OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE

Pre-Audit Survey of the Boys & Girls Clubs of America Grant Number 01SPHGA002

OIG Audit Report Number 02-28
July 3, 2002

Prepared by:

CNCS OIG
1201 New York Avenue
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Pre-Audit Survey of
Boys & Girls Clubs of America
Grant Number 01SPHGA002

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Office of Inspector General
1201 New York Avenue, NW
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CORPORATION
FOR NATIONAL
SERVICE

July 3, 2002

Peg Rosenberry, Director, Office of Grants Management
Corporation for National and Community Service
1201 New York Avenue
Washington, DC 20525

We performed a pre-audit survey of Boys & Girls Clubs of America, Grant Number 01SPHGA002. The primary purpose of this survey was to provide a preliminary assessment of:

- The grant award and terms;
- Findings from the most recent A-133 audit;
- Fiscal or program issues raised by CNCS site visits.

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

Overview of Boys & Girls Clubs of America

Boys & Girls Clubs of America is a non-profit organization whose mission is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible and caring citizens.

The overall goal for the Indian Country Prevention and Service Pilot Program is to provide a full range of Boys & Girls Club programs to American Indian youth on approximately ten to fifteen American Indian lands, with an emphasis on *SMART Moves* drug and alcohol prevention services and on CNCS service programs.

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, tribes and territories to assist in the creation of full and part time national and community service programs. Through these grantees, 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 receive a stipend, accident insurance, personal liability insurance and automobile insurance, free meals at host institutions and physical examinations.

Boys & Girls Clubs of America (B&GCA) is a federally chartered, national organization that was formed to promote the health, social, educational, vocational, and character development of young people throughout the United States. Each club has its own independent board of directors, which controls the local Boys & Girls Club, its program, and staff. B&GCA, the national organization, does not exercise supervision, direction, or control of its local member clubs.

Objectives, Scope, and Methodology

The engagement scope was to provide an assessment of the grant and site visit information and the systems and procedures in place at the Corporation's headquarters and for monitoring the fiscal activity. The primary purpose of this pre-audit survey was to provide a preliminary assessment of:

- The amount, term and grant provisions;
- The results of A-133 audits;
- Results of CNCS site visits.

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

Our survey included the following procedures:

- reviewing the grant award, its provisions, the detailed grant proposal and budget;
- reviewing OMB Circular A-133 reports and;
- obtaining information from CNCS site visits and from discussions with CNCS Office of Grants Management.

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 Grantee, or on its compliance with applicable laws, regulations, contracts and grants, or the allowability of grant costs incurred. Accordingly, we do not express an opinion on any such financial

statements, or on the Grantee's controls or compliance. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Results

We recommend that a desk review be performed to compare the costs submitted on the Financial Status Reports (FSRs) to the Grantee's books and to review the invoices submitted by the subcontractor First Pic. The basis for performing a desk review includes the following information:

1. The earmark funds were awarded for one year and the amount of the grant was $2,495,000. Of that amount 13.1 percent, or approximately $218,000, are indirect costs under the cognizance of the Department of Justice.
2. The A-133 report for fiscal year ending December 31, 2001 includes no reportable conditions, findings or material weaknesses and the auditee was identified as low risk.
3. Financial Status Reports (FSR)s have been submitted timely.
4. The B&GCA is an established organization with almost $65,000,000 in federal grant awards in its fiscal year ending December 31, 2001.
5. The proposed budget shows that CNCS grant funds would be awarded to 54 subgrantees. Each subgrant award was $25,000 to $50,000. These amounts are not considered material enough to audit the subgrantees. We will rely on the A-133 audit results that indicate the internal controls are in place and operational at the Grantee and monitoring is performed at subgrantees.

This report is intended solely for the use of the Office of Inspector General and the Corporation for National and Community Service.

Terry E Bathen

Terry Bathen
Acting Inspector General
Corporation for National and Community Service
Washington, D.C.

Copy to:

Wendy Zenker, COO
Gary Kowalczyk, Director, Planning & Program Integration
Hank Oltmann, Director, Special Program Operations

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MEMORANDUM

DATE: July 3, 2002

TO: Peg Rosenberry, Director
CNCS Office of Grants Management

FROM: Terry Bathen
Acting Inspector General

SUBJECT: OIG Final Report 02-28: *Pre-Audit Survey of the Boys & Girls Clubs of America Grant No. 01SPHGA002*

Attached is the final report on the *Pre-Audit Survey of the Boys & Girls Clubs of America Grant No. 01SPHGA002*. Based on the pre-audit survey we will perform a desk review of the grant costs. If you have any questions pertaining to this report, please contact me on extension 446.

Attachment

Copy to:
Wendy Zenker, Chief Operating Officer
Gary Kowalczyk, Director, Planning & Program Integration
Hank Oltmann, Director, Special Program Operations