

**Office of Inspector General
Corporation for National and
Community Service**

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

OIG REPORT NUMBER 11-09



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

Castro & Company, LLC
2121 Eisenhower Ave., Suite 606
Alexandria, VA 22314

This report was issued to Corporation management on April 28, 2011. 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 October 25, 2011 and complete its corrective actions by April 30, 2012. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

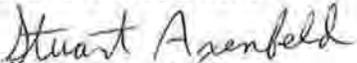


OFFICE OF INSPECTOR GENERAL

April 28, 2011

TO: John Gomperts
Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Stuart Axenfeld 
Assistant Inspector General for Audit

SUBJECT: *OIG Report 11-09, Agreed-Upon Procedures Review of Corporation Grants Awarded to the Connecticut Commission on Community Service*

Attached is the final report for the above-noted agreed-upon procedures, which were performed for the OIG under contract by the independent certified public accounting firm of Castro & Company, LLC (Castro). The contract required Castro to conduct its review in accordance with generally accepted government auditing standards.

Castro is responsible for the attached report, dated April 28, 2011, and the conclusions expressed therein. The agreed-upon procedures, unlike an audit in accordance with U.S. generally accepted auditing standards, was not intended to enable us to express opinions on the Commission's Consolidated Schedule of Awards and Claimed and Questioned Costs or the subgrantees' Schedule of Awards and Claimed and Questioned Costs, conclusions on the effectiveness of internal controls, or compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by October 25, 2011. Notice of final action is due by April 30, 2012.

If you have questions pertaining to this report, please call me at (202) 606-9360, or Rick Samson, Audit Manager, at (202) 606-9380.

Attachment

cc: Jacqueline Johnson, Executive Director
Michael P. Meotti, Commissioner
Robert Velasco II, Chief Operating Officer, CNCS
William Anderson, Chief Financial Officer, CNCS
Rocco Gaudio, Deputy Chief Financial Officer, Grants & Field Financial Management, CNCS
Claire Moreno, Audit Liaison, Office of Grants Management, CNCS
Jack Goldberg, Audit Resolution Specialist, Office of Grant Management, CNCS
Thomas Castro, CPA, Castro & Company, LLC

**OFFICE OF INSPECTOR GENERAL
AGREED-UPON PROCEDURES OF
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
GRANTS AWARDED TO THE
CONNECTICUT COMMISSION ON COMMUNITY SERVICE**

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Executive Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Castro & Company, LLC, to perform agreed-upon procedures (AUP) for the costs incurred by the Connecticut Commission on Community Service (Commission) and its subgrantees from October 1, 2007, through June 30, 2010, under grants awarded by the Corporation. The results of the AUP include findings of questioned costs, weaknesses in internal controls, and non-compliance with applicable laws and regulations.

Two subgrantees had inadequate accounting operations to manage Federal funds. One subgrantee did not account for cost by Federal program. Both subgrantees did not segregate match from Federal cost, no evidence reconciliations were performed and actual cost were not compared to budgeted cost. Management oversight of the accounting function appeared absent.

As a result of applying these procedures, we questioned costs totaling \$20,974. A questioned cost is: (1) an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that at the time of testing, such costs were not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable. Of the total questioned costs, \$20,183 is unsupported, and the remaining \$791 is related to eligibility. The results of our AUP are summarized in the Consolidated Schedule of Award Costs.

The procedures included judgmentally selecting samples to test the costs claimed by the Commission for compliance with its award agreements with the Corporation and other Federal requirements. Based on this sampling, questioned costs detailed in this report may not represent total costs that may have been questioned had all expenditures been tested. In addition, we made no attempt to project such questioned costs to total costs claimed.

Details of the questioned costs, grant awards, non-compliance with grant provisions, and applicable laws and regulations are presented in the Schedule of Internal Control and Compliance Findings that follows the results of our AUP, which are summarized below.

- Finding No. 1 – Subgrantee's Accounting Operations Were Inadequate to Account for Federal Funds
- Finding No. 2 – Commission Procedures for Monitoring Subgrantees Were Inadequate
- Finding No. 3 – Improper Support for the Allocation of Payroll and Fringe Benefit Costs
- Finding No. 4 – Member Compliance Requirements Were Not Met for High School Diploma Documentation
- Finding No. 5 – Improper Documentation Was Maintained Related to Member Fundraising Limitations
- Finding No. 6 – Match Requirements for Grant Budget Were Not Met

**INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Office of Inspector General
Corporation for National and Community Service

We have performed the procedures, which were agreed to by the OIG, solely to assist the OIG in evaluating the Commission’s compliance with applicable laws and regulations. A related purpose was to assess the allowability of costs incurred by the Commission during the AUP period for the grants listed below. These costs, as presented in the Consolidated Schedule of Award Costs, are the responsibility of Commission management.

Grant Number	Grant Type	Grant Period	AUP Period
07CAHCT001	Commission Administration	1/1/07 to 12/31/09	1/1/08 to 12/31/09
10CAHCT001	Commission Administration	1/1/10 to 12/31/12	1/1/10 to 6/30/10
06ACHCT001	AmeriCorps - Competitive	9/1/06 to 8/31/09	10/1/07 to 8/31/09
09ACHCT001	AmeriCorps - Competitive	9/1/09 to 8/31/12	9/1/09 to 3/31/10
06AFHCT001	AmeriCorps - Formula	9/1/06 to 8/31/13	4/1/08 to 3/31/10
08PTHCT001	PDAT	1/1/08 to 12/31/10	7/1/08 to 6/30/10
07CDHCT001	Disability Placement	1/1/07 to 12/31/09	1/1/08 to 12/31/09
10CDHCT001	Disability Placement	1/1/10 to 12/31/12	1/1/10 to 6/30/10
09RFHCT001	AmeriCorps - Recovery	6/22/09 to 6/21/10	6/22/09 to 5/21/10

This AUP engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The procedures included obtaining an understanding of the Commission and its policies, procedures, grants, and subgrantees. They also included reviewing documents at the Commission and its subgrantees related to member eligibility, claimed costs, matching costs, and compliance with laws, regulations, and the terms of grant agreements. The sufficiency of these procedures is solely the responsibility of the OIG.

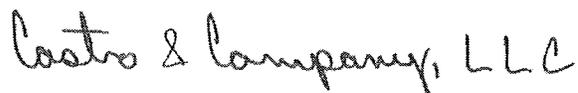
Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

The results of the procedures are described in the Schedule of Internal Control and Compliance Findings. As a result of applying the procedures, we questioned costs totaling \$20,974. A questioned cost is: (1) an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that at the time of testing, such costs were not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable.

The agreed-upon materiality limits for this engagement include not reporting immaterial amounts of \$150 or less, or insignificant compliance findings. Insignificant compliance findings include submitting forms/reports seven days late or less, and grant matching differences of two percent or less.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the reported information. Accordingly, we do not express such an opinion. Had we performed additional 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 OIG, the Corporation, and the Commission, and is not intended to be, and should not be used by, anyone other than these specified parties.

A handwritten signature in cursive script that reads "Castro & Company, LLC".

Castro & Company, LLC
April 28, 2011

**Corporation for National and Community Service
Connecticut Commission on Community Service
Consolidated Schedule of Award Costs**

Grant Number	Grant Type	AUP Period	Total Grant Funding	Total Costs Claimed	Costs Claimed During AUP Period	Questioned Costs	Schedule ¹
07CAHCT001	Administrative	1/1/08 to 12/31/09	\$596,088	\$575,999	\$372,262	\$0	N/A
10CAHCT001	Administrative	1/1/10 to 6/30/10	250,000	105,742	105,742	0	N/A
06ACHCT001	AmeriCorps Competitive	10/1/07 to 8/31/09	1,817,484	1,684,046	878,096	0	N/A
09ACHCT001	AmeriCorps – Competitive	9/1/09 to 3/31/10	573,660	112,019	112,019	0	N/A
06AFHCT001	AmeriCorps – Formula	4/1/08 to 3/31/10	4,301,742	2,018,860	987,767	14,052	A
08PTHCT001	PDAT	7/1/08 to 6/30/10	265,572	139,143	118,151	1,000	C
07CDHCT001	Disability Placement	1/1/08 to 12/31/09	121,774	77,971	48,721	0	N/A
10CDHCT001	Disability Placement	1/1/10 to 6/30/10	60,125	602	602	0	N/A
09RFHCT001	AmeriCorps – Recovery Act	6/22/09 to 5/21/10	325,090	271,630	271,630	5,922	B
		Totals	\$8,311,535	\$4,986,012	\$2,894,990	\$20,974	

¹ Grants 06AFHCT001, 08PTHCT001, and 09RFHCT001 have separate Schedules prepared for them because they were the only grants tested that had questioned costs.

**Connecticut Commission on Community Service
Schedule of Claimed and Questioned Costs
Award No. 06AFHCT001 (AmeriCorps – Formula)**

Subgrantee	Total Costs Claimed During AUP Period	Questioned Costs		Notes
		Federal	Match	
Our Piece of the Pie (OPP)	\$170,373	\$4,192	\$0	1
ASPIRA of CT, Inc. (ASPIRA)	171,490	9,860	0	2 and 3
Other Subgrantees	645,904	0	0	N/A
Totals	\$987,767	\$14,052	\$0	

NOTES:

1. We are questioning \$4,192 of Federal costs reported by OPP on the March 2010 Periodic Expense Report (PER), because OPP was unable to provide documentation to support the costs. (See Finding No. 1)
2. We are questioning all of the \$9,069 of the Federal Other Direct Costs reported by ASPIRA on the March 2010 PER. We were unable to determine if the costs were allowable, reasonable or allocable because ASPIRA's accounting system was not accounting for grant costs by program. (See Finding No. 1)
3. For 1 of the 9 members we sampled, ASPIRA did not have a high school diploma in the member file. The member was terminated by ASPIRA after eight weeks for not meeting the eligibility requirements. We are questioning the member's living allowance of \$791 Federal costs based upon the member's ineligibility. (See Finding No. 4)

**Connecticut Commission on Community Service
Schedule of Claimed and Questioned Costs
Award No. 09RFHCT001 (AmeriCorps – Recovery)**

Subgrantee	Total Costs Claimed During AUP Period	Questioned Costs		Notes
		Federal	Match	
OPP	\$271,630	\$5,922	\$0	4
Totals	\$271,630	\$5,922	\$0	

NOTES:

4. We are questioning \$5,922 of Federal costs reported by OPP on the June 2010 PER, because it was unable to provide documentation to support the costs. (See Finding No. 1)

**Connecticut Commission on Community Service
Schedule of Claimed and Questioned Costs
Award No. 08PTHCT001 (PDAT)**

Subgrantee	Total Costs Claimed During AUP Period	Questioned Costs		Notes
		Federal	Match	
OPP	\$1,000	\$1,000	\$0	5
Other Subgrantees	117,151	0	0	N/A
Totals	\$118,151	\$1,000	\$0	

NOTES:

5. We are questioning the entire subgrant amount of \$1,000 in Federal costs reported on the June 2010 Federal Financial Report (FFR) for the PDAT Grant Number 08PTHCT001, because OPP was also reimbursed for these expenses by the Competitive Grant (Grant Number 06ACHCT001). (See Finding No. 1)

**Connecticut Commission on Community Service
Schedule of Internal Control and Compliance Findings**

Finding No. 1 – Subgrantee’s Accounting Operations Were Inadequate to Account for Federal Funds

The subgrantees ASPIRA and OPP were not properly managing their grant funds. During the period covered by this AUP, their accounting systems were not reconciled to costs claimed or grant drawdowns. Additionally, the subgrantees were not comparing actual costs to budget. Specific details of these issues are noted below.

ASPIRA’s Inadequate Accounting Operations

During our fieldwork, we noted that ASPIRA had significant internal control issues related to the accounting for its funds. ASPIRA’s accounting system was not accounting for any grant costs by program and, consequently, was not appropriately identifying the grant costs by Federal and Match expenditures. In addition, we found no evidence reconciliations were performed, and actual costs were not compared to the budget. These issues resulted in the following questioned costs and internal control and compliance issues:

- We are questioning all of the \$9,069 of the Federal Other Direct Costs reported by ASPIRA on the March 2010 PER. We were unable to determine if the costs were allowable, reasonable or allocable because ASPIRA’s accounting system was not accounting for grant costs by program. The related match cost of \$2,553 is not questioned because ASPIRA has until the end of the budget period to meet the match requirement. The budget period ends August 31, 2013.
- As a result of not performing reconciliations, we noted significant variances between the amounts reported by ASPIRA to the Corporation through FFRs and the amounts reported to the Commission through PERs. For example, the amounts for “Other Program Operating Costs”, and “Travel to CNCS Sponsored Meetings,” listed on the March 2010 PER, were not included in the March 2010 PER totals or the March FFR.
- We found no evidence of management oversight of the accounting function, including reviews of reconciliations or budgets.

ASPIRA's interim executive director stated that there has been recent turnover in the executive director and bookkeeper positions. Current ASPIRA personnel were unable to determine why the functionality in the accounting system did not account for grant costs by program, allocate grant costs by Federal vs. Match, or perform reconciliations. The inability to accurately record grant costs increases the probability of claiming unallowable costs and could negatively impact program performance.

OPP's Inadequate Accounting Operations

We noted that OPP had significant internal control issues related to accounting for its funds because it was not utilizing its accounting system's capability to separately account for Federal and Match costs. In addition, we found no evidence that reconciliations were performed. As a result, we noted significant variances between the costs OPP reported to the Commission for the FFR, the amounts reported on PERs, and the general ledger. These issues resulted in the following questioned costs and internal control issues:

- We are questioning \$4,192 of Federal costs reported on the March 2010 PER for Grant No. 06AFHCT001, and \$5,922 of Federal costs reported on the June 2010 PER for Grant No. 09RFHCT001 because OPP was unable to identify the transactions and source documents to support these costs.
- We are questioning the entire grant amount of \$1,000 of Federal costs reported on the June 2010 FFR for the PDAT Grant (Grant No. 08PTHCT001), because the expenses were incorrectly recorded in the accounting system to another grant. OPP was reimbursed by the Commission for these expenses both by the PDAT Grant and the Competitive Grant (Grant No. 06ACHCT001).
- We found no evidence of management oversight of the accounting function, including review of reconciliations or budgets.

According to OPP's fiscal manager, there was improper supervision over the OPP accountant during the period covered by the AUP. OPP personnel were unable to determine why the functionality in the accounting system for allocating grant costs by Federal vs. Match was not utilized and the reason reconciliations were not performed. Additionally, the OPP accountant was manually (in handwritten form) tracking amounts reported to the Commission instead of tracking them on Excel spreadsheets, increasing the chance of mathematical errors.

Criteria

45 Code of Federal Regulations (C.F.R.) Subpart C, Post-Award Requirements, § 2543.21 *Standards for financial management systems*, states, in part:

(b) Recipients' financial management systems shall provide for the following:

- (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in §2543.51.

* * *

- (2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.
- (3) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- (4) Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data.

Office of Management and Budget (OMB) Circular No. A-122, *Cost Principles for Non-Profit Organizations*, Attachment A. Basic Considerations, states:

2. Factors affecting allowability of costs. To be allowable under an award, costs must meet the following general criteria:
 - a. Be reasonable for the performance of the award and be allocable thereto under these principles.
 - b. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
 - c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
 - d. Be accorded consistent treatment.
 - e. Be determined in accordance with generally accepted accounting principles (GAAP).
 - g. Be adequately documented.

Recommendations

We recommend that the Corporation:

- 1.a. Resolve the unsupported questioned costs totaling \$20,183 and recover disallowed costs.
- 1.b. Ensure that all Commission subgrantees utilize their accounting system's capability to account for grant costs by program and for segregating Federal and Match costs claimed.
- 1.c. Ensure that all Commission subgrantees maintain adequate support for Federal costs claimed and match costs expended.
- 1.d. Ensure that all Commission subgrantees perform reconciliations of their general ledgers to the PERs and drawdowns.
- 1.e. Ensure that all Commission subgrantees perform management reviews of reconciliations.

- 1.f. Ensure that all Commission subgrantees perform management reviews of actual costs to budgeted cost.

Commission's Response

The Commission did not respond directly to the recommendations in the draft report, but stated that the recommendations have been taken under advisement. The Commission did expand on the causes, discussed above, of the finding and stated that the Board of Directors decided to close ASPIRA of Connecticut, as of March 14, 2011. The Commission has begun to close out the AmeriCorps program and remedy the questioned Federal costs. The Commission also stated that OPP will correct the questioned Federal costs.

Auditor's Comments

The Corporation should ensure that the Commission monitors the subgrantees for the financial management recommendations.

Finding No. 2 – Commission Procedures for Monitoring Subgrantees Were Inadequate

The Commission's procedures for monitoring subgrantee's operations did not adequately address the review of new subgrantees' accounting systems, and determine whether they are properly accounting for grant costs by program and identifying grant costs by Federal and Match. A new subgrantee is defined by the Corporation as one that did not receive AmeriCorps funds during the 12 months prior to the current program year.

The Commission reviewed subgrantees' applications to ensure the descriptions of their financial management systems were adequate. After subgrantees were selected and were receiving grant funds, the Commission performed site visits and hired an independent public accountant (IPA) to reconcile the subgrantee's PERs to its general ledger and supporting documentation.

The Commission's executive director stated that, during the past year, the subgrantees were either new to the grant (ASPIRA) or new accounting personnel were responsible for the accounting (OPP). The executive director further stated that some of the subgrantees' site visits were not conducted at the end of program year 2010 due to the upcoming OIG AUP engagement. The executive director believes that these accounting system issues would have been identified by its IPA if the review had been performed.

The inadequate financial management systems resulted in questioned Federal grant costs in Finding No. 1. Earlier Commission monitoring of accounting systems would have identified deficiencies prior to the end of the program year. Also, based on our review of the AUP program used by the IPAs, we believe the program needs to improve the review of accounting systems.

Criteria

OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Subpart D--Federal Agencies and Pass-Through Entities, § .400 Responsibilities, states:

(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

...(2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

45 C.F.R. § 2543.51 - *Monitoring and reporting program performance*, states:

(a) Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award.

Recommendations

We recommend that the Corporation:

- 2.a. Ensure that the Commission enhances its subgrantee monitoring procedures to perform an interim review for new subgrantees at the completion of the first FFR, instead of waiting until the end of the program year.
- 2.b. Ensure that the Commission enhances its subgrantee monitoring procedures to require that all subgrantees report to the Commission significant operational changes during the program year, such as turnover of key personnel, including accounting personnel. Additionally, when subgrantees report these significant operational changes, the Commission should determine the risk to the AmeriCorps program and whether an interim review of the subgrantee should be performed.
- 2.c. Ensure that the Commission engagements performed by its IPA verify that subgrantees' accounting systems are properly reconciled, account for grant costs by program, and identify grant costs by Federal and Match.

Commission's Response

The Commission did not respond directly to the recommendations in the draft report, but stated that the recommendations have been taken under advisement. The Commission provided two criteria it has added to its risk-based monitoring system: performing a site visit for all new AmeriCorps subgrantees within the first six months of operation and within six months of notification of a change in the subgrantee's financial management staff.

Auditor's Comments

We agree with the criteria the Commission has added to its risk-based monitoring system. The Corporation should ensure that the Commission has implemented these criteria and that it addresses the remaining recommendations.

Finding No. 3 – Improper Support for the Allocation of Payroll and Fringe Benefit Costs

ASPIRA was unable to support the allocation of payroll and fringe benefits costs reported on the Corporation grant because the ASPIRA's staff timesheets did not report activity on different grants. However, we were able to perform alternative procedures and are satisfied that the staff worked on the Corporation grant. Therefore, we are not questioning the payroll and fringe benefits costs. The ASPIRA Project Director and two Assistant Project Directors were charging the Corporation grant. The Project Director was full-time, and the two Assistant Project Directors were part-time, though the majority of their time was charged to the Corporation grant.

Criteria

OMB Circular No. A-122, *Cost Principles for Non-Profit Organizations*, Attachment B. *Selected Items of Cost*, Section 8 - Compensation for Personal Services, Paragraph m. Support of Salaries and Wages, states:

- (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:
 - (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
 - (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

Recommendation

We recommend that the Corporation:

3. Ensure that all Commission subgrantees' staff timesheets are activity based to clearly distinguish AmeriCorps grant activity from other grant activity.

Commission's Response

The Commission did not respond directly to the recommendations in the draft report, but stated that the recommendations have been taken under advisement. The Commission also stated that the Board of Directors decided to close ASPIRA of Connecticut, as of March 14, 2011. The Commission has begun to close out the AmeriCorps program.

Auditor's Comments

The Corporation should ensure that the Commission monitors the subgrantees for activity based timesheets.

Finding No. 4 – Member Compliance Requirements Were Not Met for High School Diploma Documentation

For 1 of the 9 members sampled, ASPIRA did not have a high school diploma in the member file. The member was terminated by ASPIRA after eight weeks because she did not meet the eligibility requirements. We are questioning the member's living allowance of \$791 of Federal costs based upon ineligibility.

Criteria

45 C.F.R. § 2522.200 - *What are the eligibility requirements for an AmeriCorps participant?*, states:

(a) Eligibility. An AmeriCorps participant must . . . (2)(i) Have a high school diploma or its equivalent; or (ii) Not have dropped out of elementary or secondary school to enroll as an AmeriCorps participant and must agree to obtain a high school diploma or its equivalent prior to using the education award; or (iii) Obtain a waiver from the Corporation of the requirements in paragraphs (a)(2)(i) and (a)(2)(ii) of this section based on an independent evaluation secured by the program demonstrating that the individual is not capable of obtaining a high school diploma or its equivalent; or (iv) Be enrolled in an institution of higher education on an ability to benefit basis and be considered eligible for funds under section 484 of the Higher Education Act of 1965 (20 U.S.C. 1091) . . .

(b) Written declaration regarding high school diploma sufficient for enrollment. For purposes of enrollment, if an individual provides a written declaration under penalty of law that he or she meets the requirements in paragraph (a) of this section relating to high school education, a program need not obtain additional documentation of that fact.

During the AUP period, ASPIRA did not ensure that it received all required member documentation prior to a member beginning service. As a result, ASPIRA was unable to ensure that potential members were eligible to participate in the program in accordance with the AmeriCorps provisions.

Recommendations

We recommend that the Corporation:

- 4.a. Resolve the questioned costs related to eligibility totaling \$791 and recover disallowed costs.
- 4.b. Ensure that Commission subgrantees obtain all required member documentation prior to a member beginning service.

Commission's Response

The Commission did not respond directly to the recommendations in the draft report, but stated that the recommendations have been taken under advisement. The Commission also stated that the Board of Directors decided to close ASPIRA of Connecticut, as of March 14, 2011. The Commission has begun to close out the AmeriCorps program and remedy the questioned Federal costs.

Auditor's Comments

The Corporation should ensure that the Commission monitors the subgrantees for compliance with the high school diploma requirements.

Finding No. 5 – Improper Documentation Was Maintained Related to Member Fundraising Limitations

For 6 of the 9 members sampled, ASPIRA was unable to provide supporting documentation to demonstrate that those members did not exceed the 10 percent fundraising limitation during the AUP period.

Additionally, we interviewed five members, all of whom said they had participated in fundraising activities, such as raffles and bake sales, related to the AmeriCorps grant. However, the majority of their timesheets had either zero or very minimal hours recorded for fundraising.

Criteria

45 C.F.R. § 2520.45 - *How much time may an AmeriCorps member spend fundraising?*, states:

An AmeriCorps member may spend no more than ten percent of his or her originally agreed-upon term of service, as reflected in the member activities, as described in Sec. 2520.40.

ASPIRA was not properly monitoring member hours to ensure they did not exceed the fundraising limitation. Additionally, there was improper training of members and supervisors to ensure that all fundraising activities were accurately reported on member timesheets.

Without tracking the members' fundraising hours on an ongoing basis, the subgrantee may exceed the 10 percent fundraising limitation included in the AmeriCorps provisions.

Recommendations

We recommend that the Corporation:

- 5.a. Ensure that the Commission requires its' subgrantees to monitor member fundraising hours on an ongoing basis to ensure the 10 percent limitation is not exceeded.
- 5.b. Ensure that the Commission requires its' subgrantees to provide additional training to members and supervisors to ensure that all fundraising hours are properly captured on member timesheets.

Commission's Response

The Commission did not respond directly to the recommendations in the draft report, but stated that the recommendations have been taken under advisement. The Commission also stated that the Board of Directors decided to close ASPIRA of Connecticut, as of March 14, 2011. The Commission has begun to close out the AmeriCorps program.

Auditor's Comments

The Corporation should ensure that the Commission monitors the subgrantees for compliance with the fundraising requirements.

Finding No. 6 – Match Requirements for Grant Budget Were Not Met

The match percentages of program operating costs claimed as Grantee Share on the FFR revealed that the Subgrantee did not meet the grant budget match requirement for Formula Grant No. 06AFHCT001 through March 31, 2010.

Subgrantee Women & Families did not meet its budget grant requirement of 38 percent. Its actual match was 34 percent, resulting in a shortage of \$12,583 in budgeted match costs. Women & Families did meet its regulatory match requirement of 34 percent.

Meeting the budgeted match requirement is a measure of program performance. In addition, applications with higher budgeted match could be selected for awards over applicants with lower budgeted match. An overstated budgeted match could result in an award being made that could have gone to better-qualified applicant.

Criteria

45 C.F.R. § 2521.40 - *What are the matching requirements?*, states:

If you are subject to matching requirements under §2521.35, you must adhere to the following:

* * *

(C) Budgeted match: To the extent that the match in your approved budget exceeds your required match levels under paragraph (a) or (b) of this section, any failure to provide the amount above your regulatory match but below your budgeted match will be considered as a measure of past performance in subsequent grant competitions.

The Commission's executive director stated that its monitoring procedures include reviewing the match for each subgrantee. Further, the executive director stated that, if the subgrantee doesn't meet its budget match requirement, the Commission will ensure that the program is not being significantly affected by the reduced match funds required. The executive director noted that Women and Families' program was not adversely affected by the shortage of the budget match requirement.

Recommendations

We recommend that the Corporation:

- 6.a. Ensure the Commission, during its evaluations for awards, considers the applicants' historical ability to meet budgeted match requirements.
- 6.b. Ensure the Commission, during its evaluations for awards, considers the applicants' ability to meet the proposed budgeted match.

Commission's Response

The Commission did not respond directly to the recommendations in the draft report, but stated that the recommendations have been taken under advisement. The Commission stated that, given the numerous variables that can affect a program's ability to realize the budgeted match, the Commission monitors program progress and provides technical assistance where needed or applicable.

Auditor's Comments

The Corporation should ensure that the Commission implements the report recommendations on evaluating award applications.

Objectives and Scope

The objectives of the AUP engagement were to determine whether the Commission expended Corporation-funded Federal assistance in accordance with applicable requirements, and to report resulting findings on questioned costs, internal controls, and compliance with laws and regulations.

Castro & Company, LLC, performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The procedures included obtaining an understanding of the Commission and its policies, procedures, grants, and subgrantees. They also included reviewing documents at the Commission offices and its subgrantees related to member eligibility, claimed costs, matching costs, and compliance with laws, regulations, and the terms of grant agreements.

During the period covered by our procedures, the Commission received approximately \$8.3 million under nine Corporation grant awards and distributed most of the funds to subgrantees. Approximately \$5 million of the amounts awarded were claimed on FFRs. We conducted our fieldwork at the Commission and two of its subgrantees that we selected, OPP and ASPIRA, from November 29, 2010 to December 10, 2010. We selected the subgrantees for testing primarily based on:

- (1) The amount of grant dollars;
- (2) The number of AmeriCorps members; and
- (3) Associated risks identified during Commission site visits.

Background

The Corporation, under the authority of the National Community Service Trust Act, as amended, awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in the creation of full- and part-time national and community service programs. Through these grantees, AmeriCorps members perform service to meet educational, human, environmental, and public safety needs. In return, eligible members may receive a living allowance and post-service education benefits.

The Commission was established to administer Corporation programs in Connecticut in partnership with the Connecticut Department of Higher Education. It consists of between 15 and 25 commissioners, appointed by the governor to serve three-year terms. The mission of the Commission is to foster service through volunteerism by:

- Securing and granting funds
- Selecting, training and monitoring high-quality grantees
- Recognizing the success and effectiveness of volunteer programs and activities
- Developing and sharing resources
- Creating networks among volunteer organizations
- Serving as a bridge between the public and nonprofit sectors
- Supporting and publicly recognizing community service on college campuses

Exit Conference

We provided a draft report for discussion with the Corporation, the Commission, and applicable subgrantees at an exit teleconference held on February 23, 2011. The draft report was issued for comment to the Corporation and Commission on March 4, 2011.

Responses from the Commission were summarized in the appropriate sections of the final report. Responses from the Commission and the Corporation are included in their entirety in Appendices A and B, respectively.

APPENDIX A

**CONNECTICUT COMMISSION ON COMMUNITY SERVICE
RESPONSE TO DRAFT REPORT**



April 1, 2011

Stuart Axenfeld, Assistant Inspector General for Audit
Corporation for National and Community Service
Office of Inspector General
1201 New York Avenue, NW
Suite 830
Washington, DC 20525

Dear Mr. Axenfeld:

Enclosed please find the response to the Draft Audit Report for the costs incurred by the Connecticut Commission on Community Service and its subgrantees from October 1, 2007 through June 30, 2010, under grants awarded by the Corporation.

Finding No. 1: Subgrantee's Accounting Operations Were Inadequate to Account for Federal Funds

ASPIRA's Inadequate Accounting Operations

ASPIRA of Connecticut, the legal applicant of ASPIRA Corps, has experienced significant staff transition enacted by its Board of Directors in the last twelve months. These changes compromised the immediate internal controls of the organization, which in turn made vulnerable all managerial and financial decisions during that time. ASPIRA of Connecticut has a new Board Chair and an entirely new Board of Directors membership. In addition, the board released the Executive Director and the bookkeeper from employment in November 2010, without adequate staff capacity in place to continue management and fiscal operations. As a result, reconciling financial records to support past financial transactions with inexperienced staff and board members was not successful.

Subsequently, the Board of Directors decided to close ASPIRA of Connecticut, as of March 14, 2011. The Commission has begun procedures to close out the AmeriCorps program and remedy the questioned Federal costs identified in the Draft Audit Report.

OPP's Inadequate Account Operations

Our Piece of the Pie, Inc. (OPP) has changed fiscal staff in the last twelve months. While OPP had established financial management systems; they were not being utilized by the former financial manager. The new financial manager is closely following all internal controls and has corrected any previous oversight challenges. OPP will correct the questioned Federal costs as identified in the Draft Audit Report.

Finding No. 2: Commission Procedures for Monitoring Subgrantees Were Inadequate

The Commission has added two criteria items to its risk-based monitoring system:

- 1) All new AmeriCorps subgrantees will receive a fiscal monitoring site visit within the first six (6) months of operation. This monitoring visit will review the financial management systems that are in place to ensure accuracy, efficiency and reliability.
- 2) Notification of change in staff at the financial management level will warrant a fiscal monitoring site visit within the first six (6) months of the new staff's start date. This monitoring visit will review the financial management systems to ensure continuance, accuracy, efficiency and reliability.

Finding No. 3: Improper Support for the Allocation of Payroll and Fringe Benefit Costs

ASPIRA of Connecticut closed as of March 14, 2011. The Commission has begun procedures to close out the AmeriCorps program.

Finding No. 4: Member Compliance Requirements Were Not Met for High School Diploma Documentation

ASPIRA of Connecticut closed as of March 14, 2011. The Commission has begun procedures to close out the AmeriCorps program and remedy the questioned Federal costs identified in the Draft Audit Report.

Finding No. 5: Improper Documentation Was Maintained Related to Member Fundraising Limitations

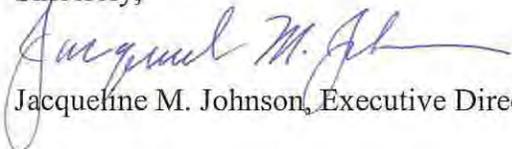
ASPIRA of Connecticut closed as of March 14, 2011. The Commission has begun procedures to close out the AmeriCorps program.

Finding No. 6: Match Requirements for Grant Budget Were Not Met

By not meeting the budgeted match (which is a proposed or targeted percentage), the Commission does not feel this is a compliance issue, but rather a performance matter. The Commission reviews all AmeriCorps subgrantees match status at the end of each program year. The program's actual match is tracked against the required match and satisfaction of the required match is noted. Meeting budgeted match is considered when evaluating for continued funding. Given the numerous variables that can affect a program's ability to realize the budgeted match, the Commission monitors the program's progress and provides technical assistance where needed or when applicable.

Recommendations made within the Draft Audit Report have been taken under advisement as the Commission continues to use due diligence in all financial and programmatic areas and recording keeping.

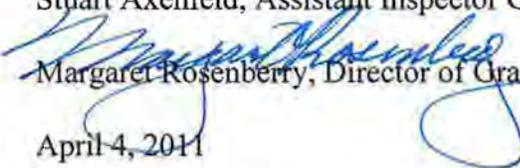
Sincerely,


Jacqueline M. Johnson, Executive Director

APPENDIX B

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
RESPONSE TO DRAFT REPORT**

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Stuart Axenfeld, Assistant Inspector General for Audit
From:  Margaret Rosenberry, Director of Grants Management
Date: April 4, 2011
Subject: Response to OIG Draft of Agreed-Upon Procedures of Corporation Grants Awarded to the Connecticut Commission on Community Service

Thank you for the opportunity to review the draft Agreed-Upon Procedures report of the Corporation's grants awarded to the Connecticut Commission on Community Service (the Commission). We will work with the Commission to ensure its corrective action plan adequately addresses the findings. We will respond with our management decision after we receive the final report and the auditor's working papers and have reviewed the Commission's corrective action plan.

Cc: William Anderson, Chief Financial Officer
John Gomperts, Director of AmeriCorps
Wilsie Minor, Acting General Counsel