OFFICE OF THE INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE

PRE-AUDIT SURVEY OF THE MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE

OIG Audit Report Number 01-15
August 25, 2000

Prepared by:

KPMG LLP
2001 M Street N.W.
Washington, DC 20036

Under CNS OIG MOU # 98-046-5003
With the Department of Labor
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Task # B9G0V203

This report was issued to Corporation management on December 21, 2000. Under the laws and regulations governing audit follow up, the Corporation must make final management decisions on the report's findings and recommendations no later than June 19, 2001, and complete its corrective actions by December 21, 2001. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Office of Inspector General
Corporation for National and Community Service

CORPORATION
FOR NATIONAL
SERVICE

Pre-Audit Survey of the Mississippi Commission for Volunteer Service
OIG Audit Report Number 01-15

Introduction

The Corporation for National and Community Service, pursuant to the authority of the National and Community Service Act, awards grants and cooperative agreements to state commissions, nonprofit entities, tribes and territories to assist in the creation of full and part time national and community service programs. Currently, in accordance with the requirements of the Act, the Corporation awards approximately two-thirds of its AmeriCorps State/National funds to state commissions. The state commissions in turn fund, and are responsible for the oversight of, subgrantees who execute the programs. Through these subgrantees, AmeriCorps Members perform service to meet educational, human, environmental, and public safety needs throughout the nation.

Thus, state commissions play an important role in the oversight of AmeriCorps programs and expenditures. The Corporation has indicated that it intends to give them greater responsibility. However, the Corporation lacks a management information system that maintains comprehensive information on its grants including those to state commissions and subgrantees. Moreover, although the Corporation began state commission administrative reviews in 1999, the Corporation, historically, has not carried out a comprehensive, risk-based program for grantee financial and programmatic oversight and monitoring. It is also unlikely that AmeriCorps programs are subject to compliance testing as part of state-wide audits under the Single Audit Act due to their size relative to other state programs.

Therefore, CNS OIG has initiated a series of pre-audit surveys intended to provide basic information on the state commissions' operations and funding. The surveys are designed to provide a preliminary assessment of the commissions' pre-award and grant selection procedures, fiscal administration, monitoring of subgrantees (including AmeriCorps Member activities and service hour reporting), and the use of training and technical assistance funds. For each survey, we will issue a report to the state commission and to the Corporation communicating the results and making recommendations for improvement, as appropriate.

We engaged KPMG LLP to perform the pre-audit survey of the Mississippi Commission for Volunteer Service. Based on the limited procedures performed, KPMG concluded that the Commission administers an open, competitive process to select national service subgrantees and its control policies and procedures for fiscal administration and sub-recipient oversight are adequate. However, KPMG recommended that the Commission continue its initiatives to improve descriptions of member service activities on timesheets. Lastly, KPMG concluded that the Commission has established controls to evaluate and monitor subgrantees. However, KPMG recommended that the Commission improve its process for determining whether subgrantees have been audited in accordance with Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". In addition, KPMG recommended that the Office of Inspector General perform limited auditing procedures to follow-up on issues identified by this pre-audit survey and that the Corporation follow-up to determine that appropriate corrective actions have been put into place.

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

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

The Mississippi Commission's response (Appendix C) describes its continuing corrective actions in response to the report's recommendations. The Corporation's response (Appendix D) argues against improvements in reporting member service activities because such requirements have not been established in CNS or OMB current requirements; takes issue with conditions reported related to its Web Based Reporting systems (WBRS); and indicates its awareness of issues relating to the Commission's tracking of subgrantee audit reports.

Pre-Audit Survey of the
Mississippi Commission for Volunteer Service
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2001 M Street, N.W.
Washington, DC 20036

August 25, 2000

Inspector General
Corporation for National and Community Service:

At your request, KPMG LLP (KPMG) performed a pre-audit survey of the Mississippi Commission for Volunteer Service (the Commission). The primary purpose of this survey was to provide a preliminary assessment of:

- the adequacy of the pre-award selection process;
- the fiscal procedures at the Commission; and
- the effectiveness of monitoring of its AmeriCorps State subgrantees, including AmeriCorps Member activities and service hours and program accomplishment reporting.

We were also to report on the recommended scope of additional audit procedures to be performed at the Commission.

Results in Brief

Based on the results of the limited procedures performed, we have made the following preliminary assessments regarding the Commission's systems for administering its AmeriCorps grants:

- The Commission administers an open, competitive process to select national service subgrantees.

- The Commission has developed adequate control policies and procedures to administer the Corporation's grant funds. However, the Commission should continue to work with subgrantees to improve descriptions on timesheets to provide a clear identification of program service activities performed.

- The Commission has established controls to evaluate and monitor subgrantees. However, the Commission should improve its process for determining whether subgrantees have been audited in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and documenting the results of its review of those reports.

The section below entitled Findings and Recommendations describes the weakness noted above in further detail and addresses additional issues noted during the survey.

KPMG LLP KPMG LLP a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

The Commission's AmeriCorps grants were identified as a major program and tested as part of an OMB Circular A-133 audit performed by the State of Mississippi – Office of State Auditor. Therefore, based on our preliminary assessments and the low number of findings, we recommend the performance of limited audit procedures to address the findings related to OMB Circular A-133 audit reports and monitoring.

Additionally, we recommend that the Corporation follow up with the Commission to determine that appropriate corrective actions are put into place to address the conditions reported herein, and that the Corporation consider these conditions in its oversight and monitoring of the Commission.

Background

The National and Community Service Trust Act of 1993, P.L. 103-82, which amended the National and Community Service Act of 1990, established the Corporation for National and Community Service.

The Corporation, pursuant to the authority of the Act, awards grants and cooperative agreements to State Commissions, nonprofit entities and tribes and territories to assist in the creation of full and part time national and community service programs. Through these grantees, AmeriCorps Members perform service to meet the educational, human, environmental, and public safety needs throughout the nation, especially addressing those needs related to poverty. In return for this service, eligible Members may receive a living allowance and post service educational benefits.

Currently, the Corporation awards approximately two-thirds of its *AmeriCorps State/National* funds to State Commissions. State Commissions are required to include 15 to 25 voting Members. Each Commission has a responsibility to develop and communicate a vision and ethic of service throughout its State.

The Commissions provide AmeriCorps funding to approved applicants for service programs within their states and are responsible for monitoring these subgrantees' compliance with grant requirements. The Commissions are also responsible for providing training and technical assistance to AmeriCorps State and National Direct programs and to the broader network of service programs in the state. The Commissions are prohibited from directly operating national service programs.

The Corporation's regulations describe standards for financial management systems that must be maintained by State Commissions. The standards require, in part, that the State Commissions maintain internal controls that provide for accurate, current, and complete disclosure of the financial and programmatic results of financially assisted activities, and provide effective control and accountability for all grant and subgrant cash, real and personal property, and other assets.

Overview of the Mississippi Commission

The Mississippi Commission for Volunteer Service, located in Jackson, Mississippi, has received AmeriCorps grant funds from the Corporation for National and Community Service since program year 1994-95. The Commission operates as part of the State of Mississippi's Institutions of Higher Learning. The Commission has eight employees including an Executive Director, Deputy Director, two fiscal employees, office manager, and three program coordinators. The Executive Director has been with the Commission since 1994, as have several other members of the staff. The tenure of key employees, along with a single location since inception, has contributed to the Commission's ability to operate consistently and retain documentation in an orderly fashion.

As part of Institutions of Higher Learning of the State of Mississippi, the Commission is annually tested as part of an OMB Circular A-133 audit performed by the Mississippi State Auditors' Office.

The Commission provided us with the following information for all program years:

Program Year	Total Corporation Funding	Number of Subgrantees	Number of Subgrantees Subject to A-133 Audits*
1994-95	$ 861,002	3	0
1995-96	1,247,574	3	0
1996-97	1,461,463	4	0
1997-98	2,740,202	8	2
1998-99	4,292,562	10	3
1999-2000	4,996,199	10	4

* Determination is based solely on dollar value of federal awards passed through the Commission for each program year. Remaining subgrantees could be subject to an OMB Circular A-133 audit if they received additional federal grant funds from other sources.

Appendix A contains more detailed information on funding received from the Corporation during program years 1994-95 through 1999-2000.

Objectives, Scope, and Methodology

We were engaged by the Office of the Inspector General, Corporation for National and Community Service, to provide an assessment of the systems and procedures in place at the Commission for administering its AmeriCorps grants and for monitoring the fiscal activity of subgrantees. The primary purpose of this pre-audit survey was to provide a preliminary assessment of:

- the adequacy of the pre-award selection process;
- the fiscal procedures at the Commission; and

- the effectiveness of monitoring of its AmeriCorps State subgrantees, including AmeriCorps Member activities and service hours and program accomplishment reporting.

We were also to report on the recommended scope of additional audit procedures to be performed at the Commission.

Our survey included the following procedures:

- reviewing applicable laws, regulations, grant provisions, the Corporation's *State Administrative Standards Tool*, and other information to gain an understanding of legal, statutory and programmatic requirements;

- reviewing OMB Circular A-133 reports and current program year grant agreements for the Commission;

- obtaining information from Commission management to complete flowcharts documenting the hierarchy of AmeriCorps grant funding for program years 1994-95 through 1999-2000.

- performing procedures to achieve the objectives detailed in Appendix B to assess the Commission's internal controls, selection of subgrantees, administration of grant funds, and monitoring of grants, including internal controls over service hour and program accomplishment reporting.

As part of the procedures performed, we documented and tested internal controls in place at the Commission using inquiries, observations, and examination of a limited sample of source documents. Finally, we summarized the results of our work to develop the findings and recommendations presented in this report. We discussed all findings with Commission management during an exit conference on August 30, 2000.

Our procedures were performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not, perform an audit of any financial statements, and the procedures described above were not sufficient to express an opinion on the controls at the Commission, or on its compliance with applicable laws, regulations, contracts and grants. Accordingly, we do not express an opinion on any such financial statements, or on the Commission's controls or compliance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We provided a draft of this report to the Commission and the Corporation. The Commission's and Corporation's responses to our findings and recommendations are included as Appendix C and D respectively.

Findings and Recommendations

Selecting Subgrantees

According to 45 CFR 2550.80, "Each State must administer a competitive process to select national service programs to be included in any application to the Corporation for funding."

The Commission administers an open, competitive process to select national service subgrantees. The Commission advertises funding availability through mailing lists, newspapers and newsletters. In addition, selection officials sign conflict of interest statements annually, receive an instruction package, and use a standard form to evaluate each applicant, which includes an evaluation of the applicants' financial systems.

Administering Grant Funds

As part of the grant administration process, "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity" (45 CFR 2541.400).

The Commission has developed and implemented procedures that are intended to provide reasonable assurance that grant funds received from the Corporation are properly administered. Procedures are in place to withhold funding payments if subgrantees do not submit Financial Status Reports (FSRs) timely; to manage cash draw downs and disbursements to subgrantees made by the Mississippi Institutions of Higher Learning as the Commission's fiscal agent; and to ascertain whether subgrantees have met their matching requirements. The Commission's personnel have adequate skills and experience to manage and administer Corporation grant funds. However, we identified the following area for improvement within the administering process.

Descriptions of Member Service on Timesheets

Descriptions provided on timesheets selected for review related to Member service performed were sometimes vague or without clear relation to program service. As a result, descriptions for Member service performed do not clearly support that service hours were used in performing allowable activities. AmeriCorps Provisions Section B.1 states, "Activities funded through this grant must help engage Americans of all backgrounds as members in community based service that provides a direct and demonstrable benefit that is valued by the community." No recommendation for this finding is considered necessary at this time because the Commission redesigned all program timesheets in 2000 to improve information captured during timesheet reporting.

We determined that the Commission has not fully implemented Web Based Reporting System (WBRS). The Commission personnel shared the following concerns about WBRS with KPMG:

- WBRS has had problems uploading state and program profiles on the system in a timely manner for programs to begin Member enrollment, etc.

- The current WBRS system which produces the financial status quarterly reports through the monthly program periodic expense reports does not have a signature process in place, and therefore no proof exists to verify that proper officials compiled and reviewed the information. Also, WBRS does not work for programs that are funded for more than one year.

- WBRS progress reports are limited to only two for the entire year. This limits the Commission's monitoring of program goals and objectives with regards to accomplishments and outcomes. Since only two reports are required, program monitoring relies more heavily upon Commission site visits whereby the progress is more observational than written.

Our discussions with Commission personnel indicate that they are using WBRS when possible, but still maintaining the prior processes until WBRS is fully functional for their needs. The Commission still requires subgrantees to submit three progress reports to effectively monitor, provide continuous improvement feedback, and demonstrate results orientated outcome and accomplishments.

Evaluating and Monitoring Subgrantees

As noted above, the Commission is responsible for monitoring subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. The Commission has established controls to evaluate and monitor subgrantees, which include reviewing program and financial reports and scheduling site visits for each subgrantee during the grant period. Commission personnel use a standard site visit report form to document results of each visit, and the Commission notifies the subgrantees of the results of these site visits, including strengths, weaknesses, concerns, recommendations, and any necessary follow-up requirements.

In addition, the Commission evaluates program accomplishments reported by the subgrantees. The Commission uses a standard form to compile program objectives which were originally stated in the grant application. By establishing the objectives in this format and sharing it with the subgrantees at the beginning of the program year, it is clear how the program will be evaluated and what types of documentation must be maintained. Three times per year, the Commission requires that the programs address their accomplishments towards meeting the stated objectives, citing both numerical and other informational data. The Commission personnel then verify this information as part of their site visits.

However, we identified the following area for improvement related to the evaluation and monitoring of subgrantees.

Review of OMB Circular A-133 Audit Reports

OMB Circular A-133 Compliance Supplement, April 1999, Part 6 – Internal Control suggests that review of and follow-up on subgrantees' audit reports is a key component of a program to monitor subgrantees' compliance with federal grant requirements. However, the Commission has not implemented an adequate process for obtaining and reviewing OMB Circular A-133 audit reports for its subgrantees.

Recommendations

We recommend that the Commission improve its evaluation and monitoring of subgrantees by developing and implementing a process for obtaining and following up on OMB Circular A-133 audit reports for its subgrantees. This process should include documenting, for each of its subgrantees, (1) whether an OMB Circular A-133 audit was required to be conducted, (2) whether the audit was actually conducted, (3) collection and review of the report, and (4) follow up procedures performed for missing reports and to resolve reported findings.

*****

This report is intended solely for the information and use of the Office of the Inspector General, the management of the Corporation for National and Community Service, the management of the Mississippi Commission for Volunteer Service, and the United States Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

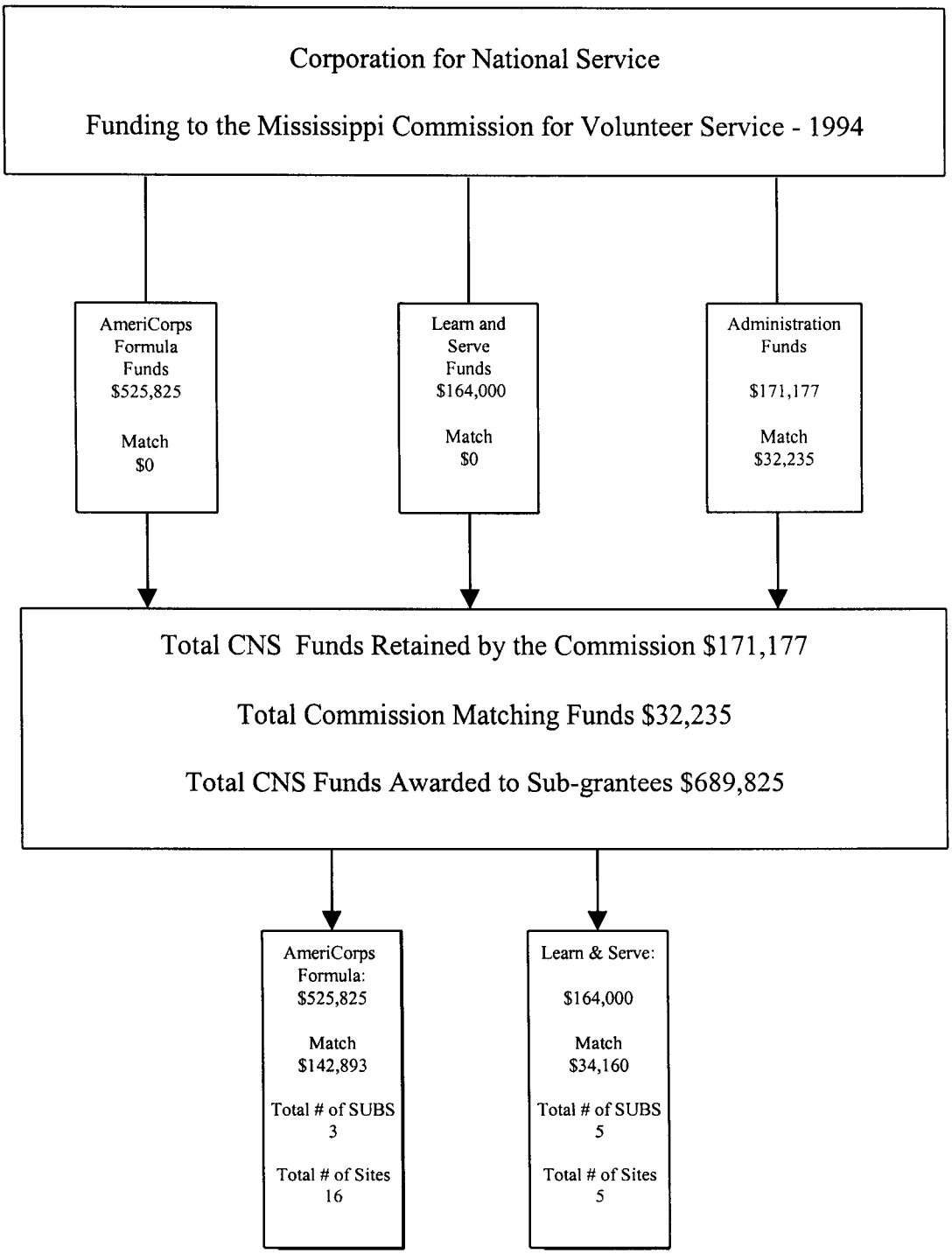
Commission Funding Appendix A

The table below and the flowcharts on the following pages depict the Commission's funding over the past six program years.

Funding Source and Type	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
CNS Formula Grant Funds	$ 525,825	$ 599,456	$ 528,046	$ 688,505	$ 610,126	$ 749,320
CNS Competitive Grant Funds	-	-	-	1,633,835	1,216,477	1,746,245
CNS Learn and Serve Funds	164,000	74,393	185,025	92,250	204,820	191,817
CNS PDAT Funds		75,000	36,135	83,347	126,827	130,243
CNS Administrative Funds	171,177	207,255	191,544	151,718	177,626	189,194
Subtitle H	-	-	323,118	30,000	-	-
Disability	-	63,479	-	-	34,523	89,100
America Reads	-	-	-	-	1,286,916	1,586,373
Promise Fellows	-	-	-	-	115,000	118,000
Carryover	-	227,991	197,595	60,547	520,247	195,907
State Matching Funds	32,235	63,947	67,671	236,479	358,282	514,574
	$ 893,237	$ 1,311,521	$ 1,529,134	$ 2,976,681	$ 4,650,844	$ 5,510,773

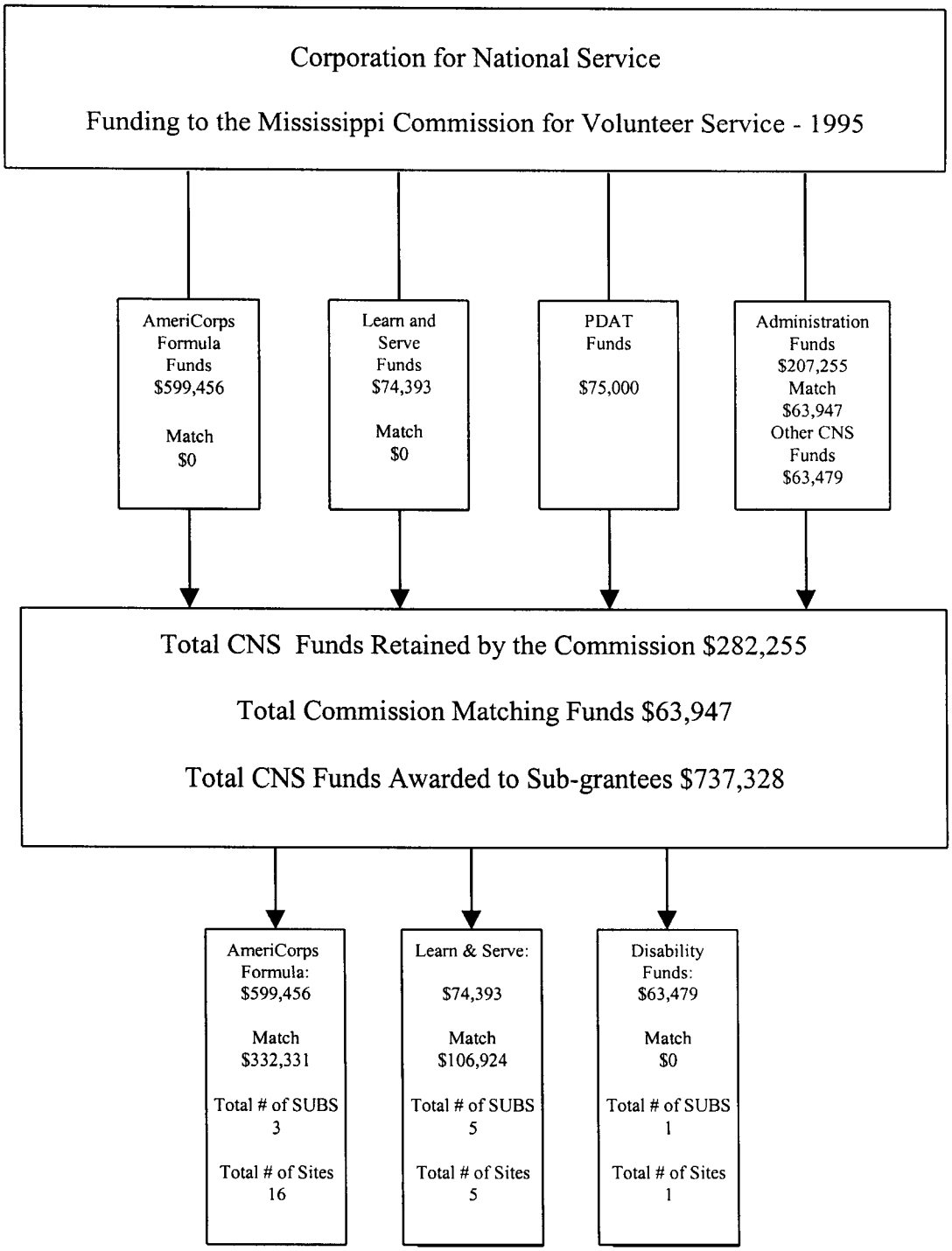
Commission Funding

Appendix A



Commission Funding

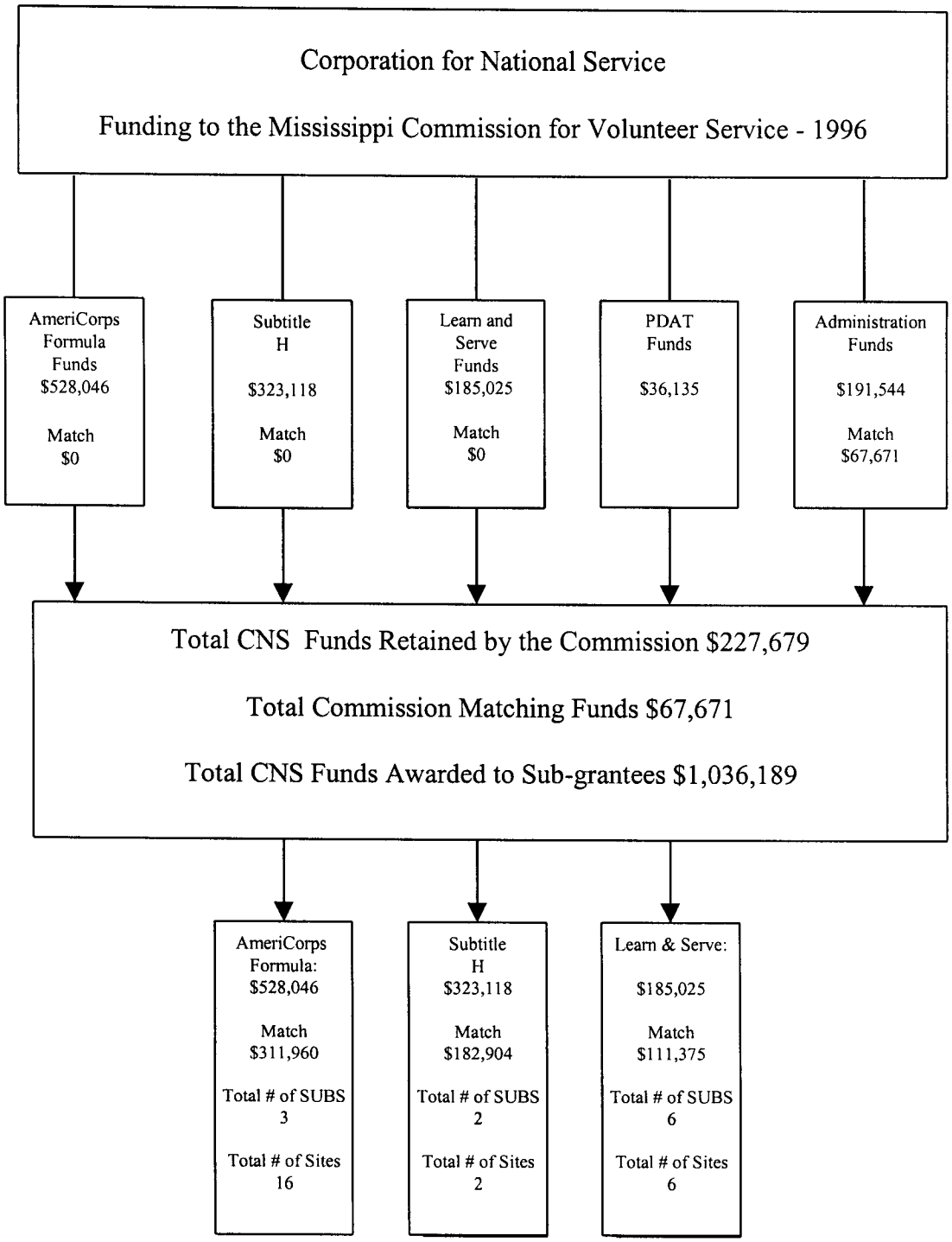
Appendix A



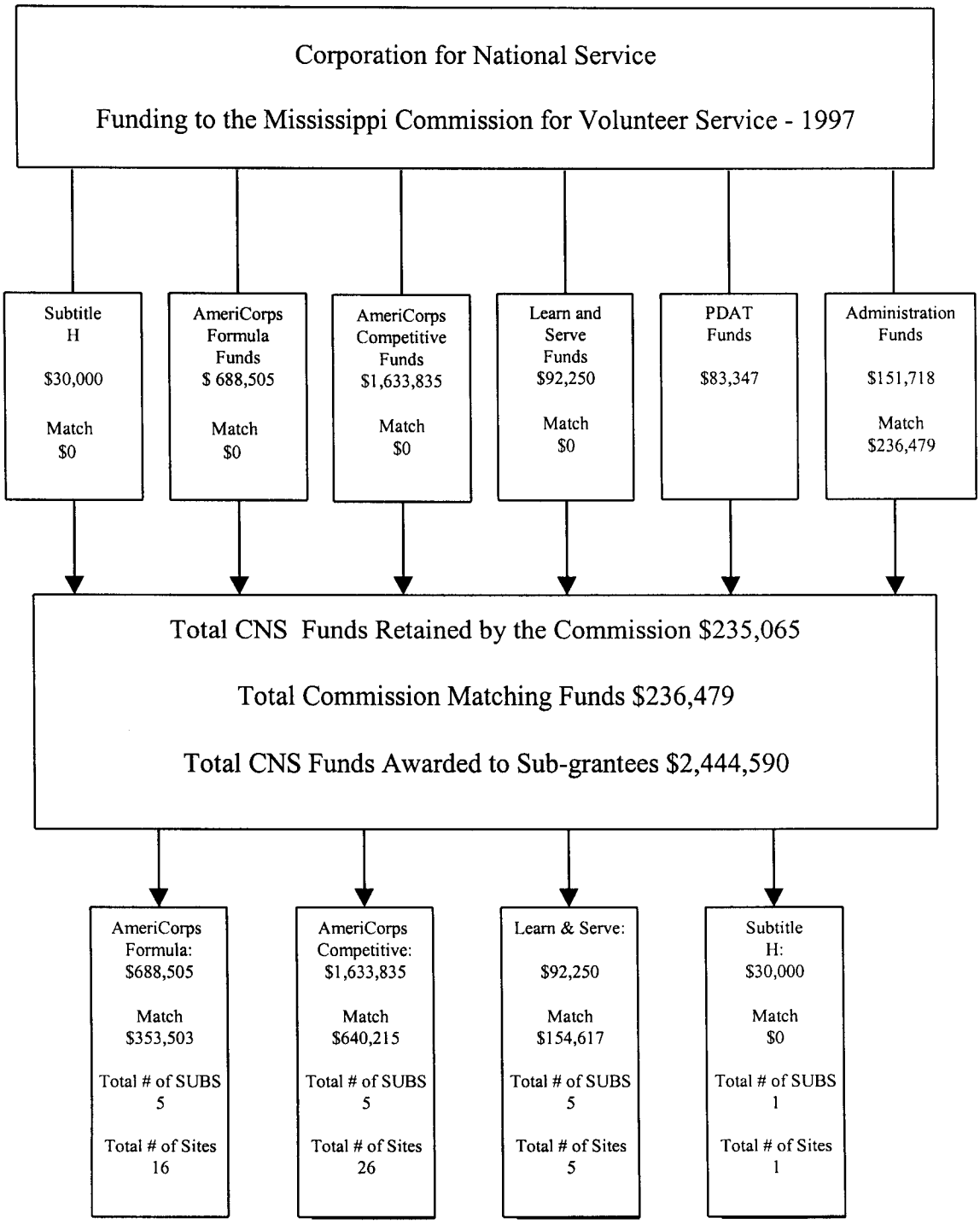
Note: CNS approved $154,384 and $73,607 of carryover from 1994 for use in 1995 for the AmeriCorps Formula and Learn and Serve grants, respectively. These amounts are not reflected above.

Commission Funding

Appendix A



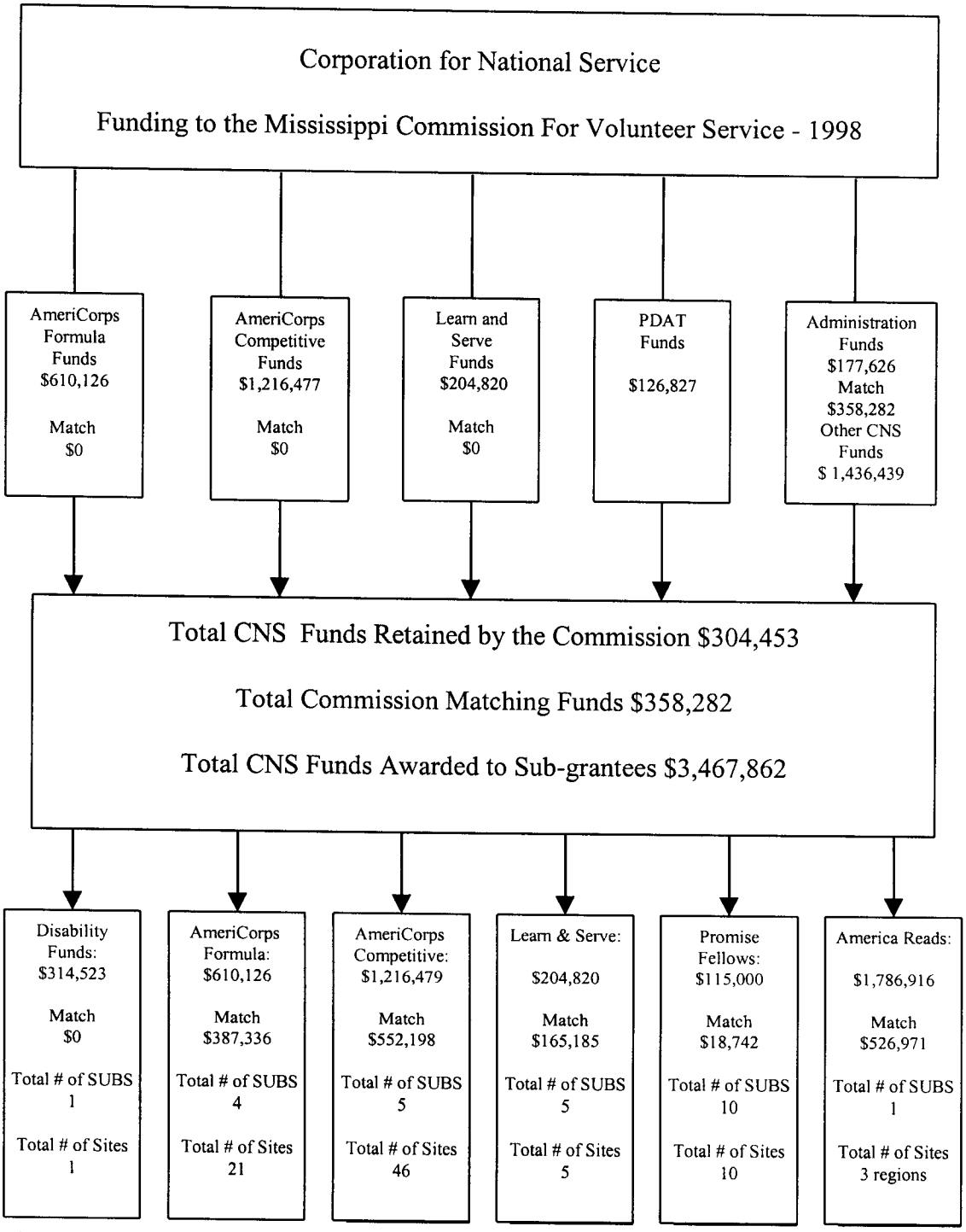
Note: CNS approved $140,755, $2,975, and $53,865 of carryover from 1995 for use in 1996 for the AmeriCorps Formula, Learn and Serve, and PDAT grants, respectively. These amounts are not reflected above.



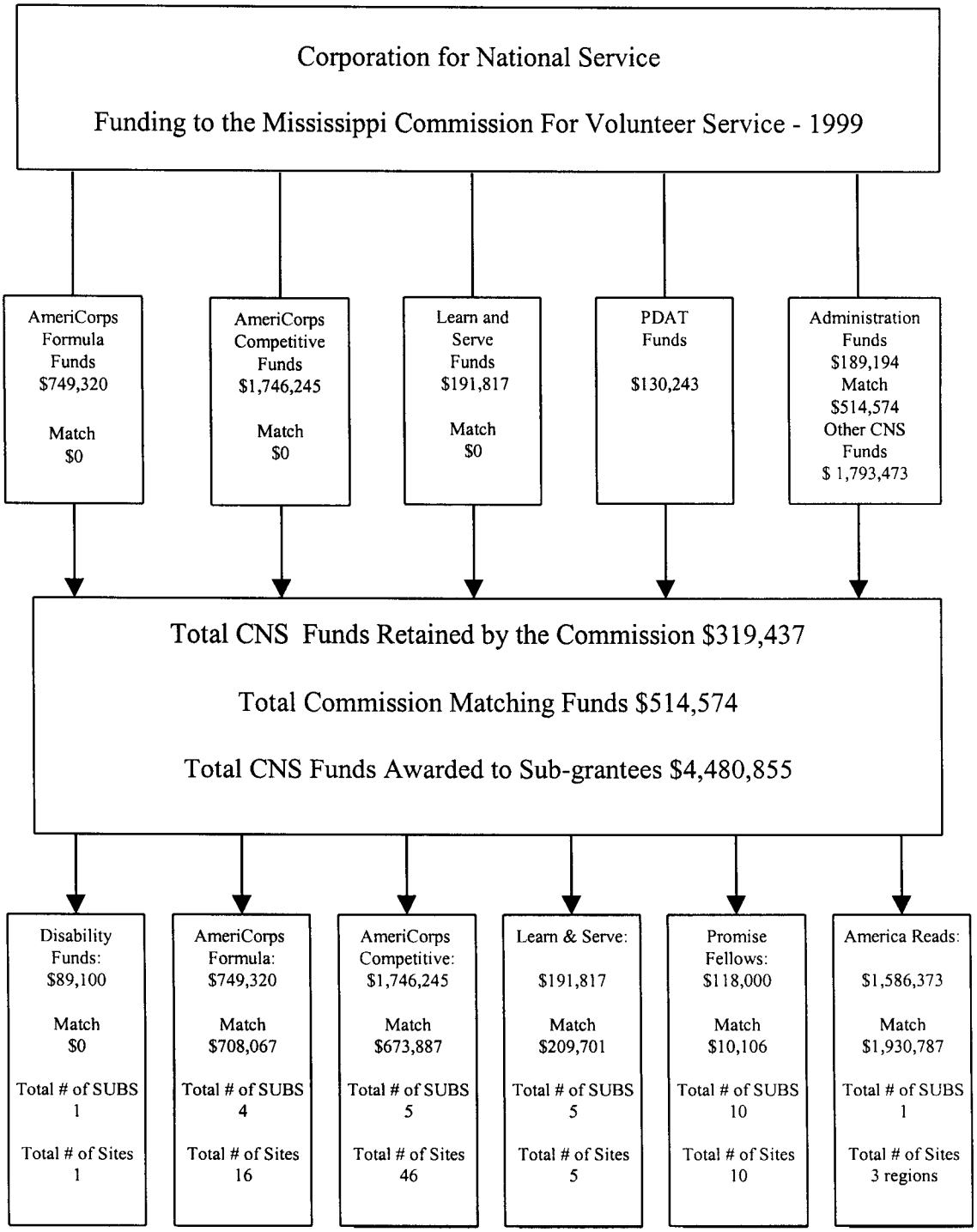
Note: CNS approved $35,894 and $24,653 of carryover from 1996 for use in 1997 for the AmeriCorps Formula and PDAT grants, respectively. These amounts are not reflected above.

Commission Funding

Appendix A



Note: CNS approved $120,899, $348,831, $44,673, and $5,844 of carryover from 1997 for use in 1998 for the AmeriCorps Formula, AmeriCorps Competitive, PDAT, and Subtitle H grants, respectively. These amounts are not reflected above.



Note: CNS approved $1,186, $50,475, $11,031, $15,757, and $117,458 of carryover from 1998 for use in 1999 for the AmeriCorps Formula, AmeriCorps Competitive, Learn and Serve, PDAT, and Other Grants, respectively. These amounts are not reflected above.

Internal Controls

Our objective was to make a preliminary assessment of the adequacy of the Commission's financial systems and documentation maintained by the Commission to provide reasonable assurance that transactions are properly recorded and accounted for to: (1) permit the preparation of reliable financial statements and Federal reports; (2) maintain accountability over assets; and (3) demonstrate compliance with laws, regulations, and other compliance requirements.

In order to achieve the above objective, we identified the compliance requirements with a direct and material effect on the Commission's AmeriCorps grant program, as follows: activities allowed or unallowed and allowable costs; eligibility; matching; period of availability of Corporation funds; suspension and debarment; subrecipient monitoring; and reporting by the Commission to the Corporation. We then interviewed key Commission personnel to assess the Commission's controls surrounding these requirements.

Selecting Subgrantees

Our objectives were to make a preliminary assessment:

- of the adequacy of the systems and controls utilized by the Commission to select national service subgrantees to be included in an application to the Corporation;
- as to whether the Commission evaluated the adequacy of potential subgrantee financial systems and controls in place to administer a Federal grant program prior to making the award to the subgrantees; and
- as to whether Commission involvement in the application process involved any actual or apparent conflict of interest.

In order to achieve the above objectives, we interviewed key Commission management and documented procedures performed by the Commission during the pre-award financial and programmatic risk assessment of potential subgrantees. We also reviewed documentation to determine if conflict of interest forms for each subgrantee applicant tested were signed by selection officials annually and maintained by the Commission.

Administering Grant Funds

Our objectives were to:

- make a preliminary assessment of the adequacy of the systems and controls utilized by the Commission to oversee and monitor the performance and progress of funded subgrantees;
- make a preliminary assessment as to whether the Commission's organizational structure and staffing level and skill mix are conducive to effective grant administration;

- make a preliminary assessment as to whether the Commission provided adequate guidance to subgrantees related to maintenance of financial systems, records, supporting documentation, and reporting of subgrantee activity;

- make a preliminary assessment of the adequacy of financial systems and documentation maintained by the Commission to support oversight of subgrantees and required reporting to the Corporation (including Financial Status Reports, progress reports, enrollment and exit forms, and change of status forms); and

- determine whether the Commission has procedures in place to verify the accuracy and timeliness of reports submitted by the subgrantees.

In order to achieve the above objectives, we reviewed Financial Status Reports and progress reports submitted by subgrantees, as well as Financial Status Reports submitted by the Commission to the Corporation, to preliminarily assess the accuracy of submitted Financial Status Reports and progress reports. We also preliminarily assessed whether the Commission's implementation of the Web Based Reporting System (WBRS) had enhanced the grant administration process.

Evaluating and Monitoring Subgrantees

Our objectives were to:

- make a preliminary assessment of the adequacy of the systems and controls utilized by the Commission, in conjunction with the Corporation, to implement a comprehensive, non-duplicative evaluation and monitoring process for their subgrantees;

- determine whether the Commission has an established subgrantee site visit program in place and make a preliminary assessment of the effectiveness of its design in achieving monitoring objectives;

- make a preliminary assessment of the adequacy of the Commission's procedures used to assess subgrantee compliance with Corporation regulations (e.g., those governing eligibility of Members, service hour reporting, prohibited activities, payment of living allowances to Members and allowability of costs incurred and claimed under the grants by subgrantees (including reported match));

- make a preliminary assessment of the adequacy of the Commission's procedures for obtaining, reviewing and following up on findings included in the subgrantee OMB Circular A-133 audit reports, where applicable;

- determine whether program goals are established and results are reported and compared to these goals;

- make a preliminary assessment of internal controls over service hour and program accomplishment reporting; and

- make a preliminary assessment of the adequacy of the procedures in place to evaluate whether subgrantees are achieving their intended purpose.

In order to achieve the above objectives, we documented the procedures performed by the Commission to evaluate and monitor individual subgrantees. In addition, we judgmentally selected subgrantees and obtained the Commission's documentation for site visits. We reviewed the documentation to preliminarily assess the adequacy of the procedures performed by the Commission to assess financial and programmatic compliance and related controls at the sites. We also determined whether the Commission received and reviewed OMB Circular A-133 audit reports from subgrantees.

Appendix C

MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE
OFFICE OF THE GOVERNOR

December 11, 2000

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

Dear Ms. Jordan:

The Mississippi Commission for Volunteer Service (MCVS) hereby submits the AUDIT RESPONSE to the Corporation for National Service – Office of Inspector General Pre-Audit Survey Draft Report. Per your letter dated November 13, 2000, please include the enclosed thirteen page MCVS audit response as Appendix-C in your Final Audit Report.

We are providing this letter in connection with your agreed-upon procedures related to the systems and procedures in place at the Mississippi Commission for Volunteer Service (MCVS) for administering its AmeriCorps and Corporation for National Service (CNS) grants and for monitoring the fiscal activity of its Subgrantees for program years 1994-1999. We understand that your review was conducted for the purpose of evaluating our fiscal procedures, the effectiveness of our fiscal monitoring of AmeriCorps and Learn and Serve Subgrantees, and the adequacy of our pre-award selection process.

In order to accurately report audit findings and recommendations, it is necessary to understand the agency's perspective and explanation under each finding. The MCVS board members and staff would like to thank CNS-Office of Inspector General in allowing the submission of our audit response to be part of the Final Report under Appendix-C of the Pre-Audit Survey Report. As part of the audit findings and recommendations outlined by KPMG and submitted by CNS-Office of Inspector General, MCVS has fully implemented all the recommendations as evidenced by the attached supporting documentation. Thank you for your continued support and cooperation in making national service a positive outcome in the State of Mississippi. Warmest personal regards,

Sincerely,

Marsha Meeks Kelly
Executive Director
Mississippi Commission for Volunteer

Hitesh Desai
Chief Fiscal Policy Analyst
Mississippi Commission for Volunteer

3825 RIDGEWOOD ROAD · SUITE 601 · JACKSON, MS 39211-6463
PHONE: (601) 432-6779 · 1-888-353-1793 · TTY: (601) 432-6970 · FAX: (601) 432-6790 · homepage: http://www.mcvs.org

APPENDIX -C

MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE (MCVS)
AUDIT RESPONSE
December 11, 2000

Prepared by
Mr. Hitesh R. Desai
Chief Fiscal/Policy Analyst

To

CORPORATION FOR NATIONAL SERVICE (CNS)
OFFICE OF INSPECTOR GENERAL (OIG)
PRE-AUDIT SURVEY DRAFT REPORT
Conducted by
KPMG LLP

FINDINGS, RECOMMENDATIONS, AND MCVS RESPONSE

I. Administering Grant Funds (Page 5 of CNS-OIG Draft Report)

Descriptions of Member Service on Timesheets

KMPG & CNS-OIG AREA OF IMPROVEMENT ISSUE
Descriptions provided on timesheets selected for review related to member service performed were sometimes vague or without clear relation to program service. As a result, descriptions for member service performed do not clearly support that service hours were used in performing allowable activities. Americorps Provisions Section B-1 states, "Activities funded through this grant must help engage Americans of all backgrounds as members in community based service that provides a direct and demonstrable benefit that is valued by the community."

KMPG & CNS-OIG RECOMMENDATIONS
No recommendation for this finding is considered necessary at this time because the Commission redesigned all program member timesheets in 2000 to improve information captured during timesheet reporting.

MCVS AUDIT RESPONSE
During the 1999/2000 program year MCVS developed new AmeriCorps member timesheets that clearly state and describe each member's service performed in accordance with respective program goal and objectives (SEE PAGES 6 & 7 FOR SAMPLE TIMESHEET).

The following current MCVS policies and procedures are in place that clearly support the member service hours performed in accordance with all applicable provisions and are allowable activities as such:

1. During subgrantee site visits, MCVS staff routinely checks on a random basis member files to ensure compliance. The files are pulled and checked for completeness and accuracy. During these random tests, notes are made by staff which are then transcribed in site visit reports. Copies of site visit reports are reviewed by Commission Executive Director and Finance staff for accuracy on findings, and the comments/feedback are mailed to subgrantee for comments and/or corrective action. MCVS independent CPA auditors (Smith, Tew and Phillips), as part of their agreed procedures (in accordance with CNS regulations and OMB circulars), randomly test member files for compliance. Their findings are reported to MCVS in the full audit report.

2. MCVS has required all subgrantees to track and monitor member service hours on monthly basis to ensure that programs will meet their requirements as stated in their individual grants. The service hour log form outlines each member's service hours to date and remaining hours left to complete the required term of service (1700 or 900 service hours as stipulated in AmeriCorps guidelines). In program year 1999/2000, MCVS, along with most state commissions around the country, were required by CNS to use the WBRS system (Web Based Reporting System). Although this system is in its infancy and still working out some technical problems, the

potential of the system in the future will greatly enhance Commissions' monitoring role via the internet.

3. MCVS has the following policies and procedures in place to ensure that AmeriCorps members are not engaging in prohibited activities:

   a) In the grant review process, identify possible problems and recommend corrections before submission of final grant to MCVS.
   b) Cooperative grant agreements between subgrantees and MCVS stipulate prohibited member activities as part of the provisions.
   c) Member contracts between subgrantees and AmeriCorps members outline a list of prohibited activities for AmeriCorps members.
   d) Trainings coordinated by MCVS for program directors in conjunction with review of the State AmeriCorps Manual outlines prohibited training activities.
   e) Commission staff's site visit observations monitor for these findings.
   f) Commission staff's progress report reviews for prohibited activities.
   g) MCVS newspaper clippings of national service programs are reviewed for such activities.
   h) Ongoing member training sponsored by MCVS covers training topics related to member service and prohibited activities.

4. MCVS has the following policies and procedures in place to verify member hours earned for their service in the AmeriCorps program:

   a) Member timesheets are verified and signed by program site supervisors.
   b) Member timesheets are checked by program directors to ensure reporting of corrective service hours in relation to their living stipends.
   c) MCVS staff site visits randomly select and test member timesheets for accuracy in accordance with the grant provisions.
   d) In accordance with independent CPA firm (Smith, Tew, Phillips) as outlined in the agreed procedures, auditors randomly check member files for hours claimed and earned in accordance with AmeriCorps provisions.

II. Evaluating and Monitoring Subgrantees (Page 6 of CNS-OIG Draft Report)

Review of OMB Circular A-133 Audit Reports

KMPG & CNS-OIG AREA OF IMPROVEMENT ISSUE

OMB Circular A-133 Compliance supplement, April 1999, Part 6-Internal Control suggests review of and follow-up on subgrantees' audit reports is a key component of a program to monitor subgrantees' compliance with federal grant requirements. However, the Commission has not implemented an adequate process for obtaining and reviewing OMB Circular A-133 audit reports for its subgrantees.

KMPG & CNS-OIG RECOMMENDATIONS

We recommend that the **Commission improve its evaluation and monitoring of subgrantees by developing and implementing a process for obtaining and following up on OMB Circular A-133 audit reports for its subgrantees**. This process should include documenting, for each of its subgrantees, (1) whether an OMB Circular A-133 audit was required to be conducted, (2) whether the audit was actually conducted, (3) collection and review of the reports, and (4) follow up procedures performed for missing reports and to resolve reported findings.

MCVS AUDIT RESPONSE

With the assistance of KPMG auditors, MCVS has implemented the use of an official OMB A-133 Audit Checklist (SEE PAGES 8-13 FOR SAMPLE). A formal procedure to ensure that OMB Circular A-133 audit reports are received, reviewed, and followed up from applicable subgrantees on a timely basis is and has been in place since 1997 as outlined below. What MCVS lacked was an official OMB A-133 Audit Checklist to use as a monitoring and evaluating tool. CNS grants office and CNS program staff on their site visits to MCVS have NOT given any direction on what the written policies and procedures are with regard to a checklist for A-133 audits.

MCVS in conjunction with the State Auditor's Office has implemented the following procedures which have met the required federal auditing standards with regard to OMB A-133 Circular reports:

1. Under MCVS Cooperative Grant agreements with all of its subgrantees under Section 10-E (and Section 21 and 23d under the AmeriCorps provisions), MCVS has stipulated as part of the grant agreement that all programs MUST submit two (2) copies of their program audit and two (2) copies of the Auditor's report summarizing the findings and recommendations no later than THIRTY (30) days after completion of the Audit. MCVS fiscal staff reviews these reports and issues written feedback and/or corrective action steps based on the auditor's findings. Sub grantees must respond to MCVS in writing.

2. MCVS, as a continuous improvement measure, has also contracted with an independent CPA firm (Smith, Tew, and Phillips) to conduct Program Compliance & Monitoring audits of all AmeriCorps programs based on a set of agreed upon procedures in accordance with OMB A-133 requirements. The findings are reviewed by MCVS fiscal staff and the CPA's before requesting each subgrantee to report on the findings with corrective action measures within a thirty (30) day period.

3. As part of the A-133 audit process and the Certified Program Cost of all subgrantees, MCVS office is usually notified by respective Auditors of all subgrantees with a letter. The letter is to verify the grant, CFDA numbers, amounts awarded, and the program that is being audited. We request that the auditing firm furnish our office with a copy of the report directly to us.

CONCLUSION

MCVS, as the official state agency for volunteerism and as the state's national community service lead agency, pursuant to all federal and state guidelines has developed and implemented a comprehensive vision and ethic of service throughout the state. As part of the implementation plan, MCVS has established very stringent financial and programmatic policies and procedures to ensure full compliance with all applicable federal and state statutes. MCVS is also continuously improving its existing policies and procedures to ensure that the federal and state funds (taxpayer monies) are administered with the highest safeguards with regards to sub-granting of funds. The Corporation for National Service (CNS) Office of Inspector General Pre-Audit Survey conducted by KPMG of MCVS was also welcomed as another continuous improvement strategy that strengthened existing policies and procedures.

In order to accurately report audit findings and recommendations, it is necessary to understand the agency's perspective and explanation under each finding. The MCVS board members and staff would like to thank CNS-Office of Inspector General in allowing the submission of our audit response to be part of the final report under Appendix-C of the Pre-Audit Survey Report. **As part of the audit findings and recommendations outlined by KPMG and submitted by CNS-Office of Inspector General, MCVS has fully implemented all the recommendations as evidenced by supporting sample forms on the following pages.**

AMERICA READS MISSISSIPPI

AmeriCorps Time Sheet

School Site Related Activities Only

(Service hours outside of school site related activities must be recorded on the Outside Hours Time Sheet)

Status: Please check one box.

- ☐ Full-time AmeriCorps Stipended
- ☐ Full-time AmeriCorps EAO

Member Name: _____ **Soc. Sec. Number:** _____

School: _____ **Month/Year:** _____

CODES

1. **Tutoring Activities** (tutoring students one-on-one and in small groups, activities supporting tutoring such as making portfolios, gathering materials, preparing for tutoring, grading papers, follow-up after tutoring)
2. **Extended Hours Tutoring** (before/after school, weekends, school breaks, summer)
3. **ARM Related Paperwork** (timesheets, monthly team reports, programmatic evaluations, etc.)
4. **Member Development** (weekly team meetings, meetings with site supervisor, school staff, or ARM staff, committees or other school groups, visiting w/career counselor, developing resume', visiting colleges and universities, contact with colleges and universities regarding enrollment, contact with MS Department of Education or others for information on becoming a certified teacher)
5. **Training** (ARM regional and state training and retreats, statewide conferences, school/district training, other training)
6. **Service Projects** (planning, implementing, reflecting, and evaluating local and statewide service projects, meeting with community groups and representatives about service projects)
7. **Volunteer Recruitment** (recruiting and assisting with volunteers in the schools or other community agencies or organizations to support the literacy needs of children)
8. **Parent Communication and Involvement** (written communication, conferences, verbal communication, home/school activities with parents as a part of the instructional program, invitations to school events and classroom activities)
9. **Other (MUST OBTAIN APPROVAL FROM ARM REGIONAL STAFF OR HOURS WILL NOT BE COUNTED)**
10. **Absent/Tardy**

Date	Time In	Time Out	Code(s)	Activity Summary	Training Hours	Service Hours	TOTAL HOURS
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							
21.							
22.							
23.							
24.							
25.							

Sample Copy

**Please estimate your service hours for the 26th – 31st of each month as accurately as possible. Any additions, deletions or corrections must be documented on the next month's timesheet.*

*26.							
*27.							
*28.							
*29.							
*30.							
*31.							
MONTH/YEAR: _____				TOTAL NUMBER OF RANGE HOURS FOR MONTH:			
				TOTAL NUMBER OF SCHOOL SITE RELATED SERVICE HOURS FOR MONTH: (from this timesheet)			
				TOTAL NUMBER OF OUTSIDE OF SCHOOL SITE SERVICE HOURS FOR MONTH: (from Outside Service Hours Time Sheet)			
TIMESHEETS (BOTH THIS TIMESHEET AND THE OUTSIDE OF SCHOOL SITE TIME SHEET (IF APPLICABLE) ARE DUE TO THE REGIONAL OFFICE BY THE 25TH OF THE MONTH. LIVING STIPENDS CANNOT BE PROCESSED UNTIL RECEIPT AND APPROVAL OF HOURS BY REGION STAFF. Timesheets may be faxed to the regional office, however, the original(s) MUST follow in the mail.				TOTAL HOURS FOR THE MONTH :			

Sample Copy

Note: *Please document any corrections from the previous month's timesheet here:* _____

_____

APPROPRIATE SERVICE HOURS

Under Corporation policy, AmeriCorps members must provide a direct and demonstrable benefit that is valued by the community. SERVICE ACTIVITIES MUST BE RELATED TO THE GOALS AND OBJECTIVES OF THE PROGRAM WITH WHICH THE MEMBER IS SERVING. In all cases, service activities must result in a specific identifiable service or improvement that otherwise would not be provided with existing funds or volunteers, and that does not duplicate the routine functions of workers or displace paid employees. If you are not sure whether an activity you are planning is an appropriate service activity, ask your program director BEFORE you engage in the activity. Inappropriate service hours will NOT be counted toward your 1700 hours.

AmeriCorps PROHIBITED ACTIVITIES

There are certain activities that AmeriCorps members and staff may not perform in the course of their duties. Furthermore, members and staff may not engage in any conduct in a manner that would associate the national service program or the Corporation with the prohibited activities. The list of these prohibited activities includes:

- Any effort to influence legislation or an election, including state or local ballot initiatives or lobbying.
- Voter registration drives.
- Aiding or engaging in partisan political activities or other activities designed to influence the outcome of an election to any public office.
- Organizing or engaging in protests, petitions, boycotts or strikes.
- Assisting, promoting, or deterring union organizing.
- Impairing existing contracts or collective bargaining agreements.
- Engaging in religious instruction, conducting worship services, or engaging in any form of religious proselytizing.
- Activities that pose a significant safety risk to participants.
- Assignments that displace employees.
- Participating in, or endorsing, events or activities which are likely to include advocacy for or against political parties, political platforms, political candidates, proposed legislation, or elected officials.
- Providing assistance to a business organized for profit, or receiving any type of compensation for services rendered while serving in an AmeriCorps capacity.
- Other activities as the Corporation for National Service and/or the AmeriCorps program determines as prohibited.
- Prohibited activities are listed in your member manual, member contract and page 15 of the AmeriCorps Member Handbook.

AmeriCorps members, like other private citizens, may participate in lobbying, political, or advocacy activities on their own time, at their own expense, and at their own initiative. However, members may not wear AmeriCorps service gear or earn service hours in such instances.

I certify that the times and activities indicated above are appropriate service hours, accurate and correct, and that none of the activities I have claimed as service and/or training hours are prohibited as specified above.

Member signature: _____ Month/Day/Year: _____

School site supervisor signature: _____ Month/Day/Year: _____

Regional ARM staff signature: _____ Month/Day/Year: _____

Helpful Hint: Please make a copy of your timesheets for your records.

A-133 Audit Review Form
MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE (MCVS)

Oganization:_____

Fiscal Year:_____

Reviewer:_____ **Date of Review:**_____

Required Audit Reporting

Opinion	Opinion, or Disclaimer of Opinion
Internal Control Report	Scope of testing: Results of testing: Findings:
Compliance Report	Opinion, or Disclaimer of Opinion
Schedule of findings and questioned costs: Type of report issued	Unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion
Schedule of findings and questioned costs: Reportable conditions in internal control and Opinion re: material weaknesses	None Material Weaknesses
Schedule of findings and questioned costs: Noncompliance material to the financial statements of the auditee	Yes No
Schedule of findings and questioned costs: Type of report issued on compliance for major programs	Unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion
Schedule of findings and questioned costs: Identification of major programs, and dollar Threshold used to distinguish between Type A and Type B programs	
AmeriCorps Program selected?	Yes No
Schedule of findings and questioned costs: Low-risk auditee?	Yes No
Other:	

MCVS AUDIT REVIEW CHECKLIST

SUBGRANTEE: _____

AUDIT PERIOD: _____

AUDIT FIRM: _____

How much federal assistance did the Subgrantee receive in the subject audit year?
$_____

Was the amount of federal assistance less than $25,000? If yes, no further review is necessary.
Yes ( ) No ( )

SUMMARY OF A-133 DESK REVIEW

Below are the results of my review of each major area:

Area	Checklist Reference	Errors Require Minor or No Change	Errors Require Major Change	Report Contains Significant Inadequacies
Qualif./Independence	1 to 2			
Report on Fin. Stmts.	2 to 3			
Report on SFFA	4 to 5			
Rpt. on Int. Control	6 to 9			
Rpt. on Compliance	10 to 11			
Other	12 to 20			

In my opinion, the report is:

( ) Acceptable and requires no or only minor changes.
( ) Substandard and requires major changes.
( ) Unacceptable due to significant inadequadies.

Signature of Reviewer_____ Date_____

Signature of Supervisor _____ Date_____

A-133 DESK REVIEW CHECKLIST YES NO N/A Comments

Opinion and Explanatory Paragraphs

1. If the financial statements are intended to be presented in

accordance with GAAP, does the report contain an opinion on whether the financial statements present fairly the financial position, results of operations and changes in cash flow/financial position in conformity with GAAP; or an assertion that an opinion cannot be expressed? (A-133, par.12.b.(1)) ____ ____ ____

2. If the financial statements are intended to be presented in accordance with another comprehensive basis of accounting:
   a. Is there a separate explanatory paragraph which states or refers to a note describing the basis of presentation or refers to the note to describe how the basis differs from GAAP, that the financial statements are not intended to be presented in conformity with GAAP? ____ ____ ____

   b. Does the report contain a disclaimer on whether the financial statements are fairly presented in accordance with the basis of accounting described? ____ ____ ____

3. If a disclaimer of opinion is issued, are the reasons stated? (Note: If the reasons have an impact on the federal awards, identify the reasons and their effects under "Comments") ____ ____ ____

4. Are there separate explanatory paragraphs disclosing each substantive reason for withholding an unqualified opinion? ____ ____ ____

A-133 DESK REVIEW CHECKLIST	YES	NO	N/A	Comments
5. Are the principal effects of each qualification of the opinion given? The opinion should disclose the effect if reasonably determinable or, if not, the report should so state. If reported effects adversely impact federal assistance programs, identify.	____	____	____	

Report(s) on Internal Control

6. Does the report on internal control reference the financial statements' examination? (A-133, Par. 12.b. (1) and (2)) ____ ____ ____

7. Does the report of internal control state that the examination was performed in accordance with:

   GAGAS? (A-133, Par. 12.a.) ____ ____ ____

   OMB Circular A-133: (A-133, Par. 15.b.) ____ ____ ____

8. Has the auditor clearly described the scope of the work in obtaining an understanding of the internal control structure and in assessing internal control? (A-133, Par. 15.c.(2)) ____ ____ ____

9. Does the report on the study and evaluation of internal control identify:

   The entity's significant internal controls or control structure including those controls established to ensure reasonable assurance that federal programs are being managed in compliance with applicable laws and regulations and that there is complaince with laws and regulations that have a material impact on the financial statements? ____ ____ ____

A-133 DESK REVIEW CHECKLIST	YES	NO	N/A	Comments
The controls that were not evaluated and the reasons therefore?	____	____	____	
The reportable conditions identified as a result of the evaluation or a statement that none were identified? (A-133, Par. 15.c.(2))	____	____	____	

Auditor's Report(s) on Compliance

10. Does the report on compliance reference the examination of the financial statements? ____ ____ ____

11. Does the report on compliance state that the audit was made in accordance with:

    OMB Circular A-133? (A-133, Par. 15.b.) ____ ____ ____

    GAGAS? (A-133, Par. 12.a.) ____ ____ ____

Other

12. Does the auditor's report disclose the status of known but uncorrected significant material findings and recommendations from prior audits that affect the current audit objectives as specified in the *Government Auditing Standards*? (A-133, Par. 15.h.) ____ ____ ____

13. Does the document include a report of the recipient's comments on the findings and recommendations in the report, including a plan for corrective action taken or planned? (A-133, Par. 15.h.) ____ ____ ____

14. Does the document include a report on the recipient's comments on the status of corrective actions taken on prior findings? (A-133, Par. 15. h.) ____ ____ ____

A-133 DESK REVIEW CHECKLIST	**YES**	**NO**	**N/A**	**Comments**
15. If the recipient has determined that corrective action is not warranted, has it provided a statement describing the reason(s) that corrective action is not necessary? (A-133, Par. 15.h.)	____	____	____	
16. Are the auditor's reports dated?	____	____	____	
17. If the audit report cites any sensitive matters which warrant audit or investigative concern, list the matters and the Federal agencies to which they relate.	____	____	____	
18. Was the report submitted within 13 months from the end of the audit period? (A-133, Par. 15.i.)	____	____	____	

19. If the auditor became aware of illegal acts or irregularities, was prompt notice given to recipient management at the appropriate levels? ____ ____ ____

20. Were there any material discrepancies noted in the SFFA that require follow-up with the subrecipient and a request for auditor assurance? ____ ____ ____

Memorandum

TO: Luise S. Jordan, Inspector General

THRU: for Anthony Musick, Chief Financial Officer

FROM: Peter Heinaru, Director, AmeriCorps State and National

DATE: December 13, 2000

SUBJECT: Comments on OIG Draft 01-15; *Pre-Audit Survey of the Mississippi Commission for Volunteer Service*

We have reviewed the draft pre-audit survey of the Mississippi Commission for Volunteer Service (MCVS) and are pleased to note that the Mississippi Commission:

- conducts a fair, open competitive process for its subgrant selections;
- has adequate internal controls, policies and procedures to administer the Corporation's grant funds; and
- has established adequate controls to evaluate and monitor subgrantees.

The report contains two minor findings and one recommendation that we will briefly address.

The first finding cited is in the area of *"Administering Grant Funds,"* and relates to the descriptions of service activities Members note on their timesheets. Specifically, the finding states that the descriptions on member timesheets were "sometimes vague or without clear relation to program services. As a result, descriptions for Member service performed do not clearly support that service hours were used in performing allowable activities." The report also notes that the Mississippi Commission has redesigned its timesheets to improve the information captured and thus no recommendation is made.

However, the Corporation would like to point out that, as a matter of policy, neither OMB Circular A-122 nor the AmeriCorps provisions require Members to provide any additional information beyond time and attendance records. The actual requirement is that *"The Grantee must keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance*

records must be signed both by the member and by an individual with oversight responsibilities for the member."

While the Mississippi programs' practice of filling in specific descriptions of activities by daily hours may be useful information for them, it exceeds any requirements for timesheets. To suggest that this voluntary practice needs further improvement in its documentation in order to support the hours reported has no basis in the OMB or Corporation requirements and appears excessive.

As part of the discussion on Member timesheets, the draft report also states that the auditors "determined that the Commission has not fully implemented Web Based Reporting System (WBRS)." The report continues with a brief description of concerns that Commission personnel shared with KPMG about WBRS. Without more information about how this determination was made and to what extent the auditors determined that WBRS has or has not been implemented, we are not in a position to substantively address this comment.

However, we wish to point out that WBRS first year of full implementation began in September 1999, with the expectation that programs would enroll members "on-line" for the 1999-2000 program year. At the time of the pre-audit survey, Mississippi was in the middle of its 1999-2000 program year. In fact, most of the Mississippi grantee information profiles were uploaded by November 1999. The Corporation does not consider such a delay in phasing in the uploaded information as unusual, particularly in the system's initial implementation. The draft report also noted the Commission's concern that "WBRS does not work for programs that are funded for more than one year." It is not clear to us what issue this statement is addressing.

A final concern the Corporation would like to address is the Commission's understanding that "WBRS progress reports are limited to only two for the entire year." In fact, WBRS will permit as many local program reports as the Commission requests its subgrantees to produce. Each report requested in WBRS will summarize information from the date of the last report to the current date. This can be useful in a number of ways to the program and it also allows commissions to select whatever reporting periods and due dates it deems appropriate beyond the reporting requirements of the Corporation.

The Corporation, in coordination with the WBRS technical assistance provider, will continue to provide assistance to the Commission so that it may better support its programs' understanding and application of WBRS.

The second finding cited is in the area of *"Evaluating and Monitoring Subgrantees."* The finding and corresponding recommendation concerns improvement in the Commission's process to obtain and follow up on subgrantee independent A-133 audits. In the Corporation's monitoring of the Commission, this concern was addressed in a March site visit and subsequent feedback letter, which noted that "Documentation could not be provided that supports the Commission's tracking of A-133 reports required of certain sub-grantees. The Commission needs to maintain a current listing of all its sub-grantees for each program year that requires an A-133 audit. The listing should also track the audit reports received and

reviewed by MCVS, the identified findings that require follow up, when the follow up occurred and how it was resolved." The Corporation will work with the Mississippi Commission to ensure that their process for managing subgrantees' OMB A-133 audits is adequate.

c: Deb Jospin
Wendy Zenker
Peg Rosenberry
Gary Kowalczyk