Office of Inspector General
Corporation for National and Community Service

AGREED-UPON PROCEDURES OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS AWARDED TO THE WYOMING COMMISSION FOR NATIONAL AND COMMUNITY SERVICE

OIG REPORT NUMBER 05-18

Corporation for NATIONAL & COMMUNITY SERVICE

Prepared by:

COTTON & COMPANY LLP
635 Slaters Lane, 4th Floor
Alexandria, Virginia 22314

This report was issued to Corporation management on September 2, 2005. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than March 2, 2006, and complete its corrective actions by September 2, 2006. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Office of Inspector General
Agreed-Upon Procedures of Corporation for National and Community Service Grants Awarded to the
Wyoming Commission for National and Community Service

OIG Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), retained Cotton & Company LLP (Cotton) to perform agreed-upon procedures of Corporation National Direct Grants awarded to the Wyoming Commission for National and Community Service (Commission).

For the grants in Program Years 2001-2002, 2002-2003 and 2003-2004, the Commission claimed costs of $638,162, of which the auditors questioned $216,868 as unallowable and unsupported costs, and $14,478 of education awards. Overall, the auditors questioned approximately 34 percent of claimed costs.

Costs questioned for allowability represent amounts for which documentation shows that recorded costs were expended in violation of regulations or specific grant award conditions, or costs that require an interpretation of allowability by the Corporation. The auditors also noted instances of noncompliance with provisions of Federal laws, regulations and grant award provisions.

The Commission was dissolved in 2004 and replaced by a non-profit organization. Although former Commission officials disagreed with the auditor's questioned match costs for public service announcements, it generally agreed with the remaining auditors' conclusions. The State has also launched an internal audit into the Northern Arapahoe Housing Development Organization and is attempting to collect documentation for the $128,252 in costs questioned for lack of support. These comments and any additional supporting documentation will be reviewed by the Corporation as part of the audit resolution process.

In accordance with our statutory responsibilities, we reviewed Cotton's report and related documentation, interviewed their representatives, and performed other procedures as we deemed appropriate in the circumstances to provide reasonable assurance that the agreed-upon procedures were performed in accordance with generally accepted government auditing standards. Our review was not intended to enable us to express, and we do not express, opinions on the Commission's Consolidated Schedule of Award Costs, internal controls or conclusions on compliance with laws and regulations. Cotton is responsible for the attached reports dated January 4, 2005, and the conclusions expressed therein. However, our review disclosed no instances where Cotton did not comply, in all material respects, with generally accepted government auditing standards.

The Office of Inspector General provided Wyoming State officials and the Corporation with a draft of this report for their review and comment. Their responses are included as Appendices A and B, respectively.

OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AGREED-UPON PROCEDURES TESTING OF GRANTS AWARDED TO THE WYOMING COMMISSION FOR NATIONAL AND COMMUNITY SERVICE

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AGREED-UPON PROCEDURES SCOPE

Cotton & Company LLP was contracted by the Office of Inspector General (OIG), Corporation for National and Community Service (Corporation) to perform agreed-upon procedures on the costs claimed by the Wyoming Commission (Commission) and its subgrantees for the period from January 1, 2001, through September 30, 2004. The agreed-upon procedures covered financial transaction, compliance, and internal control testing of the following program awards funded by the Corporation:

Program	Award No.	Award Period	Testing Period
Administrative	01SCSWY050	01/01/01 – 06/01/04	01/01/01 – 06/30/04
Disability Funds	01DSCWY050	01/01/01 – 12/31/03	01/01/01 – 12/31/03
Program Development and Training (PDAT)	02PDSWY050	01/01/02 – 12/31/04	01/01/02 – 06/30/04
AmeriCorps	00ASFWY052	09/01/00 – 09/30/03	07/01/01 – 09/30/03
AmeriCorps	03AFHWY001	10/01/03 – 09/30/06	10/01/03 – 09/30/04

The agreed-upon procedures specifically included:

- Reviewing documents to understand how the Commission spent grant funds. This included gathering complete information for each subgrantee on subgrants awarded and costs actually incurred.

- Testing claimed Commission costs to ensure:

  i. Proper recording among the Administrative, PDAT and Disability grants;
  ii. Costs were properly matched; and
  iii. Costs were allowable and properly supported in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments,* other applicable OMB circulars, and award terms and conditions.

- Reconciling Commission financial reporting of subgrantee grants and expenditures to its financial system records.

- Testing subgrantee member files to verify that the records supported the eligibility and allowability of living allowances and education awards.

- Testing claimed subgrantee costs for allowability in accordance with applicable Office of Management and Budget (OMB) circulars, as well as proper matching for cost share.

- Reconciling subgrantee claimed costs to financial system records.

BACKGROUND

The Commission, a State of Wyoming agency, received Corporation funds to provide and support national and community service programs from 1995 to 2004. It had approximately 37 AmeriCorps members in Program Year (PY) 2003 and 14 in PY 2004, all of whom were part-time members. The fiscal agent of the Commission was initially the State Department of Health. In 2002, this operation was transferred to the State Department of Workforce Services (SDWS). According to the Administrator of SDWS, the agency had difficulty establishing a Federal cash draw down account with the U.S. Department of Health and Human Services, Payment Management System.

The Wyoming Commission did not directly administer any AmeriCorps programs. AmeriCorps funding flowed through the Commission to its subgrantees. The Commission did, however, directly incur expenses for the Administrative and PDAT grants.

In 2004, a non-profit organization, Serve Wyoming, Inc. was established to replace the Commission. The Commission did not renew any of its Corporation grants after Program Year (PY) 2003 – 2004, and it has ceased operations. The non-profit organization received a new set of PY 2004 grants from the Corporation and hired a completely new staff.

The Corporation administers education awards through a database of all members that is updated by each State commission and reported to the Corporation's National Service Trust (Trust). Members then submit requests to the Trust to redeem their awards, which are paid by the Corporation directly to higher educational institutions or holders of members' education loans.

The OIG performed a pre-audit survey of the Commission's systems and procedures, issuing Office of Inspector General Report No. 00-35 on May 16, 2000. Our agreed-upon procedures did not include a determination of the status of the recommendations made in that report because the Wyoming Commission is no longer operational.

SUMMARY OF RESULTS

Costs Claimed

The Commission claimed total costs of $638,162 on its Corporation grants from January 1, 2001, through September 30, 2004. Of this amount, we questioned $49,633 for allowability and $167,235 for support. Costs questioned for allowability are costs for which there is documentation that the recorded costs were expended in violation of the law, regulations, or specific conditions of the award, or those costs that require interpretation of allowability by the Corporation. Costs questioned for support require additional documentation to support that the costs were incurred and were allowable.

Costs were questioned for the following reasons:

Questioned for Allowability	Costs
Costs Outside the Grant Budget	$ 2,757
Grantee did not Fulfill Program Requirements	9,930
Errors in Preparing Financial Status Reports	(12,439)
Costs Incurred on a Previous Grant	3,596
Cost of a Canceled Airline Flight	486
Cost Matching Shortfall	45,303
Total	$49,633

Questioned for Support	Costs
Inadequate Supporting Documentation	$167,235

AmeriCorps members who successfully complete terms of service are eligible for education awards from the National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. As part of our agreed-upon procedures, however, we determined the effect of accountants' findings on education award eligibility. Using the same criteria described above, we questioned education awards of $14,478 for support.

Details related to these costs and awards appear in the Accountants' Agreed-Upon Procedures Report. Exceptions are summarized by award as follows.

Grant No.	Costs Claimed	Costs Questioned for Allowability	Costs Questioned for Support	Education Awards Questioned	Schedule
01SCSWY050	$147,579	$49,385	$ 17,648		A
02PDSWY050	50,461	(12,439)	264		B
01DSCWY050	5,724	—	—		—
00ASFWY052	289,754	2,757	21,071	$ 5,028	C
03AFHWY001	144,644	9,930	128,252	9,450	D
Total	$638,162	$49,633	$167,235	$14,478	—

Compliance and Internal Controls

Our agreed-upon procedures also disclosed the following:

- Commission and subgrantee time records did not comply with the applicable Office of Management and Budget (OMB) circular requirements.
- Subgrantee member files did not contain all documentation on member enrollment and service required by the AmeriCorps grant provisions.
- The Commission's financial management system did not adequately identify costs by grant.
- The Commission and its subgrantee did not comply with the record retention requirements of the grants.

These matters are discussed in detail in the Independent Accountants' Report on Applying Agreed-Upon Procedures.

Exit Conference

Cotton & Company held an exit conference with State Officials and Corporation representatives on May 12, 2005. The Commission, which did not renew any of its Corporation grants after Program Year (PY) 2003 – 2004, has ceased operations and, accordingly, this report includes only one recommendation to the Corporation for corrective action.

We provided a draft copy of this report to the State and the Corporation for comment. The State provided specific comments on the cost findings (Appendix A). The Corporation stated that it will respond to all findings and recommendations when the audit report is issued (Appendix B).

COTTON & COMPANY LLP
auditors • advisors

333 NORTH FAIRFAX STREET • SUITE 401 • ALEXANDRIA, VIRGINIA 22314 • 703/836/6701 • FAX 703/836/0941 • WWW.COTTONCPA.COM

January 4, 2005

Inspector General
Corporation for National and Community Service

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures described below, which were agreed to by the Office of Inspector General (OIG), Corporation for National and Community Service, solely to assist the OIG in evaluating the costs claimed by the Wyoming Commission for National and Community Service (Commission) for the awards listed below. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in generally accepted government auditing standards. The sufficiency of these procedures is solely the responsibility of the Office of Inspector General. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or any other purpose.

Program	Award No.	Award Period	Audit Period*
Administrative	01SCSWY050	01/01/01 - 06/01/04	01/01/01 - 06/30/04
Disability Funds	01DSCWY050	01/01/01 - 12/31/03	01/01/01 - 12/31/03
Program Development Assistance Training (PDAT)	02PDSWY050	01/01/02 - 06/30/04	01/01/02 - 06/30/04
AmeriCorps	00ASFWY052	09/01/00 - 09/30/03	07/01/01 - 09/30/03
AmeriCorps	03AFHWY001	10/01/03 - 09/30/06	10/01/03 - 09/30/04

* The end of our testing period is the earlier of the date of grant expiration, or the date of the last Financial Status Report (FSR) submitted by the Commission as of September 30, 2004.

The procedures that we performed and the results of these procedures are included.

1. Reviewing documents to understand how the Commission spent grant funds and gathering complete information for each subgrantee on subgrants awarded and costs incurred.

2. Testing claimed Commission costs to ensure:

established 1981

- Proper recording among the Administrative, PDAT and Disability grants;
- Costs were properly matched; and
- Costs were allowable and properly supported in accordance with OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, other applicable OMB circulars, and award terms and conditions.

3. Reconciling Commission financial reporting of subgrantee grants and expenditures to its financial system records.

4. Testing subgrantee member files to verify that the records support the eligibility and allowability of members' living allowances and education awards.

5. Testing claimed subgrantee costs for allowability in accordance with applicable Office of Management and Budget (OMB) circulars, as well as proper matching for cost share.

6. Reconciling subgrantee claimed costs to financial system records.

RESULTS

The testing results are summarized below and in the Consolidated Schedule of Award Costs and the grant-specific Schedules of Award Costs. These schedules also identify certain questioned education awards. These awards are not funded by the Corporation grants, and so are not included in claimed costs. As part of our agreed-upon procedures, however, we determined the effect of all member eligibility issues on these awards.

Compliance and Internal Control over Financial Reporting

In addition to the cost and award results described in the Consolidated Schedule of Award Costs and the grant-specific Schedules of Award Costs, results of our tests disclosed instances of noncompliance and deficiencies in internal controls over financial reporting as follows.

1. Commission and subgrantee time records did not comply with applicable OMB requirements.

    a) The Commission program director did not prepare semiannual certifications or time sheets to document her time spent on Grant No. 01SCSWY050 after July 1, 2002. At that time, fiscal responsibility for the Commission was transferred from the Wyoming State Department of Health (SDH) to the Wyoming State Department of Workforce Services (SDWS). The program director's entire salary was charged to the grant, and SDWS did not require that she certify her time. OMB Circular A-87, Attachment B paragraph 8(h), *Support of Salaries and Wages*, requires that employees working solely on a single Federal award prepare time certifications, at least semiannually, and that these be signed by the employee or the employee's supervisor.

b) Big Brothers Big Sisters of Southeast Wyoming, Inc. (BBBS) employees did not prepare time sheets that identified hours worked by activity. BBBS employees recorded all hours worked, but not the programs worked on. In addition, the time sheets were not always signed by the employee and/or the employee's supervisor. OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, Attachment B, paragraph 8(m) *Support of Salaries and Wages*, requires that reports reflecting the distribution of activity of each employee be maintained for all staff members whose labor costs are charged to Federal awards, and that the reports be signed by the employee or the employee's supervisor. Failure to obtain employee time records certifying time worked, by activity, could result in inaccurate labor cost reporting.

2. BBBS member records did not comply in all respects with AmeriCorps grant conditions. We tested five member files for PY 2001 – 2002 and five member files for PY 2002 – 2003. We noted the following:

a) Eight files contained member time sheets with changes that were not initialed by the members' supervisor, and five files did not contain original time sheets. BBBS' practice was to fax time sheets from member service sites to the supervisor for review and approval. AmeriCorps Provisions Section C (21) (c), *Time and Attendance Records*, requires that subgrantees keep time and attendance records on all AmeriCorps members to document their eligibility for in-service and post-service benefits. Section C (21) (b), *Source Documentation*, requires that the grantee maintain adequate supporting source documents for grant expenditures.

b) Nine member files did not contain a mid-term evaluation, and one file did not contain a final evaluation. BBBS did not have a policy requiring mid-term evaluations. Instead, supervisors evaluated members' mentoring progress with monthly telephone calls. AmeriCorps Provisions Section B (7) (g), *Performance Reviews*, require that the grantee conduct at least a mid-term and end-of-term written evaluation of each member's performance. These evaluations are necessary to document the member's eligibility for a second term of service and/or education awards.

c) One member's enrollment form was not signed by the program director. AmeriCorps Provisions Section B (6) (a), *Eligibility to Enroll*, states that the grantee may only select members who are eligible to enroll in AmeriCorps. The program director's signature on the enrollment form is the subgrantee's certification that the member meets the eligibility requirements. Without this signature, the subgrantee cannot demonstrate that it has fulfilled its responsibility under the grant.

3. The Commission's financial management system did not clearly identify and segregate expenditures by grant. It used the same budget code to identify the costs of both the

current and a prior administrative grant (No. 01SCSWY050 and No. 94SCSWY050 respectively). Provisions for PDAT, Disability Placement and State Administrative Awards Section B (4) (a), *Financial Management Provisions*, requires that "[f]inancial management systems must be capable of distinguishing expenditures attributable to this grant from expenditures not attributable to this grant." The Commission erroneously claimed $3,596 of Administrative Grant No. 94SCSWY050 costs under its current grant. We questioned these costs for allowability (see Schedule A).

4. The Commission and its subgrantee did not retain supporting documentation to support all grant expenditures. The Commission was not able to provide documents to support the following:

   - Four of 32 administrative grant transactions tested.
   - One of 23 PDAT grant transactions tested.

   In addition, United Way of Campbell County could not find records to support costs it claimed under AmeriCorps Grant No. 00ASFWY052. AmeriCorps Provisions Section C (26) *Retention of Records*, requires that grantees retain and make available all financial records for three years from the date of the final Financial Status Report (FSR) submission. We questioned the claimed costs associated with these missing documents for lack of support (see Schedules A through D).

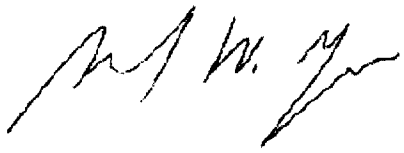
Recommendation

We recommend that the Corporation follow up with the State to determine if questioned and unsupported amounts should be allowed, or disallowed and recovered.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the Consolidated Schedule of Award Costs. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of Inspector General, Corporation management, the Commission and its subgrantees, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

COTTON & COMPANY LLP



Michael Gillespie, CPA
Partner

EXHIBIT A

WYOMING COMMISSION FOR NATIONAL AND COMMUNITY SERVICE
CONSOLIDATED SCHEDULE OF AWARD COSTS
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS

Award No.	Program	Approved Budget	Claimed Costs	Costs Questioned for Allowability	Costs Questioned for Support	Education Awards Questioned	Schedule
01SCSWY050	Administrative	$210,022	$147,579	$49,385	$ 17,648		A
02PDSWY050	PDAT	98,974	50,461	(12,439)	264		B
01DSCWY050	Disability	17,040	5,724				
00ASFWY052	AmeriCorps	373,742	289,754	2,757	21,071	$ 5,028	C
03AFHWY001	AmeriCorps	249,350	144,644	9,930	128,252	9,450	D
Total		$949,128	$638,162	$49,633	$167,235	$14,478	

SCHEDULE A

WYOMING COMMISSION FOR NATIONAL AND COMMUNITY SERVICE
SCHEDULE OF AWARD COSTS
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AWARD NO. 01SCSWY050
JANUARY 1, 2001, TO JUNE 30, 2004

Administrative		**Notes**
Approved Budget (Federal funds)	$210,022	
Claimed Costs	$147,579	
Costs Questioned for Allowability	$ 49,385	1, 3
Costs Questioned for Support	$ 17,648	2

1. We questioned costs of $4,082 for allowability, as follows.

   - The Commission claimed $3,596 expended prior to January 1, 2001. These costs should have been charged to the previous administrative grant. The Commission, however, used the same budget code to account for expenditures of both grants and erroneously included these in claimed costs for this grant. We questioned these costs as unallowable in accordance with OMB Circular A-87, Attachment A, Section C (1) (b), *Factors Affecting Allowability of Costs,* which requires that costs be allocable to the grant.

   - The Commission could not provide support for a $486 airfare charge. Commission representatives informed us that the flight had been canceled, but the Commission did not receive a refund for the cancellation. We questioned $486 as unallowable in accordance with OMB Circular A-87, Attachment A, Section C (1) (a), which requires that costs must be necessary and reasonable.

2. We tested 32 cost transactions representing charges of $33,920 and a credit of $(38,936), for supporting documentation. Of these, the Commission could not provide source documents to support four transactions totaling $17,648. Provisions for PDAT, Disability Placement and State Administrative Awards, Section B (4), *Financial Management Provisions,* requires that grantees maintain adequate supporting documents for grant expenditures. We questioned $17,648 for lack of support.

3. The Commission claimed matching costs of $236,338. We noted that:

- The Commission could not provide supporting documentation for $70,536 of claimed costs. Provisions for PDAT, Disability Placement and State Administrative Awards Section B (4), *Financial Management Provisions,* requires that grantees maintain adequate supporting documents for grant expenditures.

- The Commission included Public Service Announcement (PSA) costs of $130,560 as matching. This is the donated media value of AmeriCorps PSAs aired by television stations in Wyoming during PY 2002. The PSAs were produced with Corporation funds, and tagged with the State Commission name by the Corporation. The Commission thus had little or no involvement in producing and distributing the PSAs.

  Provisions for PDAT, Disability Placement and State Administrative Awards Section B (8), *Match Requirements for State Administrative Awards*, requires that grantees match 50 percent of operating costs.

  In addition, OMB Circular A-87, Attachment A, Section C (1) (a), *Factors for Determining Allowability of Costs,* states that costs must "be necessary and reasonable for proper and efficient performance and administration of Federal awards."

  Further, Section C (2) (a), *Reasonable Costs,* states that in determining the reasonableness of a given cost, consideration must be given to "[w]hether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award."

  The claimed PSA costs of $130,560 were not operating costs, were not necessary for the Commission's operation and/or its grant performance, and should not have been claimed as match. We recalculated the Corporation share of total costs as follows:

	Corporation	**Matching**	**Total**
Costs Claimed	$147,579	$236,338	$383,917
Less Cost Exceptions			
Unsupported Costs	17,648	70,536	88,184
Unallowable Costs	4,082	130,560	134,642
Net Costs	$125,849	$ 35,242	$161,091
50 Percent of Total	$80,546		
Corporation Share Questioned for Matching Shortfall	$45,303		

SCHEDULE B

WYOMING COMMISSION FOR NATIONAL AND COMMUNITY SERVICE
SCHEDULE OF AWARD COSTS
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AWARD NO. 02PDSWY050
JANUARY 1, 2002, TO JUNE 30, 2004

Program Development and Training		**Notes**
Approved Budget (Federal funds)	$98,974	
Claimed Costs	$50,461	
Costs Questioned for Allowability	$(12,439)	1
Costs Questioned for Support	$ 264	2

1. The Commission underclaimed Federal costs on its Financial Status Report (FSR) for this grant. The Commission identified costs by appropriation unit (budget code) on its financial records. Costs incurred under this grant were charged to appropriation units 301 and H302. The Commission, however, erroneously excluded costs charged to appropriation unit 301 from the FSR, resulting in underclaimed costs of $12,439. We questioned $(12,439) in accordance with OMB Circular A-87, Attachment A, Section C (1), *Factors Affecting Allowability of Costs*.

2. We tested 23 cost transactions for supporting documentation. Of these, the Commission could not provide source documents to support one charge of $264. AmeriCorps Provisions Section C (21), requires that grantees maintain adequate supporting documents for grant expenditures. We questioned $264 for lack of support.

SCHEDULE C

WYOMING COMMISSION FOR NATIONAL AND COMMUNITY SERVICE
SCHEDULE OF AWARD COSTS
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AMERICORPS
AWARD NO. 00ASFWY052
JULY 1, 2001, TO SEPTEMBER 30, 2003

	Claimed Costs	Costs Questioned for Allowability	Costs Questioned for Support	Education Award Questioned	Notes
Big Brothers Big Sisters (BBBS) of Southeast Wyoming	$268,683	$2,757			1
United Way of Campbell County	21,071	____	$21,071	$5,028	2
Total	$289,754	$2,757	$21,071	$5,028	
Approved Budget	$373,742				

1. BBBS claimed $2,757 travel and registration costs for the annual BBBS National Conferences. These expenses were not included in the approved grant budget, and BBBS could not provide documentation that these charges were approved for reimbursement. We questioned $2,757 for allowability in accordance with OMB Circular A-122, Attachment A, Section A (2), *Factors Affecting Allowability of Costs,* which requires that to be allowable, costs must be reasonable for the performance of the award, and be allocable to the award. BBBS representatives stated that the Commission's director gave BBBS oral approval to claim these costs as program expenditures.

2. United Way of Campbell County could not find any records for the grant. It was thus unable to support costs claimed as well as its members' eligibility for education awards. AmeriCorps Provisions Section C (21), requires that grantees maintain adequate supporting documents for grant expenditures. AmeriCorps Provisions Section C (26), *Retention of Records*, requires that grantees must retain and make available all financial records, supporting documentation, statistical records, evaluation data, member information and personnel records for 3 years from the date of the submission of the final Financial Status Report...

   United Way submitted its final FSR on January 1, 2003. Two of its part-time members received education awards totaling $5,028. We questioned $21,071 of costs claimed and $5,028 of education awards for lack of support.

SCHEDULE D

WYOMING COMMISSION FOR NATIONAL AND COMMUNITY SERVICE
SCHEDULE OF AWARD COSTS
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AMERICORPS
AWARD NO. 03AFHWY001
OCTOBER 1, 2003, TO SEPTEMBER 30, 2004

	Claimed Costs*	Costs Questioned for Allowability	Costs Questioned for Support	Education Award Questioned	Notes
Northern Arapaho Housing Development Organization (NAHDO)	$128,252		$128,252	$9,450	1
Rehabilitation Enterprises of North Eastern Wyoming (RENEW)	9,930	$ 9,930			2
University of Wyoming	6,462				
Total	$144,644	$ 9,930	$128,252	$9,450	
Approved Budget	$249,350				

* The University of Wyoming has notified the Commission that it does not intend to seek reimbursement for costs claimed of $6,462.

1. NAHDO did not provide documentation to support the costs claimed. We selected a sample of 46 cost transactions and five member files for testing, and requested that NAHDO provide supporting documentation. NAHDO did not respond to our requests for this information. We were thus unable to verify that costs claimed were allowable and allocable. AmeriCorps Provisions Section C (21) *Financial Management Provisions*, requires that grantees maintain adequate supporting documents for grant expenditures. We questioned $128,252 for lack of support. As of September 30, 2004, two NAHDO members had earned education awards, so we questioned $9,450 education awards ($4,725 x 2) for support.

2. RENEW was unable to recruit any members for the program. On November 17, 2004, RENEW notified the Commission that it intended to close out its AmeriCorps program, and would reimburse grant funds as required. We questioned costs claimed of $9,930 in accordance with OMB Circular A-122, Attachment A, Section A (2), *Factors Affecting Allowability of Costs,* which requires that to be allowable, costs must be reasonable for the performance of the award, and be allocable to the award.

Appendix A

Response of the Wyoming Commission for National and Community Service

State of Wyoming
Department of Workforce Services
Office of the Director
122 W. 25th St. Herschler 2E
Cheyenne, WY 82002

Director Kathy Emmons **Governor Dave Freudenthal**

August 2, 2005

Ms Carol Bates
Acting Inspector General
1201 New York Ave., Ste. 830
Washington, DC 20525

Dear Ms. Bates:

This letter is in response to OIG Report No. 05-18. The Department of Workforce Services would like to thank the Auditors, Cotton & Co., and the Inspector General's Office for your cooperation throughout the audit.

For purposes of background, The Department of Workforce Services (DWS) is the newest agency within the State of Wyoming. The Department was created in July of 2002. The State saw a need to consolidate workforce development functions into one agency. During this transition a large number of federal programs were transferred from numerous agencies into the Department of Workforce Services. Federal programs from the Department of Health, Department of Family Services, the Wyoming Community College Commission, and the Department of Employment totaling $59m were transferred at that time. While the Department of Workforce Services acknowledges possible transition inaccuracies of this program, please be assured that DWS is current in the management of each federal program.

The Community Services Programs came into the Department of Workforce Services from the Department of Health. The audit period covers both the grants managed under the Department of Health and the Department of Workforce Services.

Following is our response to each schedule addressed in the audit:

Schedule A

The PSA match of $130,560 was approved by the CNCS Public Affairs Office and by the Program Officer for Americorps in November of 2002. DWS feels they have managed the PSA announcements within the approvals granted at the National office. Our review of the Schedule A summary, therefore, leads us to believe the inclusion of the $130,560 fully supports the entire match requirement. The first match report included all $130,560 of costs, however not all of it was needed to qualify for the match, so the unneeded portion from the

prior report was used on the next cumulative match report. We feel that all the PSA match dollars are accurate.

The Department of Health (DOH) has experienced turnover since their participation in the grants. The DOH portion of the unsupported costs total $21,704.91. Regarding the $3,596 claimed by the Commission but expended prior to January 1, 2001, DOH will continue to work with the Corporation to resolve the questioned claim. Regarding the $486 airfare charge, the airline tickets were cancelled at the last minute, and no refund could be obtained from the airline company. DOH has launched another effort to obtain the support for the remaining $17,622.91 of unsupported costs and will work with the Corporation to resolve.

Department of Workforce Services (DWS) recognizes the $24.99 expenditure modification. This was an adjustment to correct the reporting category within the grants, and we feel this is below our scope of further research.

Schedule B

DOH recognizes the error in the FSR reporting and agrees with the audit finding of $12,439. DOH will work with the Corporation to resolve.

Schedule C

The Big Brother Big Sisters (BBBS) claimed cost for reimbursement to the National BBBS Conference, DWS views the conference as an opportunity to further improve the volunteerism and community services of the organization. DWS will work with the Corporation to further define our support of the conference.

Of the $21,071 United Way expenditures, $9,920.29 occurred under DWS. United Way reported the expenditure through the WBRS system, but DWS has not reimbursed United Way for the expenditures. Therefore, DWS will not be asking the Commission for any reimbursement of the unsupported $9,920.29. The remaining $11,150.71 occurred under the DOH, and they will continue to work with the Corporation to provide any necessary support.

We understand that the United Way education awards are disbursed from the National Trust. We are continuing to work with United Way on providing the necessary support.

Schedule D

DWS contacted the Northern Arapahoe Housing Development Organization (NAHDO) again in May, 2005. The NAHDO employee provided insufficient supporting documentation during the audit. The NAHDO Financial Director, however, was not aware that the documentation provided was insufficient. The Financial Director has launched an internal audit into the program, is collecting the documentation needed, and will work with the Corporation to resolve the unsupported costs.

We understand that the NAHDO education awards are disbursed from a national trust. The NAHDO will work to resolve the questioned awards.

RENEW has reported $9,930 of expenditures through the WBRS system. In November of 2004, when RENEW notified DWS of their intent to close the program they acknowledged the potential of refunding any unallowable costs. DWS and RENEW will work with the Corporation to resolve any outstanding issues. DWS has only reimbursed RENEW for $6,127.56 of the $9,930 of claimed expenditures. At this time DWS has not drawn the federal funds from the grant for this reimbursement.

The Department of Workforce Services looks forward to working with the Corporation to resolve any and all audit related questions.

Sincerely,

Kathy C. Emmons

Kathy Emmons
Director
Department of Workforce Services

xc: Kim Alexander, CFO
Department of Health

Appendix B

Response of the Corporation for National and Community Service

Corporation for
NATIONAL & COMMUNITY SERVICE

To: Carol Bates, Acting Inspector General

From: Margaret Rosenberry, Director of Grants Management

Cc: Rosie Mauk, Director of AmeriCorps
Tory Willson, Audit Resolution Coordinator

Date: August 5, 2005

Subject: Response to OIG Draft Audit Report on Grants Awarded to the Wyoming Commission for National and Community Service

Thank you for the opportunity to review the draft audit report on Corporation grants awarded to the Wyoming Commission for National and Community Service. We do not have specific comments at this time. We will respond to all findings and recommendations in our management decision when the final audit is issued, we have reviewed the findings in detail, and worked with the Commission to resolve the audit.