

Office of Inspector General Corporation for National and Community Service

AUDIT OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE VOLUNTEERS IN SERVICE TO AMERICA (VISTA) GRANTS AWARDED TO WORLD WON DEVELOPMENT CENTER'S FITTING BACK IN PROGRAM

OIG REPORT 12-05



1201 New York Ave, NW
Suite 830
Washington, DC 20525

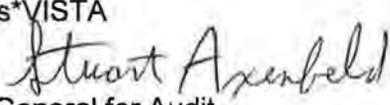
(202) 606-9390

This report was issued to Corporation management on October 28, 2011. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than April 30, 2012 and complete its corrective actions by October 29, 2012. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



October 28, 2011

TO: Mary Strasser
Director, AmeriCorps*VISTA

FROM: Stuart Axenfeld 
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General (OIG) Report 12-05: *Audit of the Corporation for National and Community Service Volunteers in Service to America (VISTA) Grants Awarded to World Won Development Center's Fitting Back In Program*

Attached is the final report on the OIG's *Audit of the VISTA Grants Awarded to World Won Development Center's Fitting Back In Program*. This audit was performed by OIG staff in accordance with generally accepted government auditing standards.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by April 30, 2012. Notice of final action is due by October 29, 2012.

If you have questions pertaining to this report, please contact me at (202) 606-9360 or s.axenfeld@cncsoig.gov; or Thomas Chin, Audit Manager, at (202) 606-9362 or t.chin@cncsoig.gov.

Attachment

cc: Billon Constable, Executive Director, Fitting Back In
William Anderson, Chief Financial Officer
Rocco Gaudio, Deputy CFO for Grant and Field Financial Management Center
Michael Berning, Director of Field Liaison
Theresa Long, Director, OK State Office
Janet Caranci, Grants Management Specialist, Office of Field Liaison
Claire Moreno, Audit Liaison, Office of Grants Management

CONTENTS

Section	Page
Executive Summary	1
Results of Audit	2
Objectives, Scope and Methodology	8
Background	9
Exit Conference	10

Appendices

- A: Corporation's Response to Draft Report
- B: Fitting Back In's (World Won Development Center) Response to the Draft Report

TABLE OF ACRONYMS

American Recovery and Reinvestment Act	ARRA
Certified Public Accountant	CPA
Chief Executive Officer	CEO
Domestic Volunteer Service Act	DVSA
General Ledger	GL
Office of Inspector General	OIG
Office of Management and Budget	OMB
Volunteers in Service to America	VISTA

EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), conducted a performance audit of the World Won Development Center's Fitting Back In program. The scope of the audit included Volunteers in Service to America (VISTA) grants awarded to the World Won Development Center's Fitting Back In program. Subsequent to the initial grant award, Fitting Back In received authorization to operate as a 501(c)(3) organization independent of World Won Development Center and World Won For Christ Outreach Ministries. Hereafter, we will refer to the grantee as Fitting Back In. The objectives of the audit were to determine whether Fitting Back In's (1) financial, grant and program management were compliant with the requirements of its American Recovery and Reinvestment Act (ARRA) and non-ARRA VISTA grants; (2) VISTA members, and the programs for grants awarded under ARRA and non-ARRA VISTA grants were compliant with applicable laws, regulations, and grant provisions; and (3) internal controls were effective.

Our audit work determined that Fitting Back In's financial management system was not in compliance with applicable regulations. Fitting Back In uses QuickBooks Premier Non-Profit 2010 edition but was not utilizing the full capability of the accounting software. Fitting Back In was not using double entry accounting. Also, the general ledger (GL) provided by Fitting Back In did not readily identify the source and application of Corporation funds. We also noted that a VISTA member was employed while serving. The member said there was a "don't ask, don't tell" climate regarding members seeking employment while serving as a VISTA. Also, Fitting Back In's time and activity reporting could be improved to more accurately track time and activities in accordance with Office of Management and Budget (OMB) Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B, *Selected Items of Cost*, Paragraph 8m. *Support of Salaries and Wages*. The timesheets did not reflect to which grants labor costs were charged. Additionally, the CEO's time was split between Fitting Back In and other World Won for Christ programs. However, his timesheets only reflected time and activity for the Fitting Back In program. Finally, Fitting Back In's written financial management policy was not in compliance with regulations. It did not include written policies and procedures that state how it will minimize the time between the drawdown grant funds and expending the transfer of cash from the Corporation, or determining the reasonableness, allocability and allowability of costs in accordance with applicable Federal cost principles and the terms and conditions of the award.

RESULTS OF AUDIT

Finding 1. Fitting Back In's financial management system was not in compliance with applicable regulations.

Fitting Back In could not produce accounting reports that accurately accounted for Corporation grant funds. We judgmentally selected 19 transactions from Fitting Back In's GL for our initial testing. After testing the first eight transactions, we noticed a trend and discontinued testing. The transaction testing disclosed that, at the time of our site visit, Fitting Back In's accounting software setup and use did not comply with applicable regulations. Fitting Back In uses QuickBooks Premier Non-Profit 2010 edition but was not utilizing the full capability of the accounting software. Although all eight transactions were properly supported with source documentation, seven of the eight transactions were recorded in the accounting system without using double entry accounting. Because Fitting Back In was not using double entry accounting, we were unable to match an asset or liability entry to its corresponding entry, as is required with double entry accounting. Complete, current and accurate financial reports cannot be generated if the entries that generate the reports are not complete and correct. Therefore, we concluded that Fitting Back In's financial system did not produce accurate, current and complete disclosure of its financial results and was not in compliance with Federal requirements.

OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations Subpart C – Post Award Requirements §215.21.b.1 states that “recipients’ financial management systems shall provide for the following, (1) accurate, current and complete disclosure of the financial results of each federally-sponsored project.”

In addition, the GL provided by Fitting Back In did not readily identify the source and application of Corporation funds. Two factors contributed to this lack of visibility. First, the GL Fitting Back In originally provided did not include both debit and credit entries for transactions or show object classes or payments that posted to multiple accounts (split). Secondly, the method Fitting Back In used to segregate Federal funds also affected the visibility over the source and application of funds. Fitting Back In used the Corporation application identification number (app id) rather than the grant number to segregate funds in the accounting system. Although the app id can be traced to the Corporation grant numbers, using app id impedes visibility of funding source and application.

We believe that Fitting Back In's accounting system setup and segregating Corporation funds using app ids created the appearance that unallowable costs were charged to the grant. Fitting Back In was awarded overlapping grants; and all Corporation grants to Fitting Back In were for the same program. This increased the likelihood of misapplied payments. When informed of the issues concerning its accounting system, Fitting Back In worked with a Certified Public Accountant (CPA) to reconfigure its accounting system.

Fitting Back In then provided us with an updated GL that included both class and split and we were able to determine which expenditures were charged to Federal funds. Although the updated GL allowed for visibility over the source and application of grant funds, all split transactions did not post to the correct accounts. The updated GL allowed us to determine that unallowable costs were not charged to the grant.

OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations Subpart C – Post Award Requirements §215.21.b.2 states that the recipients' financial management systems shall provide “[r]ecords that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.”

Recommendation 1

We recommend that the Corporation ensure that Fitting Back In’s financial management system can:

- 1a. Produce financial reports that are accurate, current, and complete;
- 1b. Identify the source and application of Corporation grant funds; and
- 1c. Properly segregate Federal funds.

Corporation’s Response

Fitting Back In made significant changes to its accounting system to address the recommendations. Changes were made to the general ledger and chart of accounts to address the recommendations during the course of the audit. However, split transactions were not posting to the proper accounts. The Corporation discussed split transactions with Fitting Back In staff and received a revised accounting policy that addressed the issue. The revised practice adequately addressed the issue and should strengthen compliance with accurate reporting of split transactions. The Corporation considers this action complete.

Fitting Back In’s Response

Fitting Back In concurred with the finding and recommendations. Fitting Back In staff worked with its accounting consultant and reconfigured its accounting software. A corrected GL was submitted to the OIG. The corrected GL accurately reflected Fitting Back In’s financial activity and the corrected format was adopted by Fitting Back In.

OIG's Comment

Both the Corporation and Fitting Back In's responses satisfy the intent of the recommendations. Fitting Back In immediately began corrective action for this finding. It submitted a corrected GL that showed both the source and use of Corporation funds. Fitting Back In provided a copy of its revised accounting policies that includes procedures for reconciliations of the GL and reviews of monthly financial reports.

Finding 2. VISTA member was employed while serving at host site.

One VISTA member we interviewed said that he worked at a grocery store while serving. The member said he was told that no one would acknowledge the member had other employment as long as the member did not ask for permission or inform anyone that he had a job. The member did not attribute this information to any individual, but said there was a "don't ask, don't tell" climate regarding members seeking employment while serving as a VISTA. The member said the perceived "don't ask, don't tell" climate changed within the first few months of his service and the member terminated his employment at the grocery store. The member said he now realizes the prohibition on outside employment was and is serious. When a member engages in unallowable activities, any benefit received by that member could be unallowable.

The Domestic Volunteer Service Act (DVSA) of 1973, as amended by the Edward M. Kennedy Serve America Act of 2009, states in section 104(a) "[v]olunteers serving under this part shall be required to make a full-time personal commitment to combating poverty and poverty-related problems. To the maximum extent practicable, the requirement for full-time commitment shall include a commitment to live among and at the economic level of the people served, and to remain available for service without regard to regular working hours, at all times during their periods of service, except for authorized periods of leave." The *VISTA member handbook, Chapter 1. Overview of Roles, Rules and Restrictions, Paragraph 2* interprets that requirement by stating that "members remain available for service, without regard to regular working hours, at all times during the member's service, except for periods of approved leave. As a result, employment is not permitted during AmeriCorps VISTA service, and you may not be absent from the project without approval from the sponsoring organization or supervisor."

Recommendation 2

We recommend that the Corporation ensure that Fitting Back In effectively communicates to its members the rules, regulations and policies that must be adhered to in the VISTA program, including the prohibition regarding outside employment.

Corporation's Response

Fitting Back In management held in-service training sessions at all host sites for all VISTA members to review the rules, regulations and policies and emphasized that outside employment is prohibited. All future VISTA members will receive similar training. The Corporation considers this action complete.

Fitting Back In's Response

Fitting Back In concurred with the finding and recommendation. Fitting Back In held in-service training at all host sites and reiterated that outside employment is prohibited while serving as VISTA member. The VISTA members were given the applicable handbook reference. The members signed an interoffice memorandum that incorporated by attachment the applicable reference. Signed copies of the memorandum are part of the VISTA member's personnel file.

OIG's Comment

Both the Corporation and Fitting Back In's actions satisfy the intent of the recommendation.

Finding 3. Time and activity reporting could be improved to more accurately track time and activity.

We obtained and reviewed the time and activity reports (timesheets) of the Fitting Back In employees. Fitting Back In employees used day planner calendar pages (timesheets) to record their time and activity. On the calendar page, Fitting Back In employees recorded hours worked in the office and in the field. Vacation and sick leave were not consistently recorded on the timesheets. Because all Fitting Back In employees, with the exception of the Chief Executive Officer (CEO), were 100 percent dedicated to the program, the timesheets reflected 100 percent of their activity. None of the timesheets reflected which grants were charged. The CEO's time was split between Fitting Back In and other World Won for Christ programs. However, the CEO's timesheet only reflected time and activity for the Fitting Back In program. The calendar pages were generally signed by the employee and their supervisor and were dated by the employee, supervisor or both. The timesheet for the CEO did not include a "supervisory" signature. Because of the issues, we determined that Fitting Back In's time and activity reporting was not in accordance with *OMB Circular A-122, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations Attachment B, Selected Items of Cost, Paragraph 8.m. Support of Salaries and Wages* which states at subsection 2.a. that "the report must reflect an after-the-fact determination of the actual activity of each employee." The timesheets we reviewed did not accurately reflect how each member whose compensation was charged

to the grant was allocated for time spent on other projects. The member would provide a brief description of what they accomplished each hour of the day, but did not separate out which grant their time was charged. Fitting Back In received multiple Federal grants during fiscal year 2009; and Fitting Back In does not record time and activity in a manner that differentiates which grant should be charged for the work completed during a pay period.

Paragraph 8.m.1 also states that “charges to awards for salaries and wages, whether treated as direct or indirect costs, will be based on documented payrolls approved by a responsible official (s) of the organization.”

Fitting Back In personnel began taking steps to correct these issues during our site visit.

Recommendation 3

We recommend that the Corporation ensure that Fitting Back In:

- 3a. Develops timesheets or time and attendance reports that comply with OMB circular and grant provisions as part of the financial management system review; and
- 3b. Develops a policy to authorize another individual to verify and sign the CEO's timesheet.

Corporation's Response

During the audit fieldwork, the auditors recommended that Fitting Back In use an approved style of timesheet that is widely used across government agencies. This style of timesheet was approved for use in April 2011 by Fitting Back In. In addition, the Fitting Back In's accounting policy was updated to include approval procedures for the CEO's timesheet. The Corporation considers this action complete.

Fitting Back In's Response

Fitting Back In concurred with the finding and recommendations. In April 2011, it adopted a new timesheet and updated its policies to include approval procedures for the CEO's timesheet.

OIG's Comment

Both the Corporation and Fitting Back In's responses satisfy the intent of the recommendations. During the site visit, the auditors provided Fitting Back In staff an example of a compliant timesheet and recommended a timesheet of similar style be adopted. The management of Fitting Back In adopted a timesheet modeled after the example provided by the auditors.

Finding 4. Fitting Back In’s written financial management policy was not in compliance with regulations.

Although Fitting Back In has comprehensive written policies and procedures, it does not have written policies and procedures that state how it will minimize the time between the drawdown grant funds and expending the transfer of cash from the Corporation; or for determining the reasonableness, allocability and allowability of cost. Fitting Back In is authorized to drawdown funds in advance of expenditures; therefore, it should have a written drawdown policy. In order to minimize the probability of earning interest on grant funds, Fitting Back In drawdowns are requested to reimburse expenses incurred. Additionally, Fitting Back In does not have written policies and procedures for determining the reasonableness, allocability and allowability of costs.

OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations Subpart C – Post Award Requirements §215.22.a states that “[p]ayment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of checks, warrants, or payment by the means by the recipients.” §215.22.b states that “recipients are to be paid in advance, provided they maintain or demonstrate the willingness to maintain: (1) Written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient.”

§215.21.b(6) states that “[w]ritten procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.”

Fitting Back In’s Executive Director believed that since funds were drawn down to reimburse expenses, a written policy stating how Fitting Back In will minimize the time between the drawdown grant funds and expending the transfer of cash was unnecessary. However, without sufficient up-to-date policies to guide employees, Fitting Back In may drawdown more funds than is required to meet program expenses and accrue interest due to the Government; and unreasonable, unallocable and unallowable costs could be charged to the grant.

Recommendation 4

We recommend that the Corporation ensure that Fitting Back In’s policy and procedures:

- 4a. Comply with the OMB Circular A-110 Post Award Requirements §215.22, including the requirement to minimize the time between drawdown and expending of grant funds; and

4b. Comply with the OMB Circular A-110 requirements §215.21 including, the requirement to have written policy to determine reasonableness, allocability and allowability of costs.

Corporation's Response

Fitting Back In developed a written policy for the drawdown of funds dated April 21, 2011. The Corporation received a copy of the policy and has ensured that it properly details the drawdown procedure of grant funds in a way to minimize the time between drawdowns and expenditures. The policy also describes the reasonableness, allocability and allowability of costs. The Corporation considers this action complete.

Fitting Back In's Response

Fitting Back In concurred with the finding and recommendations. When Fitting Back In became aware of the requirement, it amended its accounting policies and procedures to reflect its drawdown method.

OIG's Comment

Both the Corporation and Fitting Back In's responses satisfy the intent of the recommendations.

OBJECTIVES, SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit findings and conclusions based on our audit objectives.

The objectives of this audit are to determine whether: (1) World Won Development Center's financial, grant, and program management are compliant with the requirements of ARRA and non-ARRA VISTA grants; (2) World Won Development Center, VISTA members, and the programs (sponsors and sub-recipients) for grants awarded under ARRA and non-ARRA VISTA are compliant with applicable laws, regulations, and grant provisions; and (3) internal controls are effective.

We conducted our audit between February 2011 and July 2011. We conducted onsite fieldwork at Fitting Back In's headquarters in Tulsa, OK, during the week of April 4, 2011. The audit focused on the review of the grant disbursements relating to the ARRA funds

as well as member compliance with VISTA terms and regulations for Grants Nos. 09VSWOK004, 09RVWOK007, and 10VSWOK001. We judgmentally selected a sample of 19 prior and current VISTA members serving at any time from April 2009 to May 2011. We interviewed nine of the VISTA members to gain an understanding of their VISTA experiences and determine if they were performing any unallowable services. Our samples were randomly selected from a list of all participating VISTA members from April 2009 to May 2011. We made several attempts to contact the other 10 VISTA members but were unsuccessful. The interviews we conducted were conducted in person while onsite and over the phone from our office. In addition to the VISTA members, we also interviewed selected Fitting Back In management and staff to gain an understanding of employees' activities.

In addition to the interviews, we performed testing on selected transactions from Fitting Back In's financial records. We also reviewed its internal controls to determine who is allowed to enter financial information into Fitting Back In's financial system. We tested transactions related to the following grants:

Grant Number	Dollar Amount Awarded
09VSWOK004	\$0 ¹
09RVWOK007	\$702,359
10VSWOK001	\$676,675

We reviewed VISTA policies, procedures, laws and regulations related to the operation of VISTA programs, as well as the policies and procedures practiced by Fitting Back In with regards to their internal controls over their program compliance.

Background

AmeriCorps VISTA is the national service program designed to fight poverty and build economic opportunity. VISTA engages individuals 18 years and older in a year of service as full-time volunteers to non-profit organizations and local agencies that serve low income communities. The programs purpose is to strengthen efforts to alleviate poverty by encouraging people from all walks of life to engage in meaningful volunteer service. The legislation under which the VISTA program operates is the DVSA of 1973, Pub. L. 93-113, 42 U.S.C. §§4950-5084. This law, as amended by the Edward M. Kennedy Serve America Act of 2009, Pub. L. 111-13, outlines the purpose and parameters within VISTA may operate. As described by the DVSA, the three main objectives of the program are to generate private sector resources, encourage volunteer service, and strengthen local organizations that serve low-income communities.

¹ Standard VISTA grant awards do not provide monetary resources to the VISTA sponsor. If a sponsor is awarded a standard VISTA grant, the Corporation provides support for VISTA members approved in the memorandum of agreement with the sponsor.

A VISTA program is initiated when a non-profit organization or public agency signs a MOA with the Corporation to sponsor a specific number of full-time VISTA members. In effect, the funding to support VISTA members is administered directly by the Corporation, rather than by the selected organizations. For Fitting Back In, the Corporation awarded an ARRA grant to supplement the VISTA resources and provide support to the Fitting Back In program.

ARRA was an effort to provide a rapid response to the economic downturn that hit the country in late 2008 with the intent to build the foundation for long-term growth. Of the \$200 million in ARRA funding received by the Corporation, the VISTA program was allocated \$65 million. The Corporation was required to obligate the funds by September 2010. Fitting Back In is funded by regular appropriations and ARRA funds. The total amount of ARRA funding awarded to Fitting Back In, as of November 2, 2009, was \$702,359. As of September 22, 2011, HoganTaylor, LLP is conducting field work for Fitting Back In's first OMB Circular A-133 audit.

At the time of grant award, Fitting Back In was a program operated by the World Won Development Center, a division of the World Won For Christ Outreach Ministries, Inc. On May 26, 2010, subsequent to the initial grant award, Fitting Back In received authorization to operate as a 501(c)(3) organization independent of World Won Development Center and World Won For Christ Outreach Ministries. The Fitting Back In program has offices in Tulsa and Oklahoma City, OK and Aurora, CO, all of which actively use VISTA members for needed support of the Fitting Back In program. Fitting Back In seeks to help rehabilitate criminal offenders allowing them to re-join society as well-functioning citizens. The VISTA resources awarded to Fitting Back In were used to establish partnerships with local businesses, community centers, and district courts. The VISTA members assigned to Fitting Back In received a monthly living allowance, were eligible for health and child care coverage, and were given the choice of receiving an education award or an end-of-service stipend.

EXIT CONFERENCE

We conducted an exit conference with Corporation and Fitting Back In representatives on July 15, 2011. We summarized the responses of the Corporation and Fitting Back In to the draft report after each recommendation and included the responses, in their entirety, as Appendices A and B, respectively.



Stuart Axenfeld, Assistant Inspector General for Audit
Office of Inspector General
Corporation for National and Community Service

APPENDIX A



To: Stuart Axenfeld, Assistant Inspector General for Audit

From: Mary Strasser, Director AmeriCorps*VISTA 

Date: October 24, 2011

Subject: Response to OIG Draft Report on the Audit of Corporation for National and Community Service Volunteers in Service to America (VISTA) Grants awarded to World Won Development Center's Fitting Back In Program.

Thank you for the opportunity to review the OIG draft report on the audit of the Corporation for National and Community Service Volunteers in Service to America (VISTA) Grants awarded to World Won Development Center's (WWDC) Fitting Back In Program (FBIP). We reviewed the draft report and participated in discussions with representatives of WWDC/FBIP. The Corporation concurs with all the recommendations in the audit and affirmed in October 2011 that the grantee completed corrective action on all audit findings and recommendations. Our response to each finding and recommendation is described below.

Finding 1. WWDC/FBIP's financial management system was not in compliance with applicable regulations.

Recommendation to the Corporation to ensure WWDC/FBIP's financial management system can:

- 1a. Produce financial reports that are accurate, current and complete;
- 1b. Identify the source and application of Corporation grant funds; and
- 1c. Properly segregate Federal funds.

Corporation Response: WWDC/FBIP has made significant changes to its accounting system to address recommendations. During the audit field work CCDC/FBIP made changes to the General Ledger and Chart of Accounts to address recommendations; however, there remained an issue with split transactions as amounts were not properly posting to the proper accounts. We have discussed the split transactions with WWDC/FBIP representatives and have received the revised accounting policy addressing the issue. We have reviewed the revised practice and ensured that it adequately addresses the issue and should strengthen compliance with accurate reporting of split transactions. **(Action Complete)**

Finding 2. VISTA member was employed while serving at host site.

Recommendation to the Corporation to ensure WWDC/FBIP effectively communicates to its members:

2a. The rules, regulations and policies that must be adhered to in the VISTA program, including the prohibition regarding outside employment.

Corporation Response: WWDC/FBIP management held in-service training sessions at all host sites for all VISTA members to review the rules, regulations and policies and emphasized that outside employment is prohibited. All future VISTA members will receive similar training. **(Action Complete)**

Finding 3. Time and activity reporting could be improved to more accurately track time and activity.

Recommendation to the Corporation to ensure that WWDC/FBIP:

3a. Develop timesheets or time and attendance reports that comply with OMB circular and grant provisions as part of the financial management system review; and

3b. Develop a policy to authorize another individual to verify and sign the CEO's timesheet.

Corporation Response: During the audit field work, the auditors recommended WWDC/FBIP use an approved style of timesheet that is widely used across government agencies. This style timesheet was adopted for use in April 2011 for all administrative staff compensated by any federal, state or foundation grant. On April 21, 2011 the Accounting Policy was updated to include the new policy that the CEO's timesheet would be submitted bi-weekly and reviewed by Human Resources personnel for correctness in terms of the percentages charged to the appropriate grants. After HR approval, the timesheet is signed and reviewed by the Executive Director after which it will be submitted to the Fiscal Manager for payroll. We have reviewed the revised timesheets and policy concerning the CEO's timesheet and ensured that it adequately addresses the issue. **(Action Complete)**

Finding 4. Fitting Back In's written financial management policy was not in compliance with regulations.

Recommendation to the Corporation to ensure FBIP financial management policy and procedures:

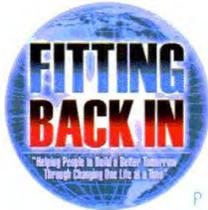
4a. Comply with the OMB Circular A-110 Post Award Requirements §215.22, including the requirement to minimize the time between drawdown and expending of grant funds; and produce financial reports that are accurate, current and complete;

4b. Comply with the OMB Circular A-110 requirements §215/21 including, the requirement to have written policy to determine reasonableness, allocability and allowability of costs.

Corporation Response: WWDC/FBIP has developed a written policy for the drawdown of funds dated April 21, 2011. We have received a copy of this policy and have ensured that it properly details the drawdown procedure of grant funds in a way to minimize the time between drawdowns and expenditures. This policy also describes the reasonableness, allocability and allowability of costs. **(Action Complete)**

cc: William Anderson, Chief Financial Officer
Rocco Gaudio, Deputy CFO and Director of FFMC
Michael Berning, Director of Field Liaison
Kathie Ferguson, Area Manager
Theresa Long, OK State Director
Claire Moreno, Audit Liaison, Office of Grants Management
Sherry Blue, Audit Resolution Coordinator, Office of the CFO
Wendell "Wink" West, Senior Grants Management Specialist, FFMC
Janet Caranci, Grants Management Specialist, FFMC

APPENDIX B



P R I S O N R E I N T E G R A T I O N P R O G R A M

October 5, 2011

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

Dear Mr. Axenfeld,

I would like to take this opportunity to thank you and your team for conducting such a thorough audit on the Fitting Back In agency on April 4th through April 8th, 2011 at our facility in Tulsa, Oklahoma. It has been a pleasure working with you and your team on-site and off-site throughout this audit process. Below you will find the audit finding responses to the Office of Inspector general.

If you have any further questions or comments, please do not hesitate to give me a call or email.

Sincerely,

Billon S. Constable, PhD, MBA
Executive Director
Fitting Back In, Inc Agency – Prisoner Reintegration Services
Office: 918-592-3500 Ext-238
bconstable@fittingbackininc.org
www.fittingbackininc.org

cc: Melvin Cooper, Chief Executive Officer
Theresa Long, Director, OK State Office CNCS
Janet Caranci, Grant Management Specialist
Karen Gardner, Auditor, Office of Inspector General
Thomas Chin, Managing Auditor, Office of Inspector General

Mission Statement

“Helping people to build a better tomorrow through Changing One life at a time”

Finding 1

We concur with the Office of Inspector General finding that our QuickBooks for Non-profit software was not configured appropriately to show the double entry as it relates to the general ledger entries. However, as this findings was noted by Karen Gardner the lead Auditor from the office of inspector general our accounting consultant Dana Curtis, CPA CFE corrected the software configuration and a new general ledger was resubmitted to the office of inspector general. The new corrected general ledger was received and was accepted by Karen Gardner showing all double entry transactions.

Responses

This finding was fixed on April 15, 2011 and a copy was submitted to the OIG for its approval. Since the corrected General Ledger was accepted this format has become our permanent method of demonstrating our accounting software.

Finding 2

We concur with the office of inspector general finding of Vista member was employed while serving at host site.

Responses

Since we became aware of this information that a Vista member was employed while serving as a Vista member we conducted in-service training at all host site and emphatically and categorically point out clearly from the AmeriCorps*Vista member handbook page 11 under sub-heading "Role of the AmeriCorps*Vista member. The second paragraph in the sub-heading reads "full or part-time employment is not permitted during AmeriCorps*Vista service". We also attached a copy of the page from the AmeriCorps*Vista handbook to an inter-office memo and distributed it to all Vista volunteer members with a signature sheet as a verification that they receive this important information as a reminder. The Denver, CO Satellite office in-service training took place on June 8-9, 2011 and the Tulsa and Miami in-service training took place on October 6, 2011.

Finding 3

We concur with the office of inspector general finding of Time and activity reporting could be improved to more accurately track time and activity.

We concur with the office of inspector general on the finding of the style of time sheet method that were used does not indicate anywhere on the sheet which grant or what percentage of the grant fund should have been charged for each of the staff.

Responses

1. Auditor Karen Gardner recommended an approved style of timesheet that is widely used by different government agency and we adopted this style on April 21, 2011. Attached is a copy of our new adopted time sheet used by all administrative staff that is compensated by any federal, state or private foundation grants for accuracy of time spent on each approved program grant.
2. Since we were made aware of the finding, we have amended our accounting policies and procedures to reflect our authorized personnel to sign off on the CEO Timesheet. Attached is a copy of the amended accounting policies and procedures indicating who is authorized. *See Page 17 highlighted area of the attached accounting policy and procedures manual*

Finding 4

We concur with the office of inspector general finding of written financial management policy was not in compliance with regulations

Reponses

Since we were made aware of the finding, we have amended our accounting policies and procedures to reflect our drawdown method from the HHS portal. Attached is a copy of the amended accounting policies and procedures of the drawdown method. See Page 20 highlighted area of the attached accounting policy and procedures manual