards. With completion of the reviews scheduled for fiscal 2001, 29 Commissions will have been reviewed (and 27 reports issued).

Together with the OMB Circulars, the Corporation believes that the State Administrative Standards provide a solid foundation for the administration of its grant programs while allowing the Commissions the flexibility to efficiently carry out the program consistent with the differing needs of each State. The summary report characterizes these requirements as an "unstructured approach" leading to "differing levels of monitoring." However, State Commissions are as a general rule, State government instrumentalities. The Corporation *expects* that each State Commission's

monitoring program will be tailored to its specific needs and State government requirements while meeting the minimum requirements specified in the OMB Circulars and the State Administrative Standards. Inherently, this will lead to different methodologies and monitoring procedures by State Commissions. However, this approach is wholly consistent with the principle of regulatory federalism imbedded in the OMB Circulars. This principle provides that to the maximum extent permitted by law, State agencies are to be given the flexibility and responsibility to develop and apply their own rules. Adhering to this principle may indeed result in differing procedures by State agencies, which the OIG describes as "erratic," however, they are fundamental tenets of government policies. For this reason, the Corporation believes that the policies that have already been issued are adequate.

Finally, the Corporation has made specific responses to each of the pre-award surveys issued by the OIG, which include the corrective actions that are being immediately addressed with State Commissions. More than half of the Commissions have had a State Administrative Standards review with the remainder planned for next year. The remaining pre-audit surveys for which the Corporation has not developed responses and corrective actions are recent and being addressed as issued. The Corporation has taken initiatives to assure better management by Commissions, address pre-audit survey findings, and assure appropriate corrective actions are taken.

The Corporation has taken this approach in responding to this summary report, not to refute the findings of the auditors, but rather to help readers put the information in a broader perspective. The individual pre-audit surveys are helpful to the Corporation and to the individual State Commissions. They identify areas where improvements can be made, but they are only one side of the story. Areas in which grantees are performing well are simply not given the same level of attention, as are areas where improvements can be made. If this fact is kept in mind, then the reader can be best informed on Commission operations.

cc: Wendy Zenker
Peg Rosenberry

OIG Comments on Specific Items Noted in the Corporation's Response to this Summary Report

On page 2 of the Summary Report, we noted that 25 commissions had initiated improvements in recent years. In its response, the Corporation correctly notes that the surveys generally covered the State Commissions' operations during the period 1994 through 1999. The Corporation observes that "(t)his time frame includes the initial start-up of the Commissions and their first years administering a new and complex Federal program" and that "(g)iven these circumstances, the OIG's findings that the Commissions could not always provide sufficient documentation of actions to administer and monitor the program for all years surveyed are not unusual or wholly unexpected." The Corporation, by that statement, is arguing the untenable position that the first and critical five year period during which substantial Federal funds were expended are somehow exempt from accountability and/or during that period, the Commissions should not have been required to comply with grant provisions and Federal regulations to which they agreed when receiving the grants. We disagree. A thorough search of the Corporation's grant provisions and applicable Federal regulations failed to produce any evidence of a policy whereby grant provisions or Federal regulations are waived during an initial start-up period for grant performance. In any event, a five year start-up period would be excessive.

* * *

On page 2 of its response, the Corporation makes the following statement:

> "For example, the tables in the report appear to give equal weight to instances where FSRs are not submitted at all versus where they are a week late. The Corporation does not want to be misinterpreted as condoning late submission of a report, nonetheless, reports are at times submitted late, or they may not be logged in immediately upon receipt. This is a relatively minor matter that can be corrected with greater management attention, but it is not a reflection of a significant financial weakness."

We have several issues with this statement. First, the finding cited in the report related to submission of Financial Status Reports (Finding F2) was uniformly presented as "FSRs submitted untimely or unable to determine submission date." We are unable to determine how the Corporation concluded that the report gave equal weight to instances where FSRs are not submitted at all versus where they are a week late. Second, the Corporation's statement is another example of the Corporation brushing aside shortcomings of the commissions. A careful reading of the Corporation's statement discloses discussion of FSRs that are submitted late or not logged in immediately upon receipt. The Corporation fails, however, to discuss instances where FSRs are not submitted at all.

* * *

The Corporation, also on page 2 of its response, makes the following statement:

> "The tables do not clearly identify findings occurring during the start-up period for a State Commission that were subsequently corrected and those that the Commission has not begun to address. The reader of this report needs to be able to understand what the findings are and to be able to assess their overall impact. Thus, the Corporation believes that a simple review of numbers and counts, without proper context, is not the most effective way to analyze the information and make policy determinations. Making these types of distinctions in the reports would better enable the Corporation and the Commissions to concentrate our limited resources on those items that will provide the most benefit."

Our report, as discussed earlier, acknowledges improvements the commissions initiated in recent years. These improvements, however, do not eradicate the shortcomings of the commissions before the new policies went into effect. These shortcomings have been presented because, notwithstanding improvements made by the commissions, they must be addressed and considered in planning and performing our audits of Federal funds. Our audit work (both pre-audit surveys and full-scope audits) completed thus far, of Corporation awards to state commissions have shown that the commission's shortcomings in earlier years can lead to significant questioned costs.

Moreover, as far as distinguishing the years for which the findings are applicable, we have provided this information and a great deal more to the Corporation in the individual pre-audit survey reports and also provided many recommendations to the Corporation and the commissions for corrective actions and management improvements. The purpose of this Summary Report was to combine the information in a way to provide the reader with a broad general overview of the issues and the common themes that the surveys have revealed. If the reader desires more detailed information, then the individual reports listed in Appendix A can be obtained from CNS OIG.

* * *

The Corporation disagrees with the report's inference that the Corporation lacks a management information system that maintains comprehensive information on its grants, including those to state commissions and their subgrantees. The Corporation cites as "first and foremost" the National Trust Database. The National Trust Database contains data related to enrolled AmeriCorps Members and their reported earned educational awards. It contains no information related to the financial or programmatic performance of awards to state commissions and, ultimately, to their subgrantees. As such, the National Trust Database cannot be characterized as containing comprehensive information on grants.

* * *

The Corporation also disagrees with the report's conclusion that the Corporation "has not and refuses to issue basic guidelines that establish minimum requirements for monitoring or to require the use of monitoring checklists in a structured manner." The Corporation's

position is that its "grant provisions require State Commissions to use the OMB Circulars common across the grant programs of the Federal government for administering and monitoring their subgrantees (specifically OMB Circulars A-21; A-87; A-102; A-110; A-122; and A-133)" and that "(t)hese Circulars provide guidance to assure that Federal funds are used in compliance with applicable Federal statutory and regulatory provisions and costs are reasonable and necessary for operating the programs."

We acknowledge that the Corporation's awards to the state commissions incorporate, at least by reference, the cited OMB Circulars. To suggest that the inclusion of these provisions in awards assures "that Federal funds are used in compliance with applicable Federal statutory and regulatory provisions and costs are reasonable and necessary for operating the programs" is, at best, disingenuous, and is inconsistent with the fact that the Corporation itself has sustained amounts questioned in audit reports arising from noncompliance with the cited OMB Circulars and grant provisions. Simply put, the inclusion of these references in awards does not, in any way, guarantee that grantees are actually following or enforcing them.

The Corporation states that OMB Circulars, and their associated common rules, specifically provide guidance to pass-through entities on monitoring subgrantees. The Corporation observes that OMB Circular A-133 states that "factors such as size of the award, percentage of total program's funds, complexity of the compliance requirements may influence the extent of monitoring procedures." The Corporation notes that the Circular also states that "Monitoring activities may take various forms, such as reviewing reports submitted by the sub-recipient, performing site visits to the sub-recipient to review financial and programmatic records and observe operations, arranging for agreed-upon procedures for certain aspects of sub-recipient activities, such as eligibility requirements, reviewing the results of single or program-specific audits." The Corporation states that this is the approach taken by the Corporation, and presents these excerpts from OMB Circular A-133 as justification for refusing to issue basic guidelines that establish minimum requirements for monitoring or to require the use of monitoring checklists in a structured manner.

We observe, first, that the cited OMB Circular language has been taken out of context. The Circular, at Subpart D, §___.400(d)(3) requires pass-through entities to "(m)onitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contract or grant agreements and that performance goals are achieved[1]." The Corporation's guidance, or the lack thereof, permits the state commissions to monitor their subgrantees in any manner and to any degree that the individual state commission might feel appropriate without establishing a rationale supporting the monitoring employed. The state commissions would be more capable of performing effective and consistent oversight and monitoring of subgrantees if the Corporation provided at least a base-level

[1] It is interesting to note that this provision of OMB Circular A-133 does not assume, as does the Corporation, that the inclusion of specific terms and conditions and administrative requirements and cost principles contained in other OMB Circulars, in the award document, assures compliance with their requirements.

of policy guidance on specifically when and how such oversight should occur. Such an approach would also provide greater assurance to the Corporation that the commissions comply with the cited OMB Circular requirement.

Second, the citation of "factors such as.... complexity of the compliance requirements may influence the extent of monitoring procedures" and "(m)onitoring activities may take various forms..." is also taken out of context. OMB Circular A-133 applies to virtually all Federal grant programs, an extremely diverse universe. Hence, the Circular's authors had a need to provide flexibility. In contrast, compliance requirements that the Corporation may impose on the state commissions would be uniform. Compliance monitoring activities by state commissions should be generally consistent across the country and reflect at least a baseline of essential steps and requirements that the Corporation identifies. Policies set forth in OMB and other grant-related publications should be tailored to fit the circumstances that state commissions are likely to encounter.

Finally, the Corporation asserts that the State Administrative standards provide sufficient guidance. However, the standards, that were provide to OIG when they were issued in 1999, do not contain substantive guidelines. They describe basic goals; for instance, "Properly monitors Programs and Ensures Compliance." Then for such an overarching goal, list attributes such as "Has and employs a risk-based monitoring strategy" and "Conducts monitoring site visits to Corporation subgrantees" followed by a series of questions about whether or not a state commission has these attributes, and if not, where it stands as far as achieving compliance. We are not aware of other materials related to these administrative standards that clearly set forth the Corporation's expectations as to what constitutes proper monitoring or a baseline as to what should be done during a site visit or when site visits are expected/required.