Office of Inspector General
Corporation for National and Community Service

AUDIT OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE FOSTER GRANDPARENT GRANT AWARDED TO THE CITY OF KANSAS CITY

OIG REPORT NUMBER 06- 24

Corporation for NATIONAL & COMMUNITY SERVICE

Prepared by:

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This report was issued to Corporation management on March 20, 2006. 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 September 20, 2006, and complete its corrective actions by March 20, 2007. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Corporation for NATIONAL & COMMUNITY SERVICE

OFFICE OF INSPECTOR GENERAL

Corporation for National and Community Service
Audit Report 06-24

Audit of Corporation for National and Community Service Grant Awarded
to the City of Kansas City

OIG Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), retained Conrad and Associates, L.L.P. (Conrad) to perform an incurred-cost audit of the grant awarded to the City of Kansas City.

The grantee claimed costs of $634,667, of which the auditors questioned $14,044 as unallowable grant costs. Overall, the auditors questioned approximately 2.2 percent of claimed grant costs. A questioned cost is an alleged violation or provision of law, regulation, contract, grant, or cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. Costs questioned include volunteer support costs, volunteer stipends and other volunteer expenses for incorrect classification of contributions, costs not applicable to the grant period and missing documentation. The auditors also noted instances of noncompliance with provisions of Federal laws, regulations and grant award provisions.

The City of Kansas City agrees with most of the audit findings and presented a preliminary action plan to the Corporation. The final plan will be submitted during the audit resolution period.

In accordance with our statutory responsibilities, we reviewed Conrad's report and related audit documentation, interviewed their representatives, and performed other procedures, as we deemed appropriate in the circumstances to provide reasonable assurance that the audit was 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 Grantee's Schedule of Award Costs, or conclusions on internal controls and on compliance with laws and regulations. Conrad is responsible for the attached reports dated December 2, 2005, and the conclusions expressed therein. However, our review disclosed no instances where Conrad did not comply, in all material respects, with generally accepted government auditing standards.

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

This report is a matter of public record, and its distribution is not limited.

Audit of Corporation for National and Community Service
Foster Grandparent Grant Awarded to the
City of Kansas City, Missouri

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City of Kansas City, Missouri

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REPORT SUMMARY AND HIGHLIGHTS

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Office of Inspector General
Corporation for National and Community Service

This report is issued under an Office of Inspector General (OIG) engagement with Conrad and Associates, L.L.P. to audit the costs claimed by the City of Kansas City, (Kansas City) from January 1, 2004, through June 30, 2005, under the Grant Number 04SFWMO002 awarded by the Corporation for National and Community Service (Corporation). This report focuses on the audit of claimed costs, instances of noncompliance with Federal laws, applicable regulations or award conditions, and internal control weaknesses disclosed during the audit of the Kansas City Foster Grandparent Program.

Executive Summary

As a result of our audit, we are questioning grant costs totaling $14,004. In addition, we are questioning some match costs claimed; however, the grant is not yet completed. The grant costs questioned are approximately 2.21 percent of the total $634,667 of costs claimed by Kansas City. A questioned cost is an alleged violation or provision of law, regulation, contract, grant, or cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. Costs questioned include volunteer support costs, volunteer stipends and other volunteer expenses for incorrect classification of contributions, costs not applicable to the grant period and missing documentation. Details related to questioned costs are presented in the Independent Auditors' Report.

Background

The Corporation, pursuant to the authority of the National Community Service Trust Act of 1993, as amended, awards grants and cooperative agreements to grantees such as Kansas City and other entities to assist in the creation of full-time and part-time national and community service programs.

The Kansas City Foster Grandparent Program is operated under the Neighborhood and Community Services Department of the City of Kansas City, Missouri. It provides opportunities for low-income persons, aged 60 or over, to provide supportive person-to-person services in health, education, welfare, or related settings, to help alleviate the physical, mental, or emotional problems of children having exceptional or special needs.

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Purpose and Scope of Audit

Our audit covered the costs claimed under Corporation Grant Number 04SFWMO002 for the grant period detailed on page 3.

The objectives of our audit were to determine whether:

- financial reports prepared by Kansas City presented fairly the financial results of the award;
- internal controls were adequate to safeguard Federal funds;
- Kansas City had adequate procedures and controls to ensure compliance with Federal laws, applicable regulations, award conditions, and that volunteer services were appropriate to the program;
- claimed costs were reported were documented and allowable in accordance with the award terms and conditions; and
- Kansas City had established adequate oversight of the program.

We performed the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the amounts claimed against the award, as presented in the Schedule of Award Costs, are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Award Costs. An audit also includes assessing the accounting principles used and significant estimates made by the auditee, as well as evaluating the overall financial schedule presentation. Our audit included reviews of audit reports prepared by the independent public accountants for Kansas City in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. We believe our audit provides a reasonable basis for our opinion.

We performed our audit October 17, 2005, through December 2, 2005. The contents of this report were disclosed to and discussed with Kansas City at an exit conference on January 17, 2006. In addition, we provided a draft of this report to Kansas City and to the Corporation for comment on February 1, 2006, and received responses from both the Corporation and Kansas City on March 6, 2006 and March 7, 2006, respectively. Their responses are included in their entirety as appendices A and B, respectively.

Grant Program Audited

Our audit of the Kansas City Foster Grandparent Program covered financial transactions, compliance and internal controls testing of the following program award funded by the Corporation:

Program	Award Number	Award Period	Audit Period
Foster Grandparent	04SFWMO002	01/01/04 – 12/31/05	01/01/04 – 06/30/05

Our audit of the costs claimed by Kansas City under the award disclosed the followings:

	Amount	Percentage of Budget/Claimed
Award Budget	$ 919,926	-
Drawdown within Audit Period	308,624	-
Claimed Costs	634,667	68.99 percent
Questioned Grant Costs	14,004	2.21 percent

Costs Questioned

The following table summarizes the costs questioned:

	Questioned Amount	
Descriptions	Federal Share	Match Costs
Variance between detail stipend records and general ledger	$ 6,738	
Volunteer station contributions incorrectly claimed as Federal share	2,702	(2,702)
Volunteer travel expenses missing documentation	4,564	
Expenses not applicable to the grant period		1,373
Volunteer support expenses missing documentation		3,501
Total Costs Questioned:	$ 14,004	2,172

We used judgmental sampling methodology to test the costs claimed. Based upon this sampling plan, questioned costs in this report may not represent total costs that may have been questioned had all expenditures been tested. We have made no attempt to project such costs to total expenditures incurred, based on the relationship of costs tested to total costs. For a complete discussion of these questioned costs, refer to the Independent Auditors' Report.

Compliance

Our audit disclosed the following instances of noncompliance with Federal laws, applicable regulations and award conditions that were considered to be reportable conditions.

1. The grantee did not adequately undertake its responsibilities as follows:
    - The grantee did not have formal procedures to maintain documentation or staff certification to support that the volunteer stations met the program criteria, and to review the status of volunteer stations to ensure that they continually met the program criteria.
    - The grantee did not properly develop and renegotiate the Memorandum of Understandings (MOUs) with volunteer stations in accordance with the program requirements.
    - The grantee did not adequately monitor the volunteer stations to ensure that they complied with all applicable laws and regulations, and that they satisfactorily fulfilled their responsibilities as stated in the MOU.
    - The grantee did not develop a plan for promoting senior service within the project service area for Project Year 2004.
    - The grantee did not adequately assess, an annual basis, the accomplishments and impacts of the project on the identified needs and problems of the client population in the community.
    - The grantee did not maintain the necessary staffing level for the program.
2. The grantee did not have a well-established volunteer database and record maintenance system to adequately and accurately track program volunteers.
3. Volunteer eligibility documentation and records were either missing or incomplete.
4. Volunteer assignment plans and annual volunteer performance evaluations were either missing or not developed.
5. There were inadequate procedures to ensure that program volunteers only serve eligible children.
6. Program and financial reports were not submitted to the Corporation in a timely manner.

Internal Controls

Our audit also disclosed the following reportable conditions with respect to internal controls.

1. Detail monthly volunteer stipend reports could not be reconciled to the general ledger.
2. Volunteer stipend and reimbursement worksheets did not contain appropriate approval signatures.
3. Contributions from volunteer stations were incorrectly claimed as Federal share.
4. Insufficient documentation was maintained for volunteer support expenses and volunteer reimbursements.
5. Match costs incurred in the previous period were recorded as current year contributions.

We believe none of the reportable conditions noted above represent a material weakness.[1]

1. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts, which would be material to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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Office of Inspector General
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT

We have audited the costs incurred by the Kansas City Foster Grandparent Program, City of Kansas City, Missouri (Kansas City) for the award number listed below. These costs, as presented in the Schedule of Award Costs are the responsibility of Kansas City's management. Our responsibility is to express an opinion on the Schedule of Award Costs based on our audit.

Program	Award Number	Award Period	Audit Period
Foster Grandparent	04SFWMO002	01/01/04 – 12/31/05	01/01/04 – 06/30/05

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, except for the issues related to the $14,004 in questioned grant costs discussed above, the Schedule of Award Costs referred to above present fairly, in all material respects, the costs claimed for the period January 1, 2004 to June 30, 2005, in conformity with generally accepted accounting standards in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 2, 2005 on our consideration of Kansas City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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This report is intended for the information and use of the Office of Inspector General, management of the Corporation for National and Community Service, Kansas City Foster Grandparent Program, City of Kansas City, Missouri, and the U.S. Congress.

Conrad And Associates, L.L.P.

Conrad and Associates, L.L.P.
Irvine, California
December 2, 2005

Corporation for National and Community Service
Foster Grandparent Grant Awarded to the
City of Kansas City, Missouri

Schedule of Award Costs

January 1, 2004, to June 30, 2005

Award Number	Program	Approved Budget	Claimed Costs	Questioned Costs
04SFWMO002	Foster Grandparent	$ 919,926	$ 634,667	$ 14,004

Notes to Schedule of Award Costs

Reporting Entity

The accompanying Schedule of Award Costs includes amounts budgeted, claimed, and questioned under the Foster Grandparent grant awarded to Kansas City by the Corporation for the period from January 1, 2004, to June 30, 2005.

Basis of Accounting

The accompanying Schedule has been prepared to comply with the provisions of the grant agreements between the Corporation and Kansas City. The information presented in the Schedule has been prepared from the reports submitted by Kansas City to the Corporation. The basis of accounting used in preparation of these reports differs slightly from accounting principles generally accepted in the United States of America as follows:

Equipment
Equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the Schedule of Award Costs include the cost of equipment purchased during the period rather than a provision for depreciation. The equipment acquired is owned by Kansas City while used in the program for which it was purchased or in other future authorized programs. However, the Corporation has a reversionary interest in the equipment. Its disposition, as well as the ownership of any proceeds there from, is subject to Federal regulations.

Inventory
Minor materials and supplies are charged to expense during the period of purchase.

Corporation for National and Community Service
Foster Grandparent Grant Awarded to the
City of Kansas City, Missouri

Schedule of Award and Questioned Costs
Award Number 04SFWMO002

January 1, 2004, to June 30, 2005

Reference		
Approved Budget (Federal Funds)	$ 919,926	
Claimed Costs	$ 634,667	
Questioned Costs (Federal Share):		
Stipends	6,738	Note 1
Volunteer station contributions incorrectly charged as Federal share	2,702	Note 1
Volunteer travel	4,564	Note 1
	$ 14,004	
Questioned Match Costs	$ 2,172	Note 2

Notes

1. We noted numerous exceptions made in the volunteer reimbursements and volunteer support expenses from the transactions selected for review. See Internal Control Finding Nos. 1, 3 and 4 for further details.

Exception	Number of Occurrences	Questioned Amount
Variance between detail monthly stipend records and general ledger	1	$ 6,738
Volunteer station contributions incorrectly claimed as Federal share	7	2,702
Missing supporting documentation for volunteer travel expenses	118	4,564
	Total	$ 14,004

Corporation for National and Community Service
Foster Grandparent Grant Awarded to the
City of Kansas City, Missouri

Schedule of Award and Questioned Costs
Award Number 04SFWMO002

January 1, 2004, to June 30, 2005

2. Kansas City incorrectly charged certain volunteer station contributions to the Federal share, instead of reporting the contributions as match costs. As a result, match costs were understated by $2,702. See Internal Control Finding No. 3 for further details.

   Kansas City recorded telephone expenses totaling $1,373 that had been incurred during the previous grant period, under the current grant period as match costs. See Internal Control Finding No. 5 for further details.

   In addition, Kansas City did not have adequate supporting documentation for certain volunteer support expenses, which resulted in questioned match costs of $3,501. See Internal Control Finding No. 4 for further details.

   The questioned match costs are summarized as follows:

Description	Questioned Amount
Volunteer station contributions incorrectly charged as Federal share	$ (2,702)
Match costs not applicable to the grant period	1,373
Inadequate support for volunteer support expenses	3,501
Total questioned match costs	$ 2,172

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Office of Inspector General
Corporation for National and Community Service

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROLS OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDIT STANDARDS*

We have audited the Schedule of Award Costs that summarize the claimed costs of Kansas City under the Corporation award listed below, and have issued our report thereon, dated December 2, 2005.

Program	Award Number	Award Period	Audit Period
Foster Grandparent	04SFWMO002	01/01/04 – 12/31/05	01/01/04 – 06/30/05

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kansas City's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. These instances are described in the Schedule of Compliance Findings section of this report as Finding Nos. 1 through 6.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered Kansas City's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal controls over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls over financial reporting, that, in our judgment, could adversely affect Kansas City's ability to record, process, summarize, and report financial data

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consistent with the assertions of management in the program statements. These reportable conditions are described in the Schedule of Internal Control Findings section of this report as Finding Nos. 1 through 5.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error of fraud in amounts that would be material in relation to the project statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable conditions noted above material weaknesses.

This report is intended for the information and use of the Office of Inspector General, as well as the management of the Corporation, The Kansas City Foster Grandparent Program, City of Kansas City, Missouri, and the U.S. Congress.

Conrad And Associates, L.L.P.

Conrad and Associates, L.L.P.
Irvine, California
December 2, 2005

Corporation for National and Community Service
Foster Grandparent Grant Awarded to the
City of Kansas City, Missouri

Schedule of Internal Control Findings

January 1, 2004, to June 30, 2005

We found the following matters involving Kansas City's internal control over financial reporting and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Finding No. 1 – Unsupported Volunteer Stipends

Condition

From our volunteer stipend testing, we found a $6,738 variance between the total amount of stipends paid per the grantee's monthly detail reports, $373,934, and the total amount of stipends claimed and recorded in the general ledger, $380,672. The grantee was unable to provide an explanation or supporting documentation to explain the discrepancy. Therefore, the variance of $6,738 is questioned.

	Questioned Costs (Federal Share)		
Description	Project Year 2004	Project Year 2005	Total
Variance between stipend detail reports and general ledger	$ 6,833	(95)	$ 6,738

The Federal government's common rule for grant administration by state and local governments, 45 C.F.R. § 2541.200(b), requires the following:

> (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
>
> (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets.
>
> (6) Source documentation. Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc.

The condition was due to mistakes made by the grantee personnel. Without sufficient supporting documentation, claimed expenses may be disallowed.

Recommendation

We recommend that the Corporation determine the allowability of the costs questioned and recover costs that are not allowable or allocable to the grant. We also recommend that the Corporation instruct the grantee to reinforce its timekeeping policies and procedures to ensure that volunteer stipend records are properly reconciled and maintained.

Kansas City's Response

The grantee has submitted a preliminary action plan to the Corporation that will reinforce its time keeping policies and procedures to ensure that volunteer stipend records are properly reconciled and maintained.

Auditors' Comments

We recognize and concur with the actions being implemented by the grantee to reinforce its time keeping policies and procedures. However, we still recommend the Corporation determine the allowability of the costs questioned and recoup any costs deemed not allowable and/or allocable to the grant.

Finding No. 2 – Volunteer Stipend and Reimbursement Worksheets Were Not Properly Approved by Supervisors

Condition

We reviewed 450 volunteer transportation reimbursements transactions charged as Federal share and found five instances where the volunteer reimbursement worksheet did not contain the appropriate approval signature.

The Federal government's common rule for grant administration by state and local governments, 45 C.F.R. § 2541.200(b), requires the following:

> (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

In addition, the Corporation's Foster Grandparent Program regulation, 45 C.F.R. § 2552.25 requires the following:

> A sponsor shall:

(g) Establish record keeping/reporting system in compliance with Corporation requirements that ensure quality of program and fiscal operation, facilitate timely and accurate submission of required reports and cooperate with Corporation evaluation and data collection efforts.

According to the grantee, volunteer stipend and reimbursement worksheets are faxed from the volunteer stations to the grantee for payroll processing. In order to meet the deadline for payroll processing, volunteer stipend and reimbursement worksheets are occasionally submitted to the sponsor before they are approved and signed by the supervisors at the volunteer stations. However, without proper review and approval, errors made on volunteer reimbursement worksheets may not be detected and could result in overpayments.

Recommendation

We recommend that the Corporation instruct the grantee to reinforce its volunteer reimbursements policies and procedures to ensure that they are properly reviewed, signed and approved. The grantee should not process any volunteer stipend and reimbursement worksheets without proper approval signatures.

Kansas City's Response

The grantee has submitted a preliminary action plan to the Corporation that will reinforce its volunteer reimbursement policy and procedures to ensure that volunteer stipend reimbursements are properly reviewed, signed and approved.

Auditors' Comments

We recognize and concur with the actions implemented by the grantee to reinforce its time keeping policies and procedures.

Finding No. 3 – Volunteer Station Contributions Were Incorrectly Claimed As Federal Share

Condition

The grantee incorrectly claimed volunteer station contributions for donated meals and transportation as Federal share. As a result, a total amount of $2,702 claimed under the Federal share is questioned.

Questioned Costs (Federal Share)		
Project Year 2004	Project Year 2005	Total
$ 2,111	591	$ 2,702

Questioned Costs (Match Costs)		
Project Year 2004	Project Year 2005	Total
$ (2,111)	(591)	$ (2,702)

The Federal government's common rule for grant administration by state and local governments,

45 C.F.R. § 2541.200(b), requires the following:

> (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

In addition, 45 C.F.R. § 2541.200(b), requires the following:

> (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

The condition was due to miscommunication between the grantee's program and fiscal personnel. As a result, costs claimed under the Federal share were overstated and match costs reported on the Financial Status Reports were understated.

Recommendation

We recommend that the Corporation determine the allowability of the costs questioned and recover costs that are not allowable or allocable to the grant. We also recommend that the Corporation instruct the grantee to strengthen the communication between its program and fiscal personnel to ensure that the nature of expenses and contributions are understood and are correctly classified.

Kansas City's Response

The grantee has submitted a preliminary action plan to the Corporation that will improve communication between program staff and fiscal staff. A final plan will also be submitted to the Corporation for review. The grantee will also create a grant module in its accounting system to improve the tracking for the grantee's cash match and volunteer stations' in-kind match.

Auditors' Comments

We recognize and concur with the actions being implemented by the grantee to improve the communication between its program and fiscal staff, as well as the tracking of match costs. However, we still recommend the Corporation determine the allowability of the costs questioned and recoup any costs deemed not allowable and/or allocable to the grant.

Finding No. 4 – Insufficient Documentation for Volunteer Support Expenses and Reimbursements

Condition

We reviewed 450 volunteer transportation transactions charged as Federal share and found 118 instances where there was insufficient documentation. As a result, volunteer expenses in a total amount of $4,564 are questioned.

We also reviewed 25 transactions charged as match costs and found three instances where there was insufficient documentation to support that the expense was incurred during the grant period and that the amount reported was reasonable and allowable. As a result, match costs totaling $3,501 is questioned.

Questioned Costs (Federal Share)		
Project Year 2004	Project Year 2005	Total
$ 2,324	2,240	$ 4,564

Questioned Costs (Match Costs)		
Project Year 2004	Project Year 2005	Total
$ 2,759	742	$ 3,501

The Federal government's common rule for grant administration by state and local governments, 45 C.F.R. § 2541.200(b), requires the following:

> (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
>
> (6) Source documentation. Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc.

Furthermore, 45 C.F.R. § 2541.240, requires the following:

> (a) Basic rule; costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:
> (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by other cash donations from non-Federal third parties.
> (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.

According to the grantee, for certain types of transportation, volunteers are only required to submit one daily receipt to substantiate the costs for the entire month, since the daily rate is the same. Apart from this, some of the supporting documentation could not be located due to staff turnover and a shortage of program staff. However, without sufficient supporting documentation, expenses claimed may be disallowed or may not be accepted as part of the grantee share of program operating costs.

Recommendation

We recommend that the Corporation determine the allowability of the costs questioned and recover costs that are not allowable or allocable to the grant. We also recommend that the Corporation instruct the grantee to implement the following corrective actions:

- Obtain sufficient resources, including program staff, to enhance the grantee's record maintenance system.
- Maintain sufficient documentation, such as receipts or service logs from the transportation providers, to support all volunteer travel expense reimbursements.

Kansas City's Response

The grantee has requested technical assistance on acceptable methods for documenting travel expenses and submitted a preliminary action plan to the Corporation that will enhance its record maintenance system. The grantee also submitted recommendations to its human resources department regarding the hiring of the vacant program position.

Auditors' Comments

We recognize and concur with the actions being implemented by the grantee to enhance its record maintenance system, as well as the hiring of program staff. However, we still recommend the Corporation determine the allowability of the costs questioned and recoup any costs deemed not allowable and/or allocable to the grant. The Corporation should also review the method used to document travel expenses for appropriate evidence of reimbursements.

Finding No. 5 – Match Costs Are Not Applicable to the Grant Period

Condition

We reviewed 25 transactions reported as match costs and noted ten instances in Program Year 2004 where telephone expenses claimed were actually incurred in the previous grant period. Since these expenses were not incurred in the current grant period, match costs totaling $1,373 are questioned.

The Federal government's common rule for grant administration by state and local governments, 45 C.F.R. § 2541.240(a), requires the following:

> (a) Basic rule; costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:
>
> (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by other cash donations from non-Federal third parties.
>
> (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.

In addition, 45 C.F.R. § 2541.200(b) requires the following:

> (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

According to the grantee, different departments of the Kansas City government processed telephone expenses and the documentation was not always provided in a timely manner. As a result, expenses not incurred within the grant period were charged as grantee share of program operating costs.

Recommendation

We recommend that the Corporation instruct the grantee to develop and implement policies and procedures to ensure that program related expenses are processed timely, accurately and correctly classified and recorded. We also recommend that the Corporation determine the allowability of the costs questioned and recover costs that are not allowable or allocable to the grant.

Kansas City's Response

The grantee has submitted a preliminary action plan to the Corporation that will develop and implement policies and procedures to ensure that program related expenses are processed timely, accurately and correctly classified and recorded. The grantee will also create a grant module in its accounting system to improve the tracking for the grantee's cash match.

Auditors' Comment

We recognize and concur with the changes being implemented by the grantee to enhance its record maintenance system, as well as the hiring of program staff. However, we still recommend the Corporation determine the allowability of the costs questioned and recoup any costs deemed not allowable and/or allocable to the grant.

Corporation for National and Community Service
Foster Grandparent Grant Awarded to the
City of Kansas City, Missouri

Schedule of Compliance Findings

January 1, 2004 to June 30, 2005

We noted the following matters involving Kansas City's noncompliance with certain provisions of laws, regulations, contracts and the grant agreement that are required to be reported under *Government Auditing Standards*.

Finding No. 1 – Inadequate Fulfillment of Program and Administrative Responsibilities

Condition
The grantee did not adequately fulfill its program and administrative responsibilities in the following areas:

A. The grantee did not manage its volunteer stations as required by the Code of Federal Regulations.
i. There were no formal procedures to maintain documentation or staff certification to support that the volunteer stations met the program criteria of being a public or private organization or an eligible proprietary health care agency, capable of serving as a volunteer station for the placement of Foster Grandparents.
ii. There were no formal procedures to periodically review the status of volunteer stations to ensure that they continually met the program criteria.
iii. We selected and reviewed the Memorandum of Understanding (MOU) for 22 out of a total of 44 volunteer stations and found:

- 18 instances where the MOU was not developed prior to volunteer placement.
- Seven instances where the MOU did not specify the mutual responsibilities of the station and the sponsor, because the second and third page of the MOU was missing.
- 20 instances where the MOU was not renegotiated at least every three years.
- All MOUs did not contain the required language that the volunteer station would comply with the relevant non-discrimination policy.

iv. The grantee did not adequately review volunteer placements regularly to ensure that clients were eligible to be served.
v. The grantee did not adequately monitor the volunteer stations to ensure that they complied with all applicable civil rights laws and regulations, and that they satisfactorily fulfilled their responsibilities as stated in the MOU.

B. The grantee did not develop a plan for promoting senior service within the project service area for Project Year 2004.

C. The grantee did not adequately annually assess the accomplishments and impact of the project on the identified needs and problems of the client population in the community.

D. The grantee did not maintain the necessary staffing level for the program. The position of field coordinator has been vacant since June 2004.

The Corporation's Foster Grandparent Program regulation, 45 C.F.R. § 2552.23, requires the following:

> A sponsor shall:
>
> (c) Develop and manage a system of volunteer stations by:
> (1) Ensuring that a volunteer stations is a public or non-profit private organization, whether secular or faith-based, or an eligible proprietary health care agency, capable of serving as a volunteer station for the placement of Foster Grandparents;
> (2) Ensuring that the placement of Foster Grandparents will be governed by a Memorandum of Understanding:
> (i) That is negotiated prior to placement;
> (ii) That specifies the mutual responsibilities of the station and sponsor;
> (iii) That is renegotiated at least every three years; and
> (iv) That states the station assures it will not discriminate against Foster Grandparents or in the operation of its program on the basis of race; color; national origin, including individuals with limited English proficiency; sex; age; political affiliation; religion; or on the basis of disability, if the participant or member is a qualified individual with a disability; and
> (3) Reviewing volunteer placements regularly to ensure that clients are eligible to be served.
>
> (i) Develop, and annually update, a plan for promoting senior service within the project's service area.
> (j) Annually assess the accomplishments and impact of the project on the identified needs and problems of the client population in the community."

In addition, 45 C.F.R. § 2552.25 requires that:

> A sponsor shall:
>
> (b) Provide levels of staffing and resources appropriate to accomplish the purposes of the project and carry out its project management responsibilities.
>
> (g) Establish record keeping/reporting system in compliance with Corporation requirements that ensure quality of program and fiscal operation, facilitate timely and accurate submission of required reports and cooperate with Corporation evaluation and data collection efforts.

(h) Comply with and ensure that all volunteer stations comply with all applicable civil rights laws and regulations, including providing reasonable accommodation to qualified individuals with disabilities.

Because the grantee experienced staff shortages, it was not able to undertake all of its program and administrative responsibilities. As a result, program goals and objectives may not have been satisfactorily achieved.

Recommendation:
We recommend that the Corporation instruct the grantee to implement the following corrective actions:

A. Fill the Field Coordinator position.

B. Develop and implement formal procedures to:

- document and periodically review the organization status of volunteer stations to ensure that the volunteer stations meet the program requirements.
- ensure that Memorandums of Understanding are developed properly and in a timely manner and renegotiated with each volunteer station.
- review volunteer placements regularly, and to monitor the performance and compliance of volunteer stations on a regular basis.
- ensure that an annual plan for program promotion is developed properly and in a timely manner, and that accomplishments and impacts of the program are adequately assessed annually.

Kansas City's Response
The grantee has submitted a preliminary action plan to the Corporation to implement the above recommendations. A final plan will also be submitted to the Corporation for review.

Auditors' Comments
We recognize and concur with the actions being implemented by the grantee to satisfactorily undertake its program and administrative responsibilities. The Corporation, through the audit resolution process, should follow-up to be sure the grantee is fulfilling its program and administrative responsibilities.

Finding No. 2 – Lack of a Well-Established Volunteer Database and Record Maintenance System

Condition

We reviewed the volunteer records provided by the grantee and noted incomplete and erroneous volunteer information, such as enrollment dates and exit dates. In addition, the grantee does not have formal procedures to record other volunteer information, such as placement dates, changes in volunteer stations assigned, exit dates and reasons for exit, cumulative service hours and stipend earned, etc.

The Corporation's Foster Grandparent Program regulation, 45 C.F.R. § 2552.25, requires the following:

A sponsor shall:

> (g) Establish record keeping/reporting system in compliance with Corporation requirements that ensure quality of program and fiscal operation, facilitate timely and accurate submission of required reports and cooperate with Corporation evaluation and data collection efforts.

Due to shortage of staff, the grantee did not have sufficient resources to develop a well-established volunteer database and record maintenance system to adequately and accurately track information on program volunteers. Without such a system, the grantee may not be able to accurately report its operational results.

Recommendation

We recommend that the Corporation instruct the grantee to implement the following corrective actions:

- Obtain sufficient technical support from its internal information and technology department to enhance the grantee's volunteer database and record maintenance system.
- Develop and implement formal policy and procedures to ensure that volunteer information is adequately and accurately documented and maintained.

Kansas City's Response

The grantee is in the process of working with its information and technology department to develop a database system that will enhance its management of volunteer data and record management system. A final action plan will also be submitted to the Corporation for review.

Auditors' Comments

We recognize and concur with the actions being implemented by the grantee to enhance its volunteer information maintenance and management system.

Finding No. 3 – Missing or Incomplete Volunteer Eligibility Documentation and Records

Condition

We reviewed the eligibility documentation and records of 62 out of a total of 124 volunteers, and noted the following:

- Ten instances where the latest annual physical examination records could not be located in the volunteer file to support that the volunteer is physically capable to serve in the program.
- Sixty-one instances where the volunteer file did not contain an agreement from the volunteer stating that he or she agreed to abide by all requirements set forth in the program provisions.
- Fifty-seven instances where the annual review of volunteer's income eligibility was conducted based on income projections, instead of actual income for the previous 12 months. For the remaining five volunteers, the annual income review was not due at the time of our audit.

The Corporation's Foster Grandparent Program regulation, 45 C.F.R. § 2552.41, requires the following:

(a) To be a Foster Grandparent, an individual must:

(1) Be 60 years of age or older;
(2) Be determined by a physical examination to be capable, with or without reasonable accommodation, of serving children with exceptional or special needs without detriment to either himself/herself or the children served;
(3) Agree to abide by all requirements as set forth in this part; and
(4) In order to receive a stipend, have an income that is within the income eligibility guidelines specified in this subpart D.

In addition, 45 C.F.R. § 2552.42 requires the following:

(b) For applicants to become stipended Foster Grandparents, annual income is projected for the following 12 months, based on income at the time of application. For serving stipended Foster Grandparents, annual income is counted for the past 12 months.

Finally, 45 C.F.R. § 2552.45 requires the following:

(d) Physical examination. Foster Grandparents are provided by a physical examination prior to assignment and annually thereafter to ensure that they will be able to provide supportive service without injury to themselves or the children served.

The condition is primarily due to shortage and turnover of grantee's program staff. In addition, the grantee misinterpreted the requirements of the program provisions. As a result, the grantee may enroll ineligible volunteers and incur unallowable costs.

Recommendation
We recommend that the Corporation instruct the grantee to implement the following corrective actions:

- Obtain sufficient resources, including program staff, to enhance the grantee's record maintenance system.
- Develop and implement formal policy and procedures to ensure that volunteer records are properly documented and maintained.
- Review program provisions regarding volunteer income eligibility, as well as develop procedures to ensure that annual review of volunteer income eligibility is properly conducted in accordance with the program provisions.

Kansas City's Response
The grantee has submitted a preliminary action plan to implement the above recommendations. A final plan will also be submitted to the Corporation for review.

Auditors' Comments
We recognize and concur with the actions being implemented by the grantee to enhance its record maintenance system, and to ensure that volunteer income eligibility is properly conducted.

Finding No. 4 – Volunteer Assignment Plans and Annual Performance Evaluations Are Not Properly Developed

Condition
We reviewed the placement and assignment documentation and records of 62 volunteers out of a total of 124 volunteers, and noted the followings:

- Fifty-three instances where an annual evaluation on the volunteer's performance was not performed. For the remaining nine volunteers, annual performance evaluations were not due at the time of our audit.
- Fifty-eight instances where the volunteer assignment plans could not be located in the files. For the remaining four volunteers, an assignment plan was not necessary because the volunteers had never been placed at any volunteer stations.

We also reviewed the sample volunteer assignment plan contained in the grantee's volunteer handbook and noted that the plan did not include the following components as required:

- Signatures to indicate the sponsor's approval and the volunteer's acceptance of the plan.
- The expected outcomes of the child served.
- The period of time each child should receive services.

We also interviewed five volunteers regarding their assignments. All volunteers interviewed stated that they served a group of children, assigned by volunteer station personnel, during their service hours, instead of having a one-on-one, person-to-person relationship with each child

served. In addition, these volunteers were not aware of the requirement that they should have a volunteer assignment plan for each child they served and that they should only serve the child(ren) identified in the volunteer assignment plan. Also, these volunteers were not aware of the requirement that they should have received a performance evaluation on an annual basis.

The Corporation's Foster Grandparent Program regulation, 45 C.F.R. § 2552.23, requires the following:

A sponsor shall:

> (f) Provide Foster Grandparents with assignments that show direct and demonstrable benefits to the children and the community served, the Foster Grandparents, and the volunteer stations.
>
> (h) Conduct an annual appraisal of volunteers' performance and annual review of their income eligibility.

In addition, 45 C.F.R. § 2552.62 requires the following:

> A volunteer station shall undertake the following responsibilities in support of Foster Grandparent volunteers:
>
> (a) Develop volunteer assignments that meet the requirements specified in Section 2552.71 through 2552.72 and regularly assess those assignments for continued appropriateness.
>
> (c) Develop a written volunteer assignment plan for each child that identifies the role and activities of the Foster Grandparent and expected outcomes for the child served.
>
> (g) Keep records and prepare reports required by the sponsor.

Moreover, 45 C.F.R. § 2552.71 requires that:

> Foster Grandparent assignments shall:
>
> (a) Provide for Foster Grandparents to give direct services to one or more eligible children. Foster Grandparents cannot be assigned to roles such as teacher's aides, group leaders or other similar positions that would detract from the person-to-person relationship.
>
> (b) Result in person-to-person supportive relationships with each child served.

Finally, 45 C.F.R. § 2552.72, requires that:

> (a) All Foster Grandparents shall receive a written volunteer assignment plan developed by the volunteer station that:

(1) Is approved by the sponsor and accepted by the Foster Grandparent;
(2) Identifies the individual child(ren) to be served;
(3) Identifies the role and activities of the Foster Grandparent and expected outcomes for the child;
(4) Addresses the period of time each child receive such services; and
(5) Is used to review the status of the Foster Grandparent's services in working with the assigned child, as well as the impact of the assignment on the child's development.

Due to shortage of staff, the grantee was unable to adequately review volunteer placements, assignments and performance. As a result, the volunteers may not be serving the targeted clients in the manner as required by the program provisions. In addition, due to a lack of volunteer performance evaluations, both the grantee and the volunteers may not be able to monitor and improve the quality of services provided.

Recommendation
We recommend that the Corporation instruct the grantee to implement the following corrective actions:

- Maintain a sufficient staffing level to fulfill its program responsibilities.
- Develop and implement policies and procedures to ensure that volunteer placements, assignments and performance are properly conducted and reviewed in accordance with the program requirements.

Kansas City's Response
The grantee has submitted a preliminary action plan to the Corporation that will develop and implement policy and procedures to ensure that volunteer placement, assignments and performance review are properly conducted and reviewed, as well as to maintain a sufficient staffing level. The grantee is in the process of setting up trainings for the program volunteers and the volunteer stations regarding the requirements on volunteer placement, assignments and performance review. The grantee is also developing schedules for volunteer performance reviews and volunteer station on-site monitoring. The final plan will be submitted to the Corporation for review.

Auditors' Comments
We recognize and concur with the actions implemented by the grantee to ensure that volunteer placement, assignments and performance are properly conducted and reviewed. The Corporation should follow-up to ensure full implementation of the corrective action plan.

Finding No. 5 – Inadequate Procedures to Review Eligibility of Clients Served

Condition
The grantee did not ensure that program volunteers only served eligible children. The grantee relied on the volunteer stations to select eligible children to be served by the volunteers. However, the grantee did not maintain any documentation regarding the eligibility of the children served. In addition, the volunteer stations were not required to provide or maintain any

documentation or certifications to show that the volunteers were assigned to serve eligible children.

The grantee's field coordinator was assigned to review the eligibility of the children being served by the volunteers during volunteer station site visits. However, the field coordinator position had been vacant since June 2004 and there was no other staff member assigned to perform this duty.

We also interviewed five volunteers regarding their volunteer assignments. All volunteers interviewed stated that they served a group of children, assigned by volunteer station personnel, and that some of the children served by them did not appear to have exceptional or special needs. In addition, these volunteers were not aware of the requirement that they should only serve children with exceptional or special needs, and that they should only serve the child(ren) identified in the volunteer assignment plan.

The Corporation's Foster Grandparent Program regulation, 45 C.F.R. § 2552.12, requires the following:

> (f) Children having exceptional needs. Children who are developmentally disabled, such as those who are autistic, have cerebral palsy or epilepsy, are visually impaired, speech impaired, hearing impaired, orthopedically impaired, are emotionally disturbed or have a language disorder, specific learning disability, have multiple disabilities, other significant health impairment or have literacy needs. Existence of a child's exceptional need shall be verified by an appropriate professional, such as a physician, psychiatrist, psychologist, registered nurse or licensed practical nurse, speech therapist or educator before a Foster Grandparent is assigned to the child.
>
> (g) Children with special needs. Children who are abused or neglected; in need of foster care; adjudicated youth; homeless youths; teen-age parents; and children in need of protective intervention in their homes. Existence of a child's special need shall be verified by an appropriate professional before a Foster Grandparent is assigned to the child.

In addition, 45 C.F.R. § 2552.23 requires the following:

A sponsor shall:

(c) Develop and manage a system of volunteer stations by:

(3) Reviewing volunteer placements regularly to ensure that clients are eligible to be served.

The following provisions also apply:

45 C.F.R. § 2552.25:

A sponsor shall:

(g) Establish record keeping/reporting system in compliance with Corporation requirements that ensure quality of program and fiscal operation, facilitate timely and accurate submission of required reports and cooperate with Corporation evaluation and data collection efforts.

45 C.F.R. § 2552.62:

A volunteer station shall undertake the following responsibilities in support of Foster Grandparent volunteers:

(b) Select eligible children for assigned volunteers

(g) Keep records and prepare reports required by the sponsor.

45 C.F.R. § 2552.81:

Foster Grandparents serve only children and youth with special and exceptional needs who are less than 21 years of age.

Due to shortage of staff, the grantee was unable to adequately review volunteer placements, assignments and the eligibility of clients served. As a result, the volunteers may be serving ineligible children. In addition, other children with truly special needs may be denied program services.

Recommendation

A. We recommend that the Corporation clarify the requirements in the FGP Handbook that program volunteers only serve eligible children.

B. We also recommend that the Corporation instruct the grantee to implement the following corrective actions:

- Develop and implement policies and procedures to require volunteer stations to provide certifications to the grantee to show that volunteers only serve eligible children.
- Maintain a sufficient staffing level to conduct periodic site monitoring visits at volunteer stations to ensure that volunteers serve only children who meet the program requirements.

Kansas City's Response

The grantee has submitted a preliminary action plan to the Corporation that will develop and implement procedures which require volunteer stations to provide certifications to the grantee to assure that volunteers only serve eligible children. The grantee has also submitted a request to its human resources department to fill the vacant program position.

Auditors' Comments

We recognize and concur with the actions being implemented by the grantee to ensure that

volunteers only serve eligible children. The Corporation should follow-up with Kansas City to be sure that the action plan is fully implemented and effective.

Finding No. 6 – Program and Financial Reports Are Not Submitted Timely

Condition

The grantee did not submit the following reports in a timely manner, as required by the Corporation.

Reporting Period	Submission Date	Due Date	No. of Days Late
Financial Status Report			
01/01/04 – 06/30/04	10/07/04	08/01/04	67
07/01/04 – 12/31/04	02/14/05	02/01/05	13
01/01/05 – 06/30/05	09/29/05	08/01/05	59
Project Progress Report			
01/01/04 – 06/30/04	09/24/04	08/01/04	54
07/01/04 – 12/31/04	06/03/05	02/01/05	122
Federal Cash Transaction Report			
04/01/04 – 06/30/04	09/27/04	07/15/04	74
07/01/04 – 09/30/04	12/23/04	10/15/04	69
10/01/04 – 12/31/04	02/07/05	01/15/05	23
01/01/05 – 03/31/05	Not submitted	04/15/05	N/A
04/01/05 – 06/30/05	Not submitted	07/15/05	N/A

In addition, we reviewed the Project Progress Reports for the reporting periods ended 06/30/04, 12/31/04 and 06/30/05, and noted that these reports excluded parts of the program operation results.

The Foster Grandparent and Senior Companion Program, Terms and Conditions, specifies that the Standard Form 269, Financial Status Report (FSR), must be submitted by August 1 for the period covering January 1 to June 30, and by February 1 for the period covering July 1 to December 31.

The *Foster Grandparent Program Operations Handbook, April 2000*, Chapter 11, Reports and Recordkeeping, Section 50, Reports also requires that Project Progress Reports (PPRs) are due no later than 30 days after the end of the reporting period.

Furthermore, the Corporation's Foster Grandparent Program regulation, 45 C.F.R. § 2552.25 requires the following:

> A sponsor shall (g) establish record keeping/reporting systems in compliance with Corporation requirements that ensure quality of program and fiscal operations, facilitate timely and accurate submission of required reports and cooperate with

Corporation evaluation and data collection efforts.

Due to the shortage of staff, the grantee did not have sufficient resources to gather the necessary information in a timely manner to complete and submit the required program and financial reports. As a result, the Corporation may not be able to receive up-to-date information to monitor program operations and to evaluate program results.

Recommendation

We recommend that the Corporation instruct the grantee to maintain sufficient staffing to fulfill its program responsibilities.

Kansas City's Response

The grantee has submitted a preliminary action plan that will develop and implement policy and procedures to ensure that reports are submitted in a timely manner, and to establish back up plans and assignment delegation processes. The grantee has also submitted a request to its human resources department to fill the vacant program position.

Auditors' Comments

We recognize and concur with the actions being implemented by the grantee to ensure that program and financial reports related to the program are submitted to the Corporation in a timely manner.

Appendix A

Responses of the City of Kansas City

CITY OF FOUNTAINS
HEART OF THE NATION

KANSAS CITY
MISSOURI

Neighborhood and Community Services Department

Robert J. Mohart Multi-purpose FOCUS Center

3200 Wayne
Kansas City, Missouri 64109-2096

(816) 784-4500

March 7, 2006

Carol Bates, Acting Inspector General
Corporation for National and Community Service
1201 New York Avenue, NW Suite 830
Washington, DC 20525

Subject: Management Response to Audit Report OIG Number 06-24

Dear Ms. Bates:

Enclosed is the City of Kansas City Missouri's response to the Foster Grandparent audit completed by Conrad and Associates, L.L.P. under Award No. 04SFWM0O002, period of January 1, 2004 through June 30, 2005.

The City of Kansas City presented a preliminary action plan to the Corporation for National and Community staff on February 21, 2006. A final plan will be submitted to the Corporation for consideration by no later than March 10, 2006.

Please feel free to contact me if you have questions at (816) 784-4500 if you have questions.

Sincerely,

Jacquelyn R. Powell, Division Manager
Human Services Division
Neighborhood and Community Services

Cc: Lester Washington, Director of Neighborhood and Community Services
Robyn Kendrick, Executive Team Liaison, Public Safety
Robin Flaherty, Financial Analyst
Brenda Lax, Program Manager
Bill Dillon, CNCS
Gordon Ho, Conrad and Associates

Schedule of Internal Control Findings:

Finding #1— Unsupported Volunteer Stipends $6,738 variance between total amount of stipends paid per grantee's monthly detail reports ($373,934) and total stipends claimed and recorded in the general ledger ($380,672)

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 that will reinforce our timekeeping policies and procedures to ensure that volunteer stipend records are properly reconciled and maintained. The final plan will be submitted for review by March 10, 2006.

Finding #2—Volunteer Stipend and Reimbursement Worksheets Were Not Properly Approved by Supervisors:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 that will reinforce our volunteer reimbursement policy and procedures to ensure that they are properly reviewed, signed and approved. Stipends will not be processed for reimbursement without proper approval signatures. The final plan will be submitted for review by March 10, 2006.

Finding #3—Volunteer Station Contributions Were Incorrectly Claimed as Federal Share:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 that will improve communication between program staff and fiscal staff. The final plan will be submitted for review by March 10, 2006. With the grant being entered in the grants module of Peoplesoft, we will have a better tracking system for grant expenses and the City's cash match and the volunteer station's in-kind match.

Finding #4—Insufficient Documentation for Volunteer Support Expenses and Reimbursements:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 will maintain sufficient documentation of expenditures such as receipts and/ service logs for volunteer travel expenditures. Recommendations for the hire of vacant positions has been submitted the Human Resources Department. The final plan will be submitted for review by March 10, 2006 and requested technical assistance guidance an acceptable method for documenting travel expenses from comparably sized programs. The City has also proposed the use of vendor reservation logs as potential corroboration of expenses reflected on the volunteer worksheet as a plausible method of documentation.

Finding #5—Match Costs Are Not Applicable to the Grant Period:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 that will implement policies and procedures to ensure that program related expenses are processed timely, accurately and correctly classified and recorded. The final plan will be submitted for review by March 10, 2006. With the grant being tracked in the grant module of Peoplesoft the City's cash match will have its own activity to track it and make sure costs are for the correct period. The actual in-kind from the volunteer stations will be tracked in Excell.

Schedule of Compliance Findings:

Finding #1—Inadequate Fulfillment of Program and Administrative Responsibilities:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 to implement procedures for a.) documenting and periodically reviewing each organizations status to ensure that the volunteer station meets program requirements; b) ensure that Memorandums of Understanding are developed properly and in a timely manner and renegotiated with each volunteer stations; c) review volunteer replacement on a regular schedule, and d) ensure that annual plan for program promotion is developed properly and in a timely manner, and that accomplishments and impacts of the program are adequately assessed annually. The City has submitted recommendations for hiring of the vacant positions to the Human Resource Department. The final plan will be submitted for review by March 10, 2006.

Finding #2—Lack of a Well-Established Volunteer Database and Record Maintenance System

Kansas City's Response: The City agrees with this finding and is in the process of working with our Information and Technology Department to develop a database system that will enhance our management of volunteer data and record management system. The City submitted a preliminary action plan to the Corporation on February 21, 2006. The final plan will be submitted for review by March 10, 2006.

Finding #3—Missing or Incomplete Volunteer Eligibility Documentation and Records:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 to implement procedures for a.) developing and implementing formal policy and procedures to ensure that volunteer records are properly documented and maintained; b) reviewing program provisions regarding volunteer income eligibility, as well as develop procedures to ensure that annual review of volunteer income eligibility is properly conducted in accordance with the program provisions, and c) obtaining sufficient resources, including program staff, to enhance the our record maintenance system. The final plan will be submitted for review by March 10, 2006.

Finding #4—Volunteer Assignment Plans and Annual Performance Evaluations Are Not Properly Developed:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 to implement procedures for developing and implementing policy and procedures to ensure that volunteer placements, assignments and performance are properly conducted and reviewed in accordance with the program requirements and maintaining sufficient staffing levels to fulfill its program responsibilities. The City is working on setting up trainings for the grandparent volunteers and the volunteer stations so that both know exactly what should be done with regards to placements, assignment plans, performance evaluations. We will also be setting up a schedule to have the performance evaluations for the grandparent volunteers done on an annual basis and to have the volunteer stations monitored on an at least quarterly basis so that all are monitored at least once a year. The final plan will be submitted for review by March 10, 2006.

Finding #5—Inadequate Procedures to Review Eligibility of Clients Served:

Kansas City's Response: The City agrees with this finding. The City submitted a preliminary action plan to the Corporation on February 21, 2006 that included revision of the FGP Handbook to add certification of eligibility, implementation of policy and procedures to require volunteer stations to provide certification to the City to show that volunteers are only serving eligible children, and to establish a back up system for staff shortage to assure that uncovered tasks are delegated to other staff. The City has submitted a request to fill vacant Field Coordinator position to the Human Resources Department. The final plan will be submitted for review by March 10, 2006.

Finding #6—Program and Financial Reports Are Not Submitted Timely:

Kansas City's Response: The City agrees with this finding but disputes the explanation given in regards to why this occurred. The City submitted a preliminary action plan to the Corporation on February 21, 2006 to implement procedures for developing and implementing policy and procedures to ensure that reports are submitted on time by establishing back up plans and assignment delegation processes in the event of future staff turnover. Tracking of the grant in the grants module of Peoplesoft, should allow for on time reporting due to the information being more centralized at the division level with the program staff and the financial analyst. With this said, the City has submitted a request to fill vacant positions. The final plan will be submitted for review by March 10, 2006.

Appendix B

Responses of the Corporation for National and Community Service

To: Carol Bates, Acting Inspector General

From: Larry Floyd, Director Southwest Service Center

Date: February 27, 2006

Subject: Response to OIG Draft Audit Report 06-24, Audit of Corporation for National and Community Service Grant Awarded to the City of Kansas City

CORPORATION FOR NATIONAL SERVICE

The Southwest Service Center in conjunction with the Area Manager and State Program Director have reviewed the draft audit report of the City of Kansas City, Foster Grandparent Program number 04SFWMO002. Due to the limited timeframe for response, we have not yet conducted a comprehensive review, analyzed documentation from the grantee supporting the questioned costs, nor reviewed the audit work papers. We will respond to all findings and recommendations when the audit is issued and we have reviewed the findings in detail.

At this time we have only one recommendation, it is on page 26, RE: Findings No. 5, under Condition, third paragraph. The second sentence states "*. . . All volunteers interviewed stated that they served a group of children, assigned by volunteer station personnel and that some of the children served by them* ***did not appear to have exceptional or special needs . . .***"

Foster Grandparents are not trained nor expected to render opinion, clinically or otherwise, as to whether a child fits the "exceptional or special needs" criteria. However, we agree with the recommendation that regulation 45 C.F.R. § 2552.12 be implemented and reinforced as it requires that the "Existence of a child's exceptional need shall be verified by an appropriate professional… before a Foster Grandparent is assigned to the child."

The audit also questioned grant costs totaling $14,004. Our preliminary review indicates that the questioned cost findings are stated accurately

Finally, we would like to note that the grantee has already developed a draft corrective action plan and is working closely with the Grants and Program Officers to address recommendations proposed in the draft report.

cc: Tess Scannell, Director of Senior Corps
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