OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE

Pre-Audit Survey of America's Promise – The Alliance For Youth Grant No. 01SPHVA001

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Pre-Audit Survey of
America's Promise – The Alliance For Youth
Grant Number 01SPHVA001

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FOR NATIONAL
SERVICE

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We performed a pre-audit survey of America's Promise – The Alliance For Youth, Grant Number 01SPHVA001. 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 America's Promise – The Alliance For Youth

America's Promise is a not-for-profit organization whose mission is to mobilize people from every sector of American life to build the character and competence of our nation's youth by fulfilling Five Promises for young people:

1. On-going relationships with caring adults in their lives, as parents, mentors, tutors, or coaches;
2. Safe places with structured activities during non-school hours;
3. Healthy start and future;
4. Marketable skills through effective education; and
5. Opportunities to give back through community service.

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, accidental death and dismemberment insurance, personal liability insurance and automobile insurance, free meals at host institutions and physical examinations.

America's Promise (AP) was founded after the Presidents' Summit for America's Future, held April 27-29, 1997 in Philadelphia. AP is leading the effort to bring together national organizations and local partners to embrace the shared responsibility for our nation's children. AP has created a unique Alliance among 500 national organizations that have committed to fulfill the Five Promises for children and youth. These 'Commitment Makers' are partners that align some part of their missions with that of AP and commit, in writing, to develop and implement youth initiatives that fulfill two or more of the Five Promises. The 'Commitment Makers' include businesses, associations, and foundations as well as service-providing entities such as faith-based organizations, K-12 and higher education institutions, government agencies, and not-for-profit organizations.

Objectives, Scope, and Methodology

The scope of this engagement was to provide an assessment of the grant, site visit information, as well as systems and procedures in place at the Corporation's headquarters for monitoring Grantee's fiscal activity. The survey's primary purpose was to preliminarily assess:

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

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, and the detailed grant proposal and budget;

- Reviewing OMB Circular A-133 reports and;

- Obtaining information through discussions with CNCS Office of Grants Management and from site visits.

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

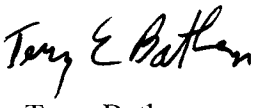
not, perform an audit of any financial statements, and the procedures described above were not sufficient to express an opinion on the controls at the Grantee, or on its compliance with applicable laws, regulations, contracts and grants, or the allowability of grant costs incurred. Accordingly, we do 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

Based on the results of the limited procedures performed, we will proceed with an incurred cost audit of grant project period May 1, 2001 through June 30, 2002. The decision to audit is based on the following:

- A 2002 site visit identified a 2001 year-end General Ledger reclassification of costs charged to the Corporation's grant.
- The value of the grant award for 2001 was $7,483,000, which is considered material.
- The Grantee has significant employee turnover.
- The costs incurred on the Financial Status Reports could not be traced to accounting records.
- Numerous concerns about reporting, grant expenditures and time sheets were raised in the March 2002 Site Visit Report.

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



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