OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Audit of Costs Claimed by The Navajo Nation Under Grant No. 339W023-21 Foster Grandparent Program

Audit Report No. 03-14
November 26, 2002

Financial Schedule and
Independent Auditors' Report
For the Period
April 1, 2001, to March 31, 2002

Prepared by:

COTTON & COMPANY LLP
333 North Fairfax Street, Suite 401
Alexandria, Virginia 22314

This report was issued to Corporation management on March 28, 2003. 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 September 28, 2003, and complete its corrective actions by March 28, 2004. Consequently, the reported findings do not necessarily represent the final resolution of issues presented.

CORPORATION
FOR NATIONAL
SERVICE

Office of Inspector General
Corporation for National and Community Service
Audit Report Number 03-14

Audit of Costs Claimed by the Navajo Nation Under Grant Number 339W023-21

Introduction

The National Service Trust Act of 1993, Public Law 103-82, established the Corporation for National and Community Service, (Corporation), which awards grants and cooperative agreements to state commissions, non-profit entities, and tribes and territories to assist in creating full- and part-time national and community service programs. Corporation programs include AmeriCorps, Senior Programs, and Learn and Serve.

The Office of Inspector General engaged Cotton and Company LLP to audit costs claimed by the Navajo Nation under Grant Number 339W023-21 for the Foster Grandparent Program. The audit covered the grant period April 1, 2001 through March 31, 2002 and included procedures to determine if costs claimed in financial reports prepared by the Navajo Nation were allowable, if internal controls were adequate to safeguard Federal funds, and whether the Navajo Nation had policies and procedures to ensure compliance with Federal laws, applicable regulations and award conditions.

As a result of the work performed, the auditors are questioning $151,203 of the $570,473 costs claimed. Of the questioned costs, $114,271 results from salary and applicable fringe benefits charged to the grant with no periodic certifications (when 100 percent of an employee's salary is charged to the grant) and no after the fact determination of actual activity for employees working on multiple activities.

The Office of Inspector General reviewed the report and the work papers supporting the auditor's conclusions. We agree with the findings and recommendations presented. The Corporation's and Navajo Nation's responses to this report are included as Appendixes A and B, respectively.

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

OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AUDIT OF COSTS CLAIMED BY THE NAVAJO NATION
UNDER GRANT NO. 339W023-21 FOSTER GRANDPARENT PROGRAM
FOR THE PERIOD OF APRIL 1, 2001, TO MARCH 31, 2002

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COTTON & COMPANY LLP

auditors ◆ advisors

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November 26, 2002

Corporation for National and Community Service
Office of Inspector General
1201 New York Avenue, NW
Washington, DC 20525

Subject: Audit of Costs Claimed by the Navajo Nation for the Foster Grandparent Program

At the request of the Office of Inspector General, Corporation for National and Community Service, Cotton & Company LLP performed an audit of costs claimed by the Navajo Nation under Grant No. 339W023-21 for the Foster Grandparent Program (FGP).

BACKGROUND

The National Service Trust Act of 1993, Public Law 103-82, established the Corporation for National and Community Service, (Corporation), which awards grants and cooperative agreements to state commissions, non-profit entities, and tribes and territories to assist in creating full- and part-time national and community service programs. Corporation programs include AmeriCorps, Senior Programs, and Learn and Serve.

The FGP is part of Senior Corps, a program that provides older Americans with the opportunity to put their life experiences to work for local communities. Foster Grandparents serve as mentors, tutors, and caregivers for at-risk children and youth with special needs through a variety of community organizations, including schools, hospitals, drug treatment facilities, correctional institutions, Head Start, and day-care centers.

The Navajo Nation FGP serves the entire Navajo Reservation, an area of 27,000 square miles. The program is under the auspices of the Navajo Area Agency on Aging Department, which in turn reports to the Navajo Nation Division of Health. Under this grant, Foster Grandparents volunteer at over 120 work sites and work with teens and children to provide health services, develop parenting skills, serve children in community day care centers, assist girls in a youth home, and meet various education and health needs.

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PURPOSE, SCOPE, AND METHODOLOGY

We performed an audit of the following Corporation award:

Grant No.	Grant Period	Review Period
339W023-21	04/01/01 to 03/31/02	04/01/01 to 3/31/02

The objectives of our audit were to determine if:

- Financial reports prepared by the Navajo Nation presented costs incurred and claimed fairly.
- The internal control structure was adequate to safeguard Federal funds.
- The Navajo Nation had adequate procedures and controls to ensure compliance with Federal laws, Corporation regulations, and grant terms and conditions.
- Claimed costs reported to the Corporation were documented and allowable in accordance with grant terms and conditions.

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

RESULTS IN BRIEF

Audit results are detailed in Schedule A and related notes and are summarized below:

Cost Findings

Federal Share		Cost Share	
Claimed	Questioned	Claimed	Questioned
$498,545	$105,177	$71,928	$46,026

Compliance and Internal Control Issues

- The Navajo Nation did not distribute salary and benefit costs to the grant based on employee timesheets, but rather charged salaries and benefits based on estimates of each employee's activities.

- The Navajo Nation claimed costs that were unallowable and unallocable in accordance with Office of Management and Budget (OMB) Circular A-87 and grant terms and conditions.

- The Navajo Nation submitted two quarterly Financial Status Reports (FSR) and the final program year FSR late.

- The Navajo Nation submitted both semi-annual progress reports required under the grant late.

- The Navajo Nation's budget procedures are weak.

- The Navajo Nation has not provided the most current OMB Circular A-133 information to the Federal Audit Clearinghouse.

We held an exit conference on November 26, 2002. In addition, we provided a draft copy of this report to the Navajo Nation and the Corporation for comment. Their responses are included as Appendixes A and B to this report.

This report is intended solely for the information and use of the Office of the Inspector General, Corporation management, Navajo Nation management, and the U.S. Congress and is not intended to be and should not be used for anyone other than these specified parties.

COTTON & COMPANY LLP

By: _____
Michael W. Gillespie, CPA, CFE

COTTON & COMPANY LLP

auditors ◆ advisors

DAVID L. COTTON, CPA, CFE, CGFM ◆ CHARLES HAYWARD, CPA, CFE, CISA ◆ MICHAEL W. GILLESPIE, CPA, CFE ◆ CATHERINE L. NOCERA, CPA
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November 26, 2002

Inspector General
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT

We audited amounts claimed by the Navajo Nation Foster Grandparent Program (FGP) under Corporation for National and Community Service Grant No. 339W023-21 for the period April 1, 2001, to March 31, 2002. Amounts claimed are summarized in Schedule A. These claimed amounts are the responsibility of Navajo Nation management. Our responsibility is to express an opinion on amounts shown in the schedule based on our audit.

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

Schedule A is intended to present allowable amounts incurred under grant terms and conditions. Therefore, it is not intended to be a complete presentation of the Navajo Nation's revenues and expenses.

Questioned expenditures of $105,177 (Federal share) and $46,026 (cost share) are shown in Schedule A. The Corporation will make the final determinations regarding the allowability of these amounts.

In our opinion, except for questioned costs in Schedule A, the financial schedule referred to above presents fairly, in all material respects, amounts claimed by the Navajo Nation FGP for Grant No. 339W023-21 for the period April 1, 2001, through March 31, 2002, in accordance with applicable grant terms and conditions.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2002, on our consideration of the Navajo Nation's compliance with certain provisions of laws, regulations, and grants and our consideration of its internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Office of Inspector General, Corporation management, Navajo Nation management, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

COTTON & COMPANY LLP

By: _____
Michael W. Gillespie, CPA, CFE

FINANCIAL SCHEDULE

SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER CORPORATION GRANT NO. 339W023-21 APRIL 1, 2001, TO MARCH 31, 2002

Claimed Costs	Approved Budget	Claimed Costs	Questioned Costs	Notes
Federal Share				
Personnel, Regular	$ 57,013	$ 57,758	$ 57,758	1
Personnel, Temporary	21,424			
Salary Adjustment		1,600	1,600	2
Fringe Benefits	10,593	11,862	11,862	3
Temp. Fringe Benefits	2,031			
Assigned Vehicle Use	9,162	6,133	6,063	4
Personal Travel Expenses	11,779	9,954	6,112	5
Vehicle Mileage Expense	8,444	1,579	462	6
Vehicle Rental	230			
Commercial Fares	1,224			
Office Supplies	5,700	5,510		
Postage	500	243		
Printing/Binding	817	769		
Photocopying	2,688	1,798		
Other Lease/Rental		100	100	7
Communications Expenses	3,900	3,227		
Software Purchase	3,388	1,645		
Consultant Fees	2,000			
Seminar/Registration Fees	2,850	3,624	3,414	8
Freight Fees	225			
Other Travel Expenses	3,491	2,257		
Operating Supplies	2,349	3,867		
Stipends, Meetings	324,788	328,264		
Stipend, Mileage	49,041	57,677		
Insurance Premiums	678	678		
Overclaimed Federal Share			17,806	9
Total	$524,315	$498,545	$105,177	
Cost Share				
Personnel, Regular	$34,190	$36,315	$36,315	10
Salary Adjustment		1,375	1,375	11
Employee Share, FICA	6,352	8,336	8,336	12
Stipend, Mileage	27,414	25,902		
Total	$67,956	$71,928	$46,026	

NOTES TO THE SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER CORPORATION GRANT NO. 339W023-21 APRIL 1, 2001, TO MARCH 31, 2002

1. **Personnel, Regular.** The Navajo Nation claimed 100 percent of salary costs for the FGP program management specialist and the secretary. It based the allocation percentage on the estimated level of effort proposed in the grant budget for these employees. No after-the-fact determinations of actual activity were required or obtained.

   OMB Circular A-87, Attachment B, Section 11, h.3, states that to be allowable, salary costs for employees working solely on a single Federal award must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and signed by the employee or supervisor having first-hand knowledge of the work performed by the employee.

   Navajo Nation representatives stated they were not aware of the requirement to complete after-the-fact time certifications. Accordingly, we questioned these costs.

2. **Salary Adjustment.** The Navajo Nation claimed $1,600 for merit bonuses for the FGP program management specialist and the secretary. For the reasons stated in Note 1, we questioned these costs. In addition, bonuses were not included in the approved grant budget. The grant agreement states that costs allowed under the grant are limited to those categories contained in the signed application package.

3. **Fringe Benefits.** For the reasons stated in Note 1, we questioned fringe benefit costs associated with questioned salary costs.

4. **Assigned Vehicle Use.** We questioned $6,063 of costs for use of tribal-owned vehicles as follows:

   a. Claimed costs included $137 for a vehicle used by a clerk typist to drive to Microsoft computer training classes. Neither the training course cost or related travel expenses were approved in the proposed budget. The grant agreement states that costs allowed under the grant are limited to those costs contained in the signed application package.

   b. Claimed costs included $5,926 not supported by Interdepartmental Charge Requisition (ICR) forms. ICRs provide details of vehicle users and purposes. Navajo Nation representatives were unable to locate supporting documents. OMB Circular A-87, Attachment A, Section C.1(j), states that for costs to be allowable under Federal awards, they must be adequately documented.

5. **Personal Travel Expenses.** We questioned $6,112 of travel expenses not approved in the grant budget. The grant agreement states that costs allowed under the grant are limited to those costs contained in the signed application package. We questioned costs as follows:

   a. Claimed costs included $750 of meals and lodging expenses for volunteer service coordinators (VSCs), secretaries, and clerk typists assisting in volunteer recognition events, transporting volunteers to meetings, delivering mail, and dropping off equipment to be repaired.

   b. Claimed costs included $482 for the FGP program director to attend Arizona State Directors quarterly meetings. The grant budget specifically stated that these costs would not be paid with Federal funds.

   c. Claimed costs included $316 for a secretary and a VSC to attend Navajo Area Agency on Aging meetings and conferences.

   d. Claimed costs included $4,564 of travel costs for FGP staff to attend training seminars and conferences either not included in the grant budget or not budgeted for the individuals who attended. Unallowable training and conferences included:

Training Seminar or Conference	Attendee
Tapping Senior Power Conference	FGP Director
Conference for Women	VSC
CNS/NSSC Southwest Cluster Conference	VSC
Introduction to Word	Clerk Typist
Arthritis Self-Help Workshop	VSC and Clerk Typist
Introduction to Internet Training	VSC and Clerk Typist
Americorps/VISTA Supervisor Conference	FGP Director
Aging Network Training Session	VSC
Eastern Agency on Aging Council Meeting	VSC
Intermediate Excel	Clerk Typist

6. **Vehicle Mileage Expense.** We questioned $462 of mileage expenses not included in the grant budget. The grant agreement states that costs allowed under the grant are limited to those costs contained in the signed application package. We questioned costs as follows:

   a. Claimed costs included $108 for an employee to attend "New Employee Orientation" and for another to drop off equipment to be repaired.

   b. Claimed costs included $354 related to unapproved training seminars and conferences.

7. **Other Lease/Rental.** The Navajo Nation claimed $100 for site rental expenses. These costs were not included in the approved grant budget. The grant agreement states that costs allowed under the grant are limited to those costs contained in the signed application package. We questioned these costs.

8. **Seminar/Registration Fees.** We questioned $3,414 of registration fees, as follows:

   a. Claimed costs included $1,715 for the FGP director, a secretary, a VSC, and three clerk typists to attend general computer training courses not included in the grant budget.

   b. Claimed costs included $1,439 for conferences not included in the grant budget. Conferences included:

      - Tapping Senior Power
      - 23rd Annual New Mexico Conference on Aging
      - 9th Annual New Mexico Conference on Adult Abuse
      - Conference for Women
      - National Senior Service Corps (NSSC) Conferences

   c. Navajo Nation representatives were unable to locate supporting documentation for $260 of claimed costs.

   The grant agreement states that costs allowed under the grant are limited to those costs contained in the signed application package. OMB Circular A-87, Attachment A, Section C.1(j), states that for costs to be allowable under Federal awards, they must be adequately documented.

9. **Overclaimed Federal Share.** As a result of costs questioned, the Navajo Nation did not meet the grant's cost-sharing requirements. *Code of Federal Regulations (*CFR*)*, Part 45, Chapter XXV, Section 2552.92, states that the Corporation will fund up to 90 percent of FGP operating costs. We reduced the Federal share in proportion to the Navajo Nation's contribution and calculated the overclaimed Federal share as follows:

Claimed Costs		
Federal Costs	$498,545	
Less Questioned Costs	87,371	
Total Federal Costs per Audit		$411,174
Cost Share Claimed	$ 71,928	
Less Questioned Costs	46,026	
Total Cost Share per Audit		25,902
Total Project Costs per Audit		$437,076

Overclaimed Federal Share	
Federal Costs per Audit	$411,174
Less Maximum Corporation Share (90% of $437,076)	393,368
Overclaimed Federal Share	$ 17,806

10. **Personnel, Regular.** The Navajo Nation claimed 85 percent of salary costs for the five FGP Volunteer Service Coordinators. It based the allocation percentage on the estimated level of effort proposed in the grant budget for these employees. No after-the-fact determinations of actual activity were required or obtained.

    OMB Circular A-87, Attachment B, Section 11.h, states that, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation. The personnel activity reports must:

    a. Reflect an after-the-fact distribution of the actual activity of each employee.
    b. Account for total activity for which each employee is compensated.
    c. Be prepared at least monthly and must coincide with one or more pay periods.
    d. Be signed by the employee.

    Budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to Federal awards. This OMB circular further states that salaries and wages of employees used in cost sharing or matching requirements for Federal awards must be supported in the same manner as allowable costs claimed under Federal awards.

    In addition, the grant agreement specifically requires salaries and wages chargeable to this grant and other Navajo Nation programs or functions to be supported by individual time distribution records.

    Navajo Nation representatives stated they were not aware of the requirement to allocate salary costs based on after-the-fact determinations of each employees activities. Accordingly, we questioned these costs.

11. **Salary Adjustment.** For the reasons stated in Notes 1and 10, we questioned merit bonuses for the VSC's.

12. **Fringe Benefits.** For the reasons stated in Note 10, we questioned fringe benefit costs associated with questioned salary costs.

COTTON & COMPANY LLP

auditors ◆ advisors

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November 26, 2002

Inspector General
Corporation for National and Community Service

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COSTS CLAIMED BY THE NAVAJO NATION FOSTER GRANDPARENT PROGRAM UNDER CORPORATION GRANT NO. 339W023-21

We audited costs claimed by the Navajo Nation under Corporation Grant No. 339W023-21 for the period April 1, 2001, to March 31, 2002, and have issued our report dated November 26, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial-related audits contained in *Government Auditing Standards*, as amended, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the financial schedule is free of material misstatements, we performed tests of compliance with certain provisions of laws, regulations, and the grant, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. Providing an overall opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. Results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. See Findings 1 through 6 below.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we obtained an understanding of the Navajo Nation's internal control over financial reporting to determine audit procedures for the purpose of expressing our opinion on the financial schedule and not to provide assurance on internal control over financial reporting. We noted, however, certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Navajo Nation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedules. See Findings 1, 2, and 5 below.

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A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable conditions in Findings 1 and 2 below to be material weaknesses.

FINDINGS

1. The Navajo Nation did not distribute salary and benefit costs to the grant based on employee timesheets, but rather charged salaries and benefits based on estimates of each employee's activities. The Navajo Nation claimed 100 percent of salary costs for the FGP program management specialist and a secretary and 85 percent of salary costs for the five FGP VSCs. It based allocation percentages on the estimated level of effort proposed in the grant budget for these employees. No after-the-fact determinations of actual activity were required or obtained.

   OMB Circular A-87, Attachment B, Section 11, h.3, states that to be allowable, salary costs for employees working solely on a single Federal award must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and signed by the employee or supervisor having first-hand knowledge of the work performed by the employee.

   OMB Circular A-87, Attachment B, Section 11, h, states that, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation. The personnel activity reports must:

   a. Reflect an after-the-fact distribution of the actual activity of each employee.
   b. Account for total activity for which each employee is compensated.
   c. Be prepared at least monthly and must coincide with one or more pay periods.
   d. Be signed by the employee.

   Budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to Federal awards. This OMB circular further states that salaries and wages of employees used in cost sharing or matching requirements for Federal awards must be supported in the same manner as costs claimed as allowable under Federal awards.

   In addition, the grant agreement specifically requires salaries and wages chargeable to this grant and other Navajo Nation programs or functions to be supported by individual time distribution records.

   Navajo Nation representatives stated they were not aware of the requirement to allocate salary costs based on after-the-fact determinations of each employee's activities.

   Recommendation: We recommend that the Navajo Nation immediately revise its labor distribution procedures to comply with OMB Circular A-87 requirements.

2. As detailed in Schedule A, the Navajo Nation claimed costs that were unallowable and unallocable in accordance with OMB Circular A-87 and grant terms and conditions.

   Recommendation: We recommend that the Navajo Nation revise its policies and procedures to ensure that it claims only allowable and allocable costs under the FGP.

3. The Navajo Nation submitted two of four FSRs late. It submitted the December 31, 2001, report on March 12, 2002, and the March 31, 2002, report on September 27, 2002. The grant states that quarterly FSRs are due within 30 days of the end of each fiscal quarter; it further states that a fourth-quarter FSR is not required and the final program year FSR (March 31, 2002) is due within 90 days of the end of the budget period.

   Navajo Nation management indicated that they were in the process of beginning implementation of a new financial reporting system. The targeted system implementation date is within Fiscal Year 2003.

   Recommendation: We recommend that the Navajo Nation formulate and implement FSR reporting procedures. These procedures should also include deadline requirements for receipt of information from various Navajo entities that affect reporting. Additionally, we recommend that the Navajo Nation establish an accounting calendar with timeframes for task completion to assist the Contract Accounting Department in manually compiling information it needs to submit FSRs in a timely manner.

4. The Navajo Nation submitted both semi-annual progress reports required under the grant late. It submitted the September 30, 2001, and March 31, 2002 reports, on March 6, 2002, and May 6, 2002, respectively. The grant states that progress reports are due 30 days after the end of the reporting period.

   Recommendation: We recommend that the Navajo Nation formulate and implement reporting procedures that include deadline requirements for receipt of information from various Navajo entities that affect program reporting.

5. The Navajo Nation's budget procedures were weak. Of 18 budget transfers executed during the audit period, 10, or 56 percent, were approved by persons not authorized to conduct financial transactions for the FGP. Additionally, funds were transferred from approved budget line items and then used for items outside the approved budget (raises and merit bonuses and unallowable costs for local travel and training).

   45 CFR, Chapter XXV, Section 2541.210(3), Internal Control, states:

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

   The grant states:

   > Costs allowed under this grant are limited to those categories contained in the signed application package dated 12/26/00. The grant agreement also incorporates the Navajo

Nation's budget proposal, which states the Program Director will monitor program budget and expenditures.

Navajo Nation management attributed the breakdown in monitoring efforts to the Navajo Nation Council's current decentralization movement, which resulted in reduced authority of the acting FGP director.

Recommendation: We recommend that the Navajo Nation centralize its monitoring efforts for the FGP by developing and implementing budget monitoring policies and procedures specific to program needs. We further recommend that the Navajo Nation direct these policies and procedures to Reservation field offices to ensure their understanding and require compliance.

6. The Navajo Nation has not provided the most updated OMB Circular A-133 information to the Federal Audit Clearinghouse. As of November 15, 2002, the latest audit report information at the Clearinghouse was for the fiscal year ended September 30, 1999. The Navajo Nation had not yet submitted the September 30, 2001, audit report information.

OMB Circular A-133, Subpart C, Section 320 states:

> ...the data collection form...and the reporting package...shall be submitted within 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency.

Recommendation: We recommend that the Navajo Nation forward all necessary and updated OMB Circular A-133 data to the Federal Audit Clearinghouse.

This report is intended solely for the information and use of the Office of the Inspector General, Corporation management, Navajo Nation management, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

COTTON & COMPANY LLP

By: _____
Michael W. Gillespie, CPA, CFE

APPENDIX A

AUDITEE'S RESPONSE TO DRAFT AUDIT REPORT

THE NAVAJO NATION

Navajo Area Agency on Aging/ P.O. Box 1390/ Window Rock, Arizona 86515/ (928) 871-6868

Joe Shirley, Jr.
President

Frank Dayish, Jr.
Vice President

February 19, 2003

Terry Bathen, Deputy Inspector General
For Audits and Policy
Inspector General
1201 New York Avenue, NW
Washington, D.C. 20525

Dear Mr. Bathen:

Attached is a response to the draft report for the Navajo Foster Grandparent Program audit, Grant #339WO23-21.

If you have any further questions, please call at (928) 871-6873, if I should not be available, please call the sponsor, Navajo Area Agency on Aging Program Manager, Laverne Wyaco at (928) 871-6783.

Sincerely,

Irene Eldridge, Management Specialist
Foster Grandparent Program
Navajo Area Agency on Aging

xc: Laverne Wyaco, Program Manager, Navajo Area Agency on Aging
Lisa Guccione, Program Specialist, AZ State CNS Office
Theresa Galvan, Legislative Analyst, Navajo Division of Health
Arthur Natonabah, Senior Accountant, Navajo Area Agency on Aging
Program File

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FEB 26 2003
OFFICE OF THE
INSPECTOR GENERAL

RESPONSE TO THE NOTES TO THE SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER CORPORATION GRANT NO. 339WO2321, APRIL 1, 2002 TO MARCH 31, 2002

1. **Personnel Regular and Positions Matched:** Policy on allowable, salary costs for the two staff funded with Corporation funds was at no such time shared with myself or the sponsor agency either from the Arizona State Corporation Office or from the sponsor, Navajo Nation Government offices who deal with financial policy matters and federal funds since my employment from 1990. I have neither heard of any such policies from both at the New Mexico and Arizona State CNS Offices nor the national level during the Project Director orientations, meetings or conferences. Normally though out my years of employment, if there is a significant policy to be enforced, it is made known from the CNS State Offices and National Corporation Offices.
   The Arizona State CNS Director has however stated that if the staff are funded at 100% with CNS federal funds, then the funded staff are required to work 100% on the FGP. I myself reiterated this policy the my supervisor. The validity of this policy was raised by the sponsor agency, the Navajo Area Agency on Aging Program Manager during a meeting with the Arizona State Director in 2001. The question was clarified and our sponsor has abided by this policy.
   But as far as documenting and implementing certifications twice a year, the sponsor and myself were not aware that the two employees funded with CNS were required to sign these documents twice a year. Nor were we informed that the staff positions matched to the grant were to document their specific activities daily. The Arizona State Office did inform that the percentage allocated time indicated in the program budget justification was the guidance used for staff to devote their time on the FGP, which was 85% for the grant year.

   Had we been informed, these documentations would have been implemented to document the daily activities and certifications required.

2. **Salary adjustment:** I was informed that merit bonuses were disallowable by the AZ State CNS Director, which I informed my supervisor. My supervisor called the Arizona State Corporation (Program Specialist who was assigned to oversee the Navajo FGP) and requested if the bonuses were allowable, the reply was yes. Verbal approval was granted over the telephone for merit bonuses to the sponsor Program Manager. Unfortunately, our agency did not request approval in writing.
3. Fringe Benefit Cost: Fringe Benefit Cost is at all times included in the Budget Justification submitted and approved by the Arizona State CNS Office and the program follows a rate approved by the sponsor for all tribal programs.
4. Assigned Vehicle Use:
   a. **Assigned vehicle was used by staff to attend training.** Training course cost was approved for the Seminar/Registration for "Staff registration fees for writing seminar, management training", etc. "Cost of seminar/registration will vary depending on the type of course". If the

seminar/registration fees were approved for program staff, how then would the staff be able to transport themselves to the trainings. Assigned vehicle was the option because that is the cheaper expense, considering our enormous geographic distance to travel to get adequate training for our staff, which is any where from half an hour to two hours.

b. **Claimed cost of $5,926 not supported by Interdepeartmental Charge Requisition forms:** Because of the enormous geographic service area for Navajo Nation (Service delivery area covers AZ, NM and UT), our program administration and delivery of service is divided into five regional offices and each regional office would have to be contacted for documentation. The regional FGP Staff usually document on the ICRs the purpose and intended use of an assigned/lease vehice, destination and estimate mileage and cost. We can attempt again to locate the documents from the five agency offices. And if they are not adequately documented, proper documentation (how to fill out the form) needs to be reviewed with Agency FGP Staff and their Agency Program Supervisors and the sponsor's central administration accountants ensure accountability.

5. **Personal Travel Expense: Meals and lodging for staff**

a. (1) Volunteer Recognition Events: Program staff have escorted and transported volunteers to recognition events for overnight travel. Travel and volunteer recognition event locations have been shared with the Arizona State CNS Office and cleared travel for staff to transport volunteer as a necessary part of providing meaningful recognition for volunteers.

(2) Transporting volunteers to meetings: Justification was provided in a cover memo to the budget justification several years ago to the Arizona State CNS Office. Transporting elderly volunteers was essential because of the geographic long distance travel for volunteers to attend periodic advisory council meetings. Travel may take 1 hour to 4 hours depending on each regional agency office. Since elders are up in age and tire easily driving long distance, it is our program policy to transport elders, assist them and have them participate as volunteer members for advisory council meetings.

(3) Daily mail and dropping of computer equipment for repairs service is not available in the isolated, rural Navajo Reservation. The local department transit bus discontinued delivery of weekly mail on their buses. At times, there are urgent and necessary documents, such as volunteer time sheets or financial documents may need to be delivered in person to meet deadlines. The program utilized program funds as part of a necessary function and operation costs.

b. (1) Arizona State Directors Quarterly Meetings: In the Local Travel budget justification a sentence does state : "Quarterly state meeting cost is included in the Window Rock budget". The Window Rock budget is for the Management Specialist. The Arizona State CNS Program Specialist has requested for Arizona State Meeting travel to be moved to long

distance travel since it is a 7 hour travel to Phoenix, Arizona in the current program budget.

c. Travel Cost for the Secretary and VSC to attend the NAAA meetings and conferences. The sponsor directed a re-organization to stream line NAAA and FGP program activities, meetings and conferences from the agency level to central administrative levels. Staff are required at times to participate in the sponsor's meetings and conferences. The policy instructed to the FGP Staff is that authorization for travel is on the condition that the meeting is inclusive of a FGP program activity or volunteers are involved and an agenda stating "Foster Grandparent Program". Since I do not have specifice travel documents as to the purpose of the secretary and VSC attendance to the NAAA meetings and conference, I can not specifically respond. It would be helpful to reference the TA # and name of staff who traveled. Advice was also given from the AZ CNS Office, if meetings and conferences are beneficial to the program staff, then it would a reasonable cost.

d. Staff attendance to seminars and conferences:

1. Tapping Senior Power Conference: FGP Director

This trip was for a National and Community Service Corp. Conference. All Project Directors are invited annually to attend. Information was provided not only by the national office, but by the AZ State CNS Office. For every budget year, a budget justification submitted to the AZ State CNS Office for attendance to one National and Community Service Corporation Conference. The budget justification dated 1/30/03 submitted to the AZ State Director does state this on page 3 for the FGP Director/ Management Specialist's travel.

2. Americorps/VISTA Supervisor Conference: Invitation was received from both the New Mexico and Arizona State CNS Directors for Tribal Project Directors to attend. The Senior Corp Directors were requested to attend on March 5th and March 6 and an evening banquet. Since Albuquerque is 2 and half hours away, I traveled late p.m. on March 3rd and a.m. on March 7th. Lisa Guccione, AZ CNS Program Specialist sent the information. Later when request for reimbursement was made to the Contract Accounting Department Office, but denied the travel. I then called Ms. Guccione requesting a written approval. She e-mailed me the justification and approval which was then attached to the Travel Authorization and submitted to Contract Accounting Department and expenditure was approved. Unfortunately, I cannot find the e-mail copy, but other financial offices retains travel documents submitted. The document can be retrieved at a later date.

3. CNS/National Senior Service Southwest Cluster Conference - VSC attendance. All 5 Agency VSCs attended, it would be helpful to send us the Travel Authorization number and the name of staff who traveled, so the appropriate agency can journal voucher these

expenses. Seminar fees were paid to CHP International for one staff, but staff did not attend the conference. Fees were not recouped.

4. **Other training and conferences:** The Budget Justification submitted to the AZ CNS with the grant application renewal does state fees for Seminar/Registration and states "Staff registration fees are for writing seminar, management training and attendance to the sponsoring agency's Health Conferences. Cost of seminar/registration will vary depending on the type of course". Necessary computer training for staff were approved by the NAAA Agency Directors and NAAA Director so staff could be able to efficiently perform their tasks.

6. **Vehicle Mileage Expense:**

   a. New Employee Oreintation: All new staff hired under the sponsor organization are required to attend the orientation to effectively perform on the job and follow Navajo Nation policies and procedures. Again based on the advice provided from the AZ State CNS, if the training is beneficial to the staff, the Agency Director would have determined a necessary training for new staff.

   b.

7. **Site Rental Expenses:** Staff were periodically instructed that site rentals were disallowable. We need to know which agency office processed and incurred expenses so the agency can be held accountable for these expenses.

8. **Seminar Registration Fees.** (3) Navajo Nation representatives were unable to locate supporting documentation. We request the Travel Authorization numbers and especially the names of staff so we can account for and locate the document. All supporting documents, if questioned are attached to the documents and submitted to the Financial Services.

9. **Overclaimed Federal Share:** The AZ State Director and I discussed the percent required for the 90/10 ratio at least two occasions. He informed that the ration increased to 80/20 as it is for some other tribal federal grants and contracts. I discussed through telephone calls and brought it up for confirmation on the second call. We have discussed the computation for the Direct Benefits Ratio as well and since I did not receive any feedback indicating that Navajo Nation was not meeting required ration, there was no need for revision or concern. Usually, the AZ State CNS Office will review the grant renewal and budget amendments.

10. **Personnel, Regular:** Again, no such OMB Circular A-87 requirements were brought to our attention for the matching positions. As stated for the federally funded staff, if the state corporation office or the national level determines any significant regulations, all project directors are informed. No such notices were given on matching positions to the grant. We do have state assessments on finances for staff time sheets. These were the only documentations required. The requirement on matching position has been changed to 100% for the five VSCs, since the independent audit was conducted.

11. **Salary Adjustments:** The Navajo Nation approves a Cost of Living Adjustments across the board for all tribal employees, six months into the program year. The tribal funding cycle runs October 01 to September 30. The Navajo FGP federal funding cycle is from April 01 to March 31. Current employee salaries are submitted in the budget justification with the grant renewal application. Salary Adjustments are made until actual salary increases are made. A budget amendment would have to be submitted annually to justify adjustments.

12. **Fringe Benefits** are a necessary and required item by the Navajo Nation. Rates are adjusted when salary increases are made and approved by the tribal government.

13. **Compliance and Internal Control Issues: Bullet number 4**, submittal of late Progress Reports. I usually call to the Arizona State Office if I need a few extra days. The State Office Program Specialist may be out of the office and will inform that submitting the report a few days later while she is out of the office is no problem and an extension is granted. This is what happened at the end of April 2002. A written approval on the extensions were not obtained.

    I did have multiple projects due when the first bi-annual report was due. I did have the bi-annual report scheduled, however, the grant renewal application needed to be initiated to meet the deadline. Because of the lengthy tribal review and approval process for the grant renewal, as the Management Specialist I put the grant renewal application as a priority. I had to meet with the field staff on the budget, objectives and other requirements by late October, and finalized the application by late November and process through several departments which take any where one to two weeks to review and approve. At this time, I did request for extension and an extension was granted, but by early December I requested emergency leave and time off for one week to take care of a very important personal matter. This added to a late submittal and is not usually the case to be extremely late. Efforts will be made to submit reports on time.

    Bullet number five: Navajo Nation's budget procedures need improvement. I am in agreement. The re-organization within the NAAA needs to be fine tuned for accountability. While in the previous years, I had direct oversight and approved expenditures, beginning Fiscal Year 2001/02, responsibility and approvals on the FGP budget was re-directed to five NAAA Agency Directors and NAAA Director. All financial documents were processed through the NAAA Accountants, only those in question were brought to my attention. The re-organization was reviewed, negotiated and approved through the Arizona State CNS Office late 2001. Therefore, any further request for response to the formal audit report should be directed to and include the sponsor. I will develop and refine specific program policies on the FGP budget expenditures, review with staff and re-write any budget justifications to cover any necessary and reasonable cost to operate the program on behalf of our volunteers and field staff and provide

audit report should be directed to and include the sponsor. I will develop and refine specific program policies on the FGP budget expenditures, review with staff and re-write any budget justifications to cover any necessary and reasonable cost to operate the program on behalf of our volunteers and field staff and provide staff training. However, full implementation and corrective measures rest with my Supervisor, Ms. Laverne Wyaco, Program Manager, Navajo Area Agency on Aging who has direct oversight and supervision over the accountants and five Agency Supervisory Personnel. Agency Supervisory Staff have direct supervision over the FGP Volunteer Service Coordinators.

There may recommendations to re-organize again for accountability. Our organization will need to re-group and make decisions based on a formal audit report from your agency and the Arizona State CNS Office.

TAPPING SENIOR POWER
Community Partnerships That Work

Personal Agenda for Irene Eldridge
Southwest Cluster 2001

Irene Eldridge
Navajo Area Agency on Aging
P.O. Box 1390
Window Rock, AZ 86515

Dear Irene:

The following is a summary of your personal itinerary for the NSSC "Tapping Senior Power: Community Partnerships That Work" Southwest Cluster Conference. The conference begins on May 9, 2001 and concludes on May 11, 2001.

Plenary events are as follows:
*Opening Plenary: May 9th, 1:30 pm - 3:00 pm, Grand Ballroom
*Plenary Lunch: May 10th, 12:30 am - 2:00 pm, Grand Ballroom
*Dinner/RSVP Celebration: May 10th, 7:30 pm - 10:00 pm, Grand Ballroom
*Closing Plenary: May 11th, 10:30 am - 12:30 pm, Grand Ballroom

Date	Session	Location	Start Time	End Time	Att.
5/ 9/2001	Opening Plenary:	Grand Ballroom	1:30 PM	3:00 PM	1
5/ 9/2001	Section 3	Cotillion 1	3:30 PM	5:00 PM	1
5/10/2001	A09 - Tech Dialogue-PD	Emporium	8:30 AM	10:00 AM	1
5/10/2001	B09 - PFI for FGP	Cotillion 3	10:30 AM	12:00 PM	1
5/10/2001	SW1.05 Roundtable Discussions	Cotillion 1-3	2:00 PM	3:30 PM	1
5/10/2001	SW2.05 Roundtable Discussions	Cotillion 1-3	4:00 PM	5:30 PM	1
5/11/2001	C02 - Roles Senior Svc Leaders	Emporium	8:30 AM	10:00 AM	1
5/11/2001	Closing Plenary	Grand Ballroom	10:30 AM	12:30 PM	1

Please arrive five minutes prior to the start of each of your sessions.

We hope you enjoy the conference!

National Senior Service Corps
Corporation For National Service
1201 New York Avenue, NW
Washington, DC 20525
1-800-424-8867 TDD 1-800-833-3722
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February 19, 2002

CORPORATION
FOR NATIONAL
SERVICE

TO: Various NSSC Directors

FROM: Michelle Griffith

SUBJ: March 5-6, 2002 AmeriCorps*VISTA Conference

You have been registered (as per the enclosed Registration Information form) to attend the Tuesday and Wednesday, March 5 and 6, 2002 session of the upcoming A*VISTA Supervisor Conference.

I have included an informational memo from our Area Manager, for your convenient reference. This memo discusses the entire week's worth of conferencing.

The part of this conference to which you are invited will begin promptly at 9:00 a.m. on the 5th. And though the conference continues through the end of the week, your participation is scheduled to conclude with the banquet on March 6th.

Please call me if you have any questions. I look forward to seeing you there.

120 South Federal Place
Suite 315
Santa Fe, NM 87501-2026
Telephone 505-988-6577
Fax 505-988-6661

Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps

CORPORATION
FOR NATIONAL
AND
COMMUNITY
SERVICE

MEMORANDUM

February 12, 2002

TO: New and Potential AmeriCorps*VISTA Project Sponsors and Supervisors

FROM: Kathie Ferguson, Southwest Area Manager

SUBJ: Southwest Cluster New AmeriCorps*VISTA Supervisor Training for Programs Providing Service in Indian Country

You are invited to participate in the next AmeriCorps*VISTA Supervisor Training for new sponsors and supervisors of AmeriCorps*VISTA programs serving in Indian Country. The event is being held March 4-8, 2002, at the Holiday Inn Mountain View in Albuquerque, New Mexico. You are asked to arrive on the evening of March 3, as sessions will begin at 9:00a.m.on Monday, March 4.

During this training, you will be introduced to the Corporation for National and Community Service (CNCS), and will have an opportunity to work with Corporation staff and technical assistance providers to:

- Explore the role AmeriCorps*VISTA can serve in meeting your community's goals;
- Develop/expand upon the concept paper/application you submitted to ensure the strongest program possible;
- Become familiar with the role of AmeriCorps*VISTA sponsors/supervisors in much the same way as the VISTA members do when they attend a Pre-Service Orientation (PSO);
- Receive training on your administrative & reporting requirements as a VISTA Supervisor;
- Learn from other tribal project directors who have experience working with CNCS and its programs.

All new VISTA supervisors must complete this training before members will be placed at their project. New supervisors at existing projects are also required to attend.

Training Schedule and Location

- Place: Holiday Inn Mountain View
  2020 Menaul NE
  Albuquerque, New Mexico 87107
  TEL: (505) 884-2511

  You will be pre-registered at the hotel.

- March 3rd: Arrival.
- March 4th: Registration (8:00-9:00 a.m.): Tribal supervisor training starts at 9:00 a.m. This first day of orientation will focus specifically on AmeriCorps*VISTA projects operating in Indian Country. This will allow time for you to network with your peers and discuss anticipated program opportunities and challenges with Corporation for National & Community Service staff, technical assistance providers, and each other.
- March 5th: This full day brings you together with staff of other projects sponsored by CNCS including National Senior Service Corps, AmeriCorps (including the Tribal Civilian Community Corps), and Learn & Serve America. Working with tribal project directors, Corporation staff and technical assistance providers, you'll have an opportunity to explore program development, implementation and sustainability, and to discover best practices.

Sr. Corp

- March 6th: 8:30 a.m. -- AmeriCorps*VISTA Supervisor training begins with tribal and non-tribal supervisors. You will join other new AmeriCorps*VISTA supervisors from projects throughout the Southwest for this three-day training.
- March 7th: Day 2 of Supervisors' Training
- March 8th: Day 3 of Supervisors' Training

Departure from the hotel for travel home should not occur before 2:30p.m. on March 8, 2002.

Transportation

- If you are planning to travel by air, please complete the travel form (attached) and fax it to Lisa Guccione at 602-379-4030. Lisa will arrange your flight for you on a prepaid ticket. **DO NOT PURCHASE YOUR OWN TICKET**.

- The hotel is 15-20 minutes away from the Albuquerque International Airport. If you are flying, the hotel will provide a free shuttle from the airport to the hotel. ***It is very important that you advise Lisa if your flight plans have changed or if you miss your flight.***

- If you are driving, please arrange your travel time to arrive at the hotel by the evening of March 3rd.

Meals/Lodging/Incidentals

- Lodging for arrivals on March 3 and departures on March 8 will be paid for. All meals beginning with breakfast on March 4 will be paid for.

- At check-in, you will be required to pay a $10.00 deposit for phone service/incidentals.

- Included with this letter is a travel registration page which includes information regarding any special room or dietary needs. **PLEASE RETURN THIS PAGE VIA FAX TO LISA GUCCIONE AT THE ARIZONA CNCS STATE OFFICE** by **February 27, 2002**. Your cooperation and prompt response will be greatly appreciated. The fax number is 602-379-4030.

We look forward to meeting you during this training. If you need to contact us in an emergency before your travel begins, please call Lisa at 602-232-4825.

Thank you, and we look forward to seeing you there!!!!

NSSC Attendee - Tuesday and Wednesday Only

Required AmeriCorps*VISTA Supervisor/Tribal Program Meeting Registration Information

This sheet must accompany each participant registration. Fax to Lisa Guccione at 602-379-4030.

Participant's Full Name: Irene Eldridge

Name you would like on your name tag: Irene Eldridge

Current Address (Address to which materials can be sent):

FGP Director; Navajo Nation/Division of Health

P.O. Box 1390

City: Window Rock State: AZ Zip: 8 6 5 1 5

Current phone (Number at which participant can best be reached): (520) 871-6873

Current e-mail (if available): _____

Name of Project: - same -

NOTE: Meals only. Paying own lodging, if needed.

Preferred method of transportation to Albuquerque Event:

● Private Car ○ Plane

If plane, identify the closest airport: _____

Date you plan to arrive: Tuesday Date you plan to depart: Wednesday

At the hotel: Arranging own lodging, if needed.

Do you plan to share a room? If yes, with whom? _____
(we ask this to provide hotel with accurate room counts and ensure each of you has a room when you arrive)

Dietary Restrictions, if any: _____

Special Requirements (physical limitations, translation, etc.):

_____

Signature: _____

Corporation State Office Use Only:
Date entered into I-DESK: _____ For March 3-8 Albuquerque Conference

THE
NAVAJO
NATION
P. O. BOX 9000 • WINDOW ROCK, ARIZONA 86515 • (520) 871-6000

KELSEY A. BEGAYE
PRESIDENT

TAYLOR McKENZIE, M.D.
VICE PRESIDENT

January 30, 2001

Richard Persely, Director
National and Community Services Corporation
Arizona State Program Office
Room 205-A
Phoenix, Arizona 85004

Dear Mr. Persely:

Enclosed is the final budget for the Navajo Foster Grandparent Program Application which includes the 2% administrative cost increase. The following budget changes were made:

1. Computer software for 7 staff to upgrade office programs for year 2000.

2. Funds for office supplies and tribal vehicle lease were increased. According to the spending pattern of the program, agencies made more budget transfers for office supplies and vehicle lease. For office supplies, since the tribal transit bus system no longer delivers tribal mail on a weekly basis, most work sites now have to fax in time sheets, therefore, faxing supplies have tremendously increased and extra cost for xerox cartridges as well.

3. The temporary Accounting Clerk III position salary and fringe increased also and a salary adjustment for the Secretary.

4. Printing cost was also increased.

Should you have any, please call me at (520) 871-6783.

Sincerely,

Laverne Wyaco, Director
Navajo Area Agency on Aging

xc: Grant Application File

Federal	Non Federal	Excess Non-Fed.
10,827	0	320

Local Travel (2200)

Meals and lodging rates are based on travel areas, Area C is within 50 miles of the reservation. The Volunteer Management Specialist and NAAA Director will have monthly program meetings and attend relevant training's provided by the sponsor. Often a reimbursement becomes necessary for meals and lodging when staff are required to stay overnight. Quarterly state meeting cost is included in the Window Rock budget.

Federal Funds - Long Distance:

Area A:	Meals	$34 x 13 trips x 2 staff =	884	
	Lodging	67 x 12 nights x 2 staff =	1,608	
			2,492	F
Area C:	Meals	$28.75 x 30 trips x 5 agencies =	4,315	
	Lodging	$67.00 per night x 12 nights x 5 agencies =	4,020	
			8,335	F
NMHB Funds:				
Area C.	Meals	$30 per day x 4 days x 1 staff =	120	
	Lodging	$66.66 per night x 3 nights x 1 staff =	200	
			320	NM

Staff Personal Mileage (2300)

The Navajo Tribe's reimbursement rate for travel using privately owned vehicle is $.32.5 per mile. Mileage is for conducting site visits and traveling to Window Rock for program and Advisory Council meetings transporting members. NAAA Agency Directors will occasionally use mileage when travelling on behalf of Foster Grandparent Program.

Federal	Non Federal	Excess Non-Fed.
8,444	0	0

MILEAGE	(F)	(M)	(NM)	Total
CH 410.76 mi. x $.32.5 mi. x 12 months	1,602	0	0	$1,602.00
CP 410.76 mi. x $.32.5 mi. x 12 months	1,602	0	0	$1,602.00
FD 265.63 mi. x $.32.5 mi. x 12 months	1,036	0	0	$1,036.00
SR 410.76 mi. x $.32.5 mi. x 12 months	1,602	0	0	$1,602.00
TC 410.76 mi. x $.32.5 mi. x 12 months	1,602	0	0	$1,602.00
W 256.40 mi. x $.32.5 mi. x 12 months	1,000	0	0	$1,000.00
Total	8,444	0	0	$8,444.00

======	======	=======
19,271	0	320

Federal	Non Federal	Excess Non-Fed.	
9,162		1,639	**Lease Tribal Vehicle (2100)** Lease of tribal vehicle to travel to agency offices, workstation, etc. to keep abreast of program regulations, conduct program monitoring activities, attend program staff meetings and conduct site visits.

Federal Funds:

Lease @ $14.50 per day x 275.86 days =	4,000	
Miles @ $.17 per mile x 30,364.70 miles =	5,162	
	9,162	F

NMHB Funds:

Lease @ $14.50 per day x 89.65 days =	1,300	
Miles @ $.17 per mile x 1994.11 miles =	339	
	1,639	NM

			Long Distance Travel (2200)
952	0	0	National and Community Service Corp. Conference to be attended by the FGP Director

Regional Conference: Director/Area A Rates

Area B : Meals : $40 x 8.9 days x 1 trip =	$392	952	F
Dir./Staff Lodging: $140.00 per night x 4 nights x 1 trip =	$560		

			Vehicle Rental (Off Reservation) (2400)
230	0	0	Rental of vehicle while attending national conference off the reservation. 230 F

			Commercial Fares (2500)
1,224	0	0	Cost of passenger tickets issued by commercial carriers for airfare to national conferences and/or state meetings. $612 x 2 trips 1,224 F

5,700	0	0	**Office Supplies (3100)**

Office supplies are needed to operate the volunteer program and divided into six (6) offices as indicated below.

	(F)	(M)	(NM)	Total
Central office:	825	0	0	825
Chinle:	975	0	0	975
Crownpoint:	975	0	0	975
Fort Defiance:	975	0	0	975
Shiprock:	975	0	0	975
Tuba City:	975	0	0	975
Total:	5,700	0	0	5,700

======	======	========
17,268	0	1,639

Federal	Non Federal	Excess Non-Fed.			
			Consultant Fees (6100)		
2,000	0	0	To conduct a program evaulation of the Foster Grandparent Program volunteer satisfaction and program capabilities.		
			Chinle, Crownpoint, Ft. Defiance, Shiprock and Tuba City Agency @ $400.00 ea	2,000	F
			Seminar/Registration (6610)		
2,850	0	0	Staff registration fees are for writing seminar, management training and attendance to the sponsoring agency's Health Conferences. Cost of seminar/registration will vary depending on the type of course.		
			$325 x 1 Director =	325	
			$325 x 1 Secretary =	325	
			$220 x 10 ~~staff~~ 10 =	2,200	
				2,850	F
			Freight Fees (6745)		
225	0	0	To pay for freight cost to ship volunteer recognition items based on actual cost.		
			Chinle, Crownpoint, Ft. Defiance, Shiprock and Tuba City Agency @ $45.00 ea.	225	F
			Software 4800		
3,388	0	0	7 microsoft windows 98 @ $484 each=	3,388	F
			Purchase 7 microsoft windows 98 SR20EM and microsoft office pro 2000 to upgrade software to 2000. Upgrade will be for 7 staff.	0	M
			Indirect Cost (7999)		
0	0	1,685	The Navajo Nation's overhead cost for outside funds. Navajo Nation will re-applly for these funds at a later date. @ 20.06 % x $143,968 = $24,055	0	F
			New Mexico contract stipulates overhead cost at: 10% x $16,560 =	1,685	NM
=======	======	=======			
8,463	0	1,685			
=======	======	=======			
143,968	40,542	140,908			
=======	======	=======			

APPENDIX B

CORPORATION'S RESPONSE TO DRAFT AUDIT REPORT

Corporation for
NATIONAL & COMMUNITY SERVICE

To: Russell George, Inspector General

Through: Michelle Guillermin, Chief Financial Officer

From: James Parker, Director, Southwest Service Center

CC: Tess Scannell, Director, National Senior Service Corps

Date: February 20, 2003

Subj: Response to OIG Draft Audit Report #03-14, Audit of the Navajo Nation Foster Grandparents Program

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The Southwest Service Center, and the Arizona Program Office have reviewed the draft audit report of the Corporation's Grant Number 339W023-21 to the Navajo Nation Foster Grandparent Program. Due to the limited timeframe for response, we have not analyzed all documentation yet nor reviewed the audit work papers. We will respond to all findings and recommendations when the audit is issued and we have reviewed the findings in detail. Following are our comments on some of the compliance and internal control issues cited in the draft report.

Distribution of salary and benefit costs. The Corporation concurs with the audit that appropriate procedures need to be in place in ensure that the distribution of actual salary and benefit costs for full-time staff is certified at least semi-annually. During site visits, the Arizona Program Office verified that the full-time staff do work exclusively for the FGP project. However, they have apparently not officially certified this on a semi-annual basis.

In addition, the lack of sufficient allocation of salary and benefits to staff who work only part-time on the FGP project has been a problem for a number of years. The report indicates that "Navajo Nation representatives stated they were not aware of the requirement to allocate salary costs based on after-the-fact determinations of each employee's activities". However, in addition to policy citations in the OMB Circulars, the Navajo were informed by letter in July 1998: "I reviewed all staff time sheets for OCT/NOV/DEC. All were accurate and appropriately signed. However, the Volunteer Coordinators are only part-time with FGP and I saw no allocation of the time spent on FGP and non-FGP activity. Costs for staff time should be paid on the basis of actual time worked and not on the basis of time budgeted". In addition, audit report #98-15 (by Birnbaum for the OIG) includes the following finding: "Staff salary charges were not supported by timesheets nor labor distributions". While the latter was an audit of an AmeriCorps program,

the Navajo Nation, as the grantee, was notified of this deficiency. During the audit resolution process we will follow-up and ensure that appropriate time and attendance policies and procedures are implemented. If appropriate procedures are not in place, the grantee risks losing its program funding.

Unallowable and unallocable costs. We will make decisions on these costs during the audit resolution process. However, most questioned costs seem to be for project-related purposes (staff training and staff travel to meetings and volunteer recognition events) and most seem to meet the "necessary, allowable and reasonable" cost standards.

Late submission of Financial Status Reports(FSRs) and Program Progress Reports(PPRs): Late submission of FSRs and PPRs was addressed in a January 29, 2002, letter to Kelsey Begay, President, The Navajo Nation from the Corporation The Navajo Nation was reminded of the importance of submitting required reports on time and that access to grant funds may be suspended if the financial reports were not submitted in 30 days. The Navajo Nation complied .

Budget procedures need improvement. We concur with the recommendation that the Navajo Nation develop and implement budget monitoring policies and procedures and that field office personnel receive additional training in these areas.

Thank you for the opportunity to review and comment.