



AmeriCorps

OFFICE OF INSPECTOR GENERAL

**PERFORMANCE AUDIT OF AMERICORPS
GRANTS AWARDED TO SERVE DC**

FINAL AUDIT REPORT

NUMBER: OIG-AR-24-06

JANUARY 8, 2024

OFFICE OF INSPECTOR GENERAL



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AmeriCorps

January 8, 2024

MEMORANDUM TO: Sonali Nijhawan, Director
AmeriCorps State and National

FROM: Monique P. Colter *Monique P. Colter*
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General Final Audit Report, OIG-AR-24-06:
Performance Audit of AmeriCorps Grants Awarded to Serve DC

Enclosed is the AmeriCorps Office of Inspector General (OIG) final report on the Performance Audit of AmeriCorps Grants Awarded to Serve DC (OIG-AR-24-06).

The OIG contracted with the independent certified public accounting firm of CliftonLarsonAllen, LLP (CLA), to conduct the Performance Audit of AmeriCorps Grants Awarded to Serve DC. CLA is responsible for the attached final report, dated December 20, 2023. We reviewed CLA's report and related documentation and inquired of its representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the matters contained in the final report. Our review disclosed no instances where CLA did not comply with the *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States.

If you have questions about this report, please contact me at (202) 606-9360 or m.colter@americorpsoig.gov.

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EXECUTIVE SUMMARY

Performance Audit of AmeriCorps Grants Awarded to Serve DC

OIG REPORT NUMBER: OIG-AR-24-06

January 8, 2024



WHY WE CONDUCTED THIS AUDIT

Serve DC, the Mayor's Office on Volunteerism and Partnership (Serve DC), receives AmeriCorps grants to promote volunteerism and service across Washington, DC with strategic community outreach and engagement. CliftonLarsonAllen LLP (CLA) was engaged by the AmeriCorps Office of Inspector General (OIG) to conduct a performance audit of AmeriCorps grants awarded to Serve DC. The audit objective was to determine whether Serve DC managed and expended the AmeriCorps grants in accordance with selected grant terms and conditions, and applicable Federal regulations during calendar years 2017 through 2019.

During the audit period, AmeriCorps awarded approximately \$10.3 million of Federal grants to Serve DC. Approximately \$2 million was awarded for Serve DC's Administrative, Training and Technical Assistance, and Volunteer Generation grants. The remaining grants were issued to 16 AmeriCorps subgrantees to fund organizations that serve community needs in education, economic opportunity, and health services. CLA selected three subgrantees for audit testing: the Center for Inspired Teaching (Center), Inspired Teaching Demonstration Public Charter School (School), and Jumpstart for Young Children (Jumpstart).

HOW WAS THIS AUDIT PERFORMED

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, as described in **Appendix A** of this report.

WHAT WE FOUND

Serve DC and the subgrantees audited did not manage and expend the AmeriCorps grants in accordance with selected grant terms and conditions, and applicable Federal regulations. Specifically, Serve DC and its subgrantees did not provide sufficient and appropriate documentation to support substantial amount of costs claimed, and could not produce financial reports that reconcile to the amounts reported to AmeriCorps, in accordance with the grant terms. As a result, we questioned \$813,377 and \$116,678 in Federal costs and \$789,538 and \$47,283 in match costs claimed by Serve DC and its subgrantees, respectively.

Moreover, we found that Serve DC and the subgrantees did not comply with certain applicable Federal regulations, such as: submitting Federal Financial Reports timely; reviewing subgrantee's Single Audits; and having its personnel responsible for conducting on-site monitoring of subgrantees obtain the required National Service Criminal History Checks.

WHAT WE RECOMMEND

We recommend AmeriCorps to recover questioned Federal costs and disallow questioned match costs from Serve DC and its subgrantees, respectively. We also recommend that Serve DC implement internal controls ensuring timecards are properly processed, adequate documentation is retained to support the payroll costs, and all in-kind match costs are attributable to the grant.

Additionally, we recommend Serve DC improves its oversight and monitoring of subgrantees to ensure compliance with grant terms and applicable Federal requirements.

AmeriCorps should also ensure that Serve DC requires subgrantees produce reports that support and reconcile to amounts claimed for reimbursement; and that subgrantee member agreements addresses living allowance benefits and consistently apply the payments in accordance with the terms of the subgrantee award.

FOR OFFICIAL USE ONLY

REPORT NOTICE—NDAA Requirement

This report is intended solely for the information and use of the AmeriCorps OIG, AmeriCorps, the Prime Grantee and Subgrantee(s), and U.S. Congress and is not intended to be, and should not be, used by anyone other than these specified parties. Pursuant to PL 117-263, section 5274, non-governmental organizations and business entities identified in this report have the opportunity to submit a written response to clarify or provide additional context to any specific reference. Comments must be submitted within 30 days of the report issuance date.

Further, Pursuant to PL 117-263, section 5274, non-governmental organizations and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Comments must be submitted to M.Colter@americorpsig.gov within 30 days of the report issuance date and we request that comments not exceed 2 pages. The comments will be appended by link in this report and posted on our public website. We request submissions be Section 508 compliant and free from any proprietary or otherwise sensitive information.

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Introduction

Serve DC promotes volunteerism and service across Washington, DC with strategic community outreach and engagement. Serve DC manages a portfolio of service days, connects residents with meaningful volunteer opportunities, and establishes partnerships and collaboration among community- and faith-based organizations, the private sector, and local and federal government. Serve DC is the DC Commission for AmeriCorps, one of more than 50 State Commissions that administer federal AmeriCorps funds and coordinates national service initiatives in the District.

Serve DC administered AmeriCorps State and National (ASN) grant funds, which included the Serve DC Administrative grant (CAH), Training and Technical Assistance grant (TTA), and the Volunteer Generation Fund grant (VGF). During 2017 through 2019, AmeriCorps awarded approximately \$10.3 million of Federal grants to Serve DC with approximately \$2 million of the \$10.3 million granted directly to Serve DC for administrative and technical training support.

Serve DC issued the remaining AmeriCorps funds to 16 organizations that serve community needs in education, economic opportunity, and health services. Serve DC is responsible for monitoring and reporting on the administration of its subgrants. Subgrantees selected for our audit include:

- Center for Inspired Teaching (Center)¹
- Inspired Teaching Demonstration Public Charter School (School)²
- Jumpstart for Young Children (Jumpstart)³

In calendar years 2017 - 2019, Serve DC claimed \$1,054,021 in Federal costs out of the \$2 million in grant awards (Appendix B), and \$962,874 in match costs⁴, which included approximately \$277,950 of in-kind match⁵ costs. During the audit scope, federal costs claimed by audited subgrantees include \$161,628 by the Center and \$486,536 by Jumpstart.⁶ Match costs claimed include \$299,957 by the Center and \$662,309 by Jumpstart. All the grants have a match cost requirement except for the TTA grant. The match requirement is based on a percentage of total grant program cost claimed as specified in the grant award document. Federal and match costs are reported in the quarterly Federal Financial Report (FFR) submitted to AmeriCorps by the grantee. Subgrantees submit the monthly Periodic Expense Report (PER) to the grantee.

¹ Center for Inspired Teaching is a social change nonprofit organization which provides transformative, improvisation-based professional learning for teachers.

² The Inspired Teaching Demonstration School is a public charter school which serves students Pre-School (age 3) through 8th grade.

³ Jumpstart for Young Children is a national early education which provides language, literacy, and social-emotional programming for preschool children from under-resourced communities and promote quality early learning for all children.

⁴ Match cost is the portion of program costs not paid by the Federal fund. It includes all contributions, including cash and in-kind, that a recipient makes to an award.

⁵ In-kind match is the value of a real property, equipment, goods, or services contributed to a program grant that would have been eligible costs under the grant program if the recipient/subrecipient was required to pay for such costs with the program grant funds.

⁶ The School, who became The Center, had no cost or match claims.

CliftonLarsonAllen LLP (CLA) was engaged by the AmeriCorps Office of Inspector General (OIG) to conduct a performance audit of AmeriCorps State and National program (ASN) grants awarded to Serve DC, Mayor's Office on Volunteerism and Partnership (Serve DC). The audit objective was to determine whether Serve DC managed and expended the ASN grants in accordance with selected grant terms and conditions, and applicable Federal regulations during calendar years 2017 through 2019.

Results in Brief

Serve DC and its subgrantees did not manage and expend the grants in accordance with grant terms and conditions and applicable Federal regulations calling into question \$1,766,876 of federal and match costs. Our audit determined that Serve DC and the audited subgrantees did not retain sufficient and appropriate documentation that support the costs claimed. Furthermore, Serve DC and the Center were unable to produce financial reports that reconcile the amounts reported to AmeriCorps and to Serve DC by subgrantees, respectively. Specifically:

- **Commission's and Subgrantee's Inadequate Documentation for Personnel Expenses:** Serve DC and Jumpstart did not maintain and retain proper documentation for claimed personnel expenses. As a result of Serve DC's missing timesheets and missing required signatures, we questioned \$433,625 in Federal costs and \$308,090 in match costs. For Jumpstart's missing time and effort reports, we questioned \$43,349 in match costs (Finding #1).
- **Commission's In-Kind Match Costs Insufficiently Supported:** Serve DC was unable to provide sufficient supporting documentation of in-kind match costs and was unable to provide accounting records identifying \$266,350 match in-kind costs claimed. As a result, we questioned the \$266,350 in match costs that were unsupported (Finding #2).
- **Commission's Inadequate Accounting Records and Subgrantee's Inadequate Criminal History Checks:** Serve DC did not have transaction level detail accounting records that reconciled to the costs claimed. As a result, we questioned the Federal other direct costs of \$297,407, and \$131,302 in match costs as we could not determine if the costs were necessary, reasonable, and allocable to the grant. Further, the Center did not have supporting documentation to confirm the National Sex Offender Public Website Program (NSOPW) check, FBI criminal background check, and DC criminal background check were conducted before employees began service making education awards recorded as earned ineligible. As a result, we questioned \$108,260 in Federal cost and \$3,934 in match costs (Finding #3).
- **Commission's and Subgrantee's Insufficient Internal Controls Result in Under or Excess Reporting Costs:** Serve DC and the Center claimed more cost than was supported by its accounting records, resulting into \$82,345 in Federal costs and \$83,796 in match questioned costs. In addition, Serve DC understated \$929,107 subgrantee costs to AmeriCorps for FY 2019. These understatements were material amounts illustrating an internal control deficiency over financial reporting by not properly reporting costs in the period that expenses occurred. Also, the Center claimed \$8,418 more in Federal costs

without approval in its budget, resulting in questioned Federal cost. Lastly, Serve DC drew down amounts in excess of costs incurred. This drawdown resulted in Serve DC obtaining an unauthorized advance of \$24,170 from AmeriCorps on July 17, 2019, which was not utilized until after September 30, 2019 (Finding #4).

Serve DC and Subgrantees Findings

Finding 1. Commission's and Subgrantee's Inadequate Documentation for Personnel Expenses

Grantees can claim costs that are allowable,⁷ necessary and reasonable for the performance of the Federal grant;⁸ allocable to the grant charged;⁹ consistent with organizational policies; and adequately documented. Also, grantees must retain financial records and documentation pertinent to a Federal award for a period of three years from the date of submission of the final expenditure report.¹⁰

Serve DC's Guidelines for Financial Management requires payroll costs to be supported by timecards with original signatures and dates from the staff members and the supervisors.¹¹ Serve DC is ultimately responsible for ensuring that costs it incurs for grants are properly documented and that documents pertaining to the award are retained. Jumpstart as the subgrantee should establish agreements with its universities to obtain records of its support staff for the subgrantee program. Serve DC and JumpStart could not support its personnel expenses claimed were allowable, reasonable, and allocable costs for the AmeriCorps State grant since timesheets were either missing or did not include required signatures of approval.

For Serve DC employees:

- Approximately 48 percent (244 of 513) of the timecards¹² were missing for the match and the Federal costs charged to the 2016 and 2019 Commission Administrative grants, the Training and Technical Assistance grant, and the Volunteer Generation Fund grant. As noted in Table 1, we questioned \$411,727 Federal and \$289,490 match costs for the personnel costs related to these missing timecards.
- Ten out of 269 of the total available timecards were missing supervisory signatures,¹³ yet for those same ten Federal and match costs were charged to the 2019 Commission Administrative grant. Similarly, 3 out of 269 of timecards were missing employee signatures,¹⁴ although the same 3 match and the Federal costs were charged to the 2019 Commission Administrative grant. As noted in Table 2, we questioned \$21,898 Federal and \$18,600 match costs.

⁷ 2 CFR § 200.403 - Factors affecting allowability of costs.

⁸ 2 CFR § 200.404 - Reasonable costs

⁹ 2 CFR § 200.405 - Allocable costs.

¹⁰ 2 CFR § 200.334 - Retention requirements for records.

¹¹ Serve DC Guidelines for Financial Management.

¹² Eighty-eight percent (14 of the 16) of Serve DC employees were missing timecards including the Executive Director, Executive Assistant, Deputy Director, AmeriCorps Program Officer (APO), Community Outreach Specialist (COS), Outreach and Special Initiatives Officer, National Service Program Coordinator (NSPC), and Public Information Officer. Timecards for the Executive Director, Deputy Director, COS, NSPC, and the APO were the most frequently missed.

¹³ All timecards with missing supervisory signatures, including those of the current Executive Director and prior Deputy Director, were from the year 2019, which represented about 13 percent (10 of 77) of the 2019 total available timecards.

¹⁴ All timecards with missing employee signatures were from the Outreach and Special Initiative Officer timecards in the year 2019, which represented about 4 percent (3 of 77) of the 2019 total available timecards.

Table 1: Questioned Costs for Missing Timecards – Serve DC

Description	Federal	Match
Grant No. 16CAHDC001 – Commission Administrative Grant	\$ 218,848	\$ 214,232
Grant No. 19CAHDC001 – Commission Administrative Grant	\$ 78,570	\$ 75,258
Grant No. 16TAHDC001 – Training and Technical Assistance Grant	\$ 82,128	\$ -
Grant No. 17VGHDC001 – Volunteer Generation Fund Grant	\$ 32,181	\$ -
Total Missing Timecards:	\$ 411,727	\$ 289,490

Table 2: Questioned Costs for Missing Signatures – Serve DC

Description	Federal	Match
Timecards Missing Supervisory Signatures (Grant No. 19CAHDC001) – Commission Administrative Grant	\$ 15,648	\$ 14,485
Timecards Missing Employee Signatures (Grant No. 19CAHDC001) – Commission Administrative Grant	\$ 6,250	\$ 4,115
Total Missing Signatures:	\$ 21,898	\$ 18,600

For Jumpstart’s support staff:

- Jumpstart did not provide time and effort reporting to support the match payroll and benefit cost that were claimed for the months of September 2018, December 2018, and March 2019.

**Table 3: Questioned Costs for Lack of Time and Effort Reporting – Jumpstart
(State Competitive (ACH) grant (18ACHDC001))**

Description	Total
Match Payroll Costs	\$ 31,229
Match Benefits Costs	\$ 9,021
Match Indirect Costs	\$ 3,099
Total Questioned Match Costs	\$ 43,349

The reason time and effort reporting were not provided is because Serve DC’S procedures did not include guidance explaining how supervisory sign off for the Executive and Deputy Directors should be documented. Further, Serve DC’s policies made no reference to the CFR Cost Principles to claim allowable, reasonable, and allocable costs.

The recently appointed Executive Director¹⁵ acknowledged Serve DC was unsuccessful at maintaining and retaining proper documentation and was not able to find documentation for the audit scope period. The Executive Director also stated Serve DC has since implemented preventive measures to accurately account for employees' time and attendance, in-kind match costs, and supporting documentation.¹⁶

As a result of missing timecards and missing required signatures, we, along with the present Executive Director, were unable to confirm the hours worked by the employees and therefore questioned \$433,625¹⁷ in Federal costs and \$308,090¹⁸ in match costs claimed by Serve DC. In addition, we questioned \$43,349 in match costs claimed by JumpStart.

RECOMMENDATIONS

We recommend AmeriCorps:

1. Require Serve DC to implement, or verify that Serve DC implemented, internal controls ensuring timecards are signed by employees and supervisors and retained to support the payroll costs charged and claimed on the AmeriCorps grants.
2. Recover the total payroll questioned costs of \$433,625 in Federal costs and disallow \$308,090 in match costs related to missing timecards, missing supervisory signatures, and missing employee signatures related to CAH grants (16CAHDC001 and 19CAHDC001), TTA grant (16TAHDC001), and VGF grant (17VGHDC001). Also disallow \$43,349 in match costs for the ACH grant (18ACHDC001) claimed by JumpStart.
3. Require, or verify that Serve DC has since implemented, policies and procedures that appropriately cite or reference CFR Cost Principles to claim allowable, reasonable, and allocable costs.
4. Require, or verify that Serve DC has implemented, controls to obtain and maintain supporting documentation for all staff costs.

Finding 2. Commission's In-Kind Match Costs Insufficiently Supported

Federal regulations require the value of donated services be supported by the same methods used to support the allocability of regular personnel services.¹⁹ It further states that match costs must be verifiable from Serve DC's records and are allowable under the Cost Principles.²⁰ Federal regulations also require that the financial management system must be sufficient to trace funds

¹⁵ The new Executive Director was appointed effective July 17, 2023.

¹⁶ The preventive measure implemented as stated by the newly appointed Executive Director occurred outside the audit scope period. We did not evaluate the new preventive controls nor its effectiveness.

¹⁷ Sum of questioned Federal cost from missing timecard (\$411,727) and from missing signatures (\$21,898).

¹⁸ Sum of questioned match cost from missing timecard (\$289,490) and from missing signatures (\$18,600).

¹⁹ 2 CFR §200.434(d) Contributions and donations.

²⁰ 2 CFR § 200.306(a)(1) and (4) Cost sharing or matching

to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.²¹

In grant program years 2017 and 2019, Serve DC claimed \$277,950 match expenditures on its FFR for the first two program years of the 2017 Volunteer Generation Fund grant. These match costs included security, utilities, and maintenance costs for the Serve DC office space, and volunteer donated services. Serve DC could not support that its in-kind match costs claimed were allowable, reasonable, and allocable costs for the AmeriCorps State grant. Serve DC provided insufficient supporting documentation and was unable to provide accounting records that reconcile to the \$277,950 claimed match in-kind costs,²² in which the current Executive Director acknowledges. The issues on supporting documentation provided were as follows:

- **In-kind Documentation from the Center for Non-Profit Advancement:** We reviewed donation agreements²³ that indicated in-kind volunteer services for \$216,066. However, there was no support for the actual hours donated or how the claimed amounts were determined. Serve DC subsequently provided additional documentation to support the \$216,066 claimed but the documentation was incomplete and did not support a justifiable explanation; therefore, we question \$216,066 as unsupported costs.
- **Department of General Services (DC Government):** We reviewed rent, utilities, and security for \$137,471. However, documentation provided indicated costs were allocated based on square footage, but Serve DC did not provide further information to support the allocation of those costs, such as a blueprint to validate existence and size of space, invoices to confirm transaction occurred, payment support to confirm payment was made, agreements to verify the official business relationship, its purpose, etc. Since allocation documents were not provided, we question \$137,471 of unsupported costs. Federal regulations require that for in-kind contributions, the fair market value of donated space must be documented to the extent feasible supported by the same methods used internally by the Serve DC.²⁴
- **DC Housing Finance Agency:** Serve DC did not obtain budget approval for food and beverage costs. Such costs must be approved in advance by AmeriCorps. The grant application instructions state that the budget should not include undefined budget amounts or include unallowable expenses, e.g., entertainment costs (which include food and beverage costs) unless they are justified as an essential component of an activity.²⁵ Further, Serve DC could not provide support to indicate that food and beverages costs of

²¹ 2 Code of Federal Regulations (C.F.R.), Subpart D - Post Federal Award Requirements, §200.302, Financial Management, (a) (Jan. 2017, Jan. 2018, and Jan. 2019).

²² While Serve DC provided CLA with documents totaling \$390,376 which exceeded the in-kind match costs claimed on FFR of \$277,950, the documentation provided were insufficient or could not be mapped to the claimed costs. The nature of in-kind costs includes volunteer services, rent, utilities, food, signage, and other costs.

²³ A donation agreement is used to ensure that a donor's promise can be relied upon, set the expectations of both donor and donee, and prevent misunderstandings.

²⁴ 2 CFR §200.306 Cost sharing or matching(j).

²⁵ CNCS Application Instructions, State and National Competitive New and Continuation Including: As applicable to the Notice for Funding Opportunity or Notice Funding Availability (OMB Control #: 3045-0047, Expiration Date; June 30, 2020), VIII. Budget Instructions, B. Preparing Your Budget, Fourth Paragraph.

\$10,339 were actually incurred and the goods were provided to Serve DC; therefore, we question \$10,339 as unsupported costs. Federal regulations require that in-kind contributions must be verifiable from Serve DC's records, necessary and reasonable for accomplishment of the program objectives, and allowable under the Cost Principle.²⁶

- **Private Donor 1:** Serve DC initially could not provide support to indicate that banners and signage costs of \$10,000 were incurred and the goods were provided to Serve DC. Federal regulations indicate that in-kind contributions must be verifiable from Serve DC's records, necessary and reasonable for accomplishment of the program objectives, and allowable under the Cost Principle.²⁷ Serve DC subsequently provided additional documentation to support \$9,200 of the \$10,000 claimed for this donor. The remaining \$800 costs were unsupported.
- **Private Donor 2:** Serve DC initially could not provide support to indicate that media, video production, photography, and videography costs of \$10,000 were incurred and the services or goods were provided to Serve DC. Federal regulations indicate that in-kind contributions must be verifiable from Serve DC's records, necessary and reasonable for accomplishment of the program objectives, and allowable under the Cost Principle.²⁸ Serve DC subsequently provided additional documentation to support \$2,400 of the \$10,000 claimed for this donor. The remaining \$7,600 costs were unsupported.
- **Private Donors 3 and 4:** We reviewed donation agreements and Serve DC did not share any details about the in-kind match donations, it only indicated the \$5,000 and \$1,500 value of the donation. Serve DC did not provide support to indicate what was provided to Serve DC (i.e., cash, goods, or services) or how those costs were derived therefore questioning \$6,500 of unsupported costs. Federal regulations indicate that in-kind contributions must be verifiable from Serve DC's records.²⁹

Serve DC's in-kind match costs are insufficiently supported because they are missing internal quality procedures to ensure in-kind match costs are appropriately addressed and followed. Serve DC provided specific procedures to subrecipients concerning this matter, but the procedures were not followed or followed through. In addition, Serve DC's financial management system is unable to track all relevant in-kind match costs associated with the Volunteer Generation Fund grant and to ensure the accuracy and completeness of the accounting information.

Of the \$277,950 in-kind match costs, we determined that \$11,600 in-kind match costs were allowable and supported: \$9,200 for banners and signage and \$2,400 for media costs. Therefore, we questioned the remaining \$266,350 match costs claimed covering the first two program years from October 1, 2017, through September 30, 2019. Since the grant has a regulatory requirement

²⁶ 2 CFR § 200.306 Cost sharing or matching, (b)(1) and (3).

²⁷ 2 CFR § 200.306 Cost sharing or matching, (b)(1) and (3).

²⁸ 2 CFR § 200.306 Cost sharing or matching, (b)(1) and (3).

²⁹ 2 CFR § 200.306 Cost sharing or matching, (b)(1) and (3).

of providing match costs equal to the Federal costs incurred,³⁰ Serve DC is at risk of not meeting its match requirement for the Federal costs claimed for that same period, which adversely impacts the additional Federal cost being questioned at grant closure.³¹

RECOMMENDATIONS

We recommend AmeriCorps:

5. Require Serve DC to develop and implement policies and procedures to appropriately track in its accounting system and obtain supporting documentation for all in-kind match costs associated with AmeriCorps grants and from within the DC government and third parties.
6. Disallow the \$266,350 of match in-kind costs claimed on the Federal Financial Report related to the VGF grant (17VGHDC001). In addition, determine if Serve DC was able to meet the match requirement pertaining to the Federal costs claimed for the VGF grant (17VGHDC001) upon Serve DC's submission of the final Federal Financial Report and recover those Federal costs for which match costs were not provided.

Finding 3. Commission's Inadequate Accounting Records and Subgrantee's Inadequate Criminal History Checks

3a. Commission's Inadequate Accounting Records

Federal regulations require the grantee's financial management system be able to trace funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. In addition, it must have records that identify the source and application of funds for federally funded activities and supported by source documentation.³²

Serve DC's accounting records did not reconcile to costs claimed on its FFR. Specifically, Serve DC was unable to provide transaction level detail from their accounting records to support \$297,407 (96 percent) of the total \$310,783 Federal costs and \$131,302 match costs claimed as other direct costs³³ on its FFRs for the Administrative, Training and Technical Assistance, and Volunteer Generation Funds grants.³⁴ Serve DC provided some transactional level detail; however, the data was not reliable due to missing batch support,³⁵ partial batch support, and unsupported purchase transactions.

³⁰ Notice of Grant Award for grant No. 17VGHDC001.

³¹ CLA could not determine if additional Federal cost should be questioned as the grant was not yet closed as of our audit period end date.

³² 2 C.F.R., Subpart D - Post Federal Award Requirements, §200.302, Financial Management, (a) and (b) (Jan. 2017, Jan. 2018, and Jan. 2019).

³³ Other direct cost pertains to all other cost other than payroll costs.

³⁴ Serve DC provided the cost information at a summary (batch) level for each expense type. We found that most of the purchases were made through a purchase card, which required reclassification of numerous purchase transactions to the appropriate grants.

³⁵ Batch support represent support for several individual transactions grouped together.

Table 4 – Federal Other Direct Cost Questioned

Grant No.	Federal	Match	Audit Period
17VGHDC001	\$ 115,061 ³⁶	\$ - ³⁷	July 1, 2017 to June 30, 2019
16TAHDC001	\$ 134,064 ³⁸	\$ -	July 1, 2017 to June 30, 2019
16CAHDC001	\$ 41,821 ³⁹	\$ 128,000	Jan. 1, 2017 to Dec. 31, 2018
19CAHDC001	\$ 6,461	\$ 3,302	Jan. 1, 2019 to June 30, 2019
Totals	\$ 297,407	\$ 131,302	

3b. No Supporting Documentation for Subgrantee’s Background Checks

The Center for Inspired Teaching (Center) did not conduct the required National Sex Offender Public Website Program (NSOPW) check nor the FBI criminal background check before all employees began service, as required by Federal regulations⁴⁰ and DC criminal background check as required by Serve DC policy. Specifically, one of five employees tested was missing documentation to confirm the NSOPW’s name-based search and identity verification of the employee’s government-issued photo ID card was conducted. With another, the employee’s fingerprints documentation was to confirm the FBI criminal background check search was conducted.

As acknowledged by the current Executive Director, Serve DC did not have policies and procedures for proper maintenance of transactional level accounting records to support batch/summary level accounting records. The Center’s document retention policy needs reinforcement to better demonstrate that the NSOPW check, FBI criminal history background check,⁴¹ and DC criminal background check were conducted and completed timely.

As a result of missing transactional level accounting details, we questioned \$297,407 in Federal other direct costs and \$131,302 in match costs claimed by Serve DC. We also questioned \$108,260⁴² in Federal payroll and administrative costs and \$3,934⁴³ in match payroll and indirect costs claimed by the Center for missing background check documentation.

³⁶ We questioned \$467 in Federal questioned cost as part of Finding #4.

³⁷ The total of the other direct costs match for this grant of \$277,950 was already questioned as part of Finding number 2, therefore, not presented again in this table.

³⁸ We questioned \$46,020 in Federal questioned cost as part of Finding #4.

³⁹ We questioned \$6,336 in Federal questioned cost as part of Finding #4.

⁴⁰ 45 CFR § 2540.203, *What search components of the National Service Criminal History Check must I satisfy to determine an individual’s eligibility to serve in a covered position?*, (a)(2)(i). 45 CFR § 2540.205, *What procedures must I follow in conducting a National Service Criminal History Check for a covered position?* (a).

⁴¹ 45 CFR § 2540.203, *What search components of the National Service Criminal History Check must I satisfy to determine an individual’s eligibility to serve in a covered position?* (a)(2)(iii).

⁴² Sum of questioned Federal cost from missing NSOPW check, FBI criminal history background check, and DC criminal background check (\$108,260).

⁴³ Sum of questioned Match cost from missing NSOPW check and FBI criminal history background check (\$3,934).

Table 5 – Questioned Costs⁴⁴ Due to No NSOPW Search

	Total
Federal Payroll Costs	\$ 64,019
Federal Administrative Costs	\$ 2,586
Total Questioned Federal	\$ 66,605⁴⁰
Match Payroll Costs	\$ 2,831
Match Indirect Costs	\$ 453
Total Questioned Match Costs	\$ 3,284⁴¹

Table 6 – Questioned Costs⁴ Due to No DC Criminal Background Check

	Total
Federal Payroll Costs	\$ 34,118
Federal Administrative Costs	\$ 1,378
Total Questioned Federal Costs	\$ 35,496⁴⁰

Table 7 – Questioned Costs⁴ Due to No FBI Criminal Background Check

	Total
Federal Payroll Costs	\$ 5,920
Federal Administrative Costs	\$ 239
Total Questioned Federal	\$ 6,159⁴⁰
Match Payroll Costs	\$ 560
Match Indirect Costs	\$ 90
Total Questioned Match Costs	\$ 650⁴¹

RECOMMENDATIONS

We recommend AmeriCorps:

7. Require that Serve DC implement policies and procedures that require documentation identifying the source and use of funds by batch and for each transaction.
8. Recover \$297,407 in Federal costs and disallow \$131,302 in match costs due to unsupported other direct costs.
9. Require Serve DC to implement controls to verify that subgrantees are performing the National Sex Offender Public Website Program (NSOPW) searches, including FBI Fingerprint, and documenting their verification of the government-issued photo IDs for all required individuals.⁴⁵

⁴⁴ Grant No. 18AFHDC001.

⁴⁵ 45 CFR § 2540.201, *To whom must I apply the National Service Criminal History Check eligibility criteria?*

10. Recover the total questioned Federal costs of \$66,605 and disallow match costs of \$3,284 for payroll and administrative costs for grant (18AFHDC001) due to no National Sex Offender Public Website Program Search.
11. Recover the total questioned Federal costs of \$6,159 and disallow match costs of \$650 for payroll and administrative costs for grant (18AFHDC001) due to no DC Criminal Background Check.
12. Recover the total questioned Federal costs of \$35,496 for payroll and administrative costs for grant (18AFHDC001) due to No FBI Fingerprint Check.

Finding 4. Commission’s and Subgrantee’s Insufficient Internal Controls Result in Under or Excess Reporting Costs

4a. Serve DC’s Accounting Records and FFRs Not Matching

The terms and conditions for Serve DC’s grants require Serve DC to submit a cumulative semi-annual FFR to the AmeriCorps’s grants management system (eGrants).⁴⁶ It also requires Serve DC’s financial management system to be able to produce reports that support and reconcile to the amounts reported to AmeriCorps.⁴⁷

Serve DC did not have effective internal controls over financial reporting including reconciling costs recorded in the accounting records with the costs reported on the FFR for each grant. Serve DC’s accounting records did not match with its FFRs submitted to AmeriCorps for the grants. Specifically, Serve DC claimed cumulative excesses of \$82,345 in Federal costs and \$83,796 in match costs on the FFRs submitted for reporting periods January 2017 through September 2019 than the Federal or match costs recorded in its financial management system for the Administrative grant (CAH), Training and Technical Assistance grant (TTA), and VGF.

Table 8 – Claimed Costs and Accounting Records Comparison and Questioned Costs

Grant No.	Audit Period	FFR	Accounting Records	Federal Questioned Costs	Match Questioned Costs
16TAHDC001	July 1, 2017 - June 30, 2019	\$ 266,758	\$ 220,728	\$ 46,030	\$ -
19CAHDC001	January 1, 2019 - June 30, 2019	\$ 159,334	\$ 129,822	\$ 29,512	\$ -
19CAHDC001	January 1, 2019 - June 30, 2019	\$ 206,780	\$ 122,984	\$ -	\$ 83,796

⁴⁶ FY 2019 Commission Support Grant Terms and Conditions, V. Reporting Requirements (See wp 0520.13), FY 2019 Terms and Conditions for Training and Technical Assistance Commission Investment Fund Grants, IV. Reporting Requirements (See wp 0520.34) and FY 2019 Terms and Conditions Volunteer Generation Fund Grants, IV. Reporting Requirements (See wp 0520.53).

⁴⁷ FY 2019 General Grant and Cooperative Agreement Terms and Conditions, B. Financial Management Standards, 2. Cost Reporting.

Grant No.	Audit Period	FFR	Accounting Records	Federal Questioned Costs	Match Questioned Costs
16CAHDC001	January 1, 2017 - December 31, 2018	\$ 464,785	\$ 458,449	\$ 6,336	\$ -
17VGHDC001	October 1, 2017 - September 30, 2019	\$ 149,769	\$ 149,302	\$ 467	\$ -
Total		\$ 1,247,426	\$ 1,081,285	\$ 82,345	\$ 83,796

4b. Underreported Subgrantee Costs

The AmeriCorps grant terms and conditions state that the grantee is responsible for timely submission of financial reports and for setting submission deadlines for subgrantees to ensure the timely submission of the financial report.⁴⁸ Serve DC's subgrantee grant agreement requires the subgrantee to provide monthly expense reports that are due the last day of the following month.⁴⁹ Serve DC's reimbursement process requires subgrantees to complete monthly Periodic Expense Report (PER) in its reporting system.⁵⁰

Serve DC's under-reporting of Federal costs on its FFR for the period ending September 30, 2019, understated AmeriCorps' grant expenditures by \$929,107 for fiscal year 2019.⁵¹ We did not question these costs because these understatements represent costs that were not claimed in the proper reporting period and illustrate an internal control deficiency over financial reporting.

Table 9 - Federal Costs Under Reported

	Federal Costs for 18ACHDC001	Federal Costs for 18AFHDC001
Cumulative FFR as of 9/30/19	\$ 539,347	\$ 408,017
Accounting Records for 8/01/18 to 9/30/19	\$ 1,217,602	\$ 658,869
Total Federal Costs Under Reported	\$ (678,255)	\$ (250,852)

Source: Auditor's analysis

4c. Drawdown in Excess of Cost Incurred

Serve DC obtained an unauthorized advance of \$24,170 from AmeriCorps on July 17, 2019, in excess of costs incurred. Accounting record for the Volunteer Generation Fund grant (17VGHDC001) showed expenses of \$149,302, but \$173,472 in drawdown were made in Federal costs as of September 30, 2019. Serve DC's internal policies and procedures requires the expenditures to be incurred prior to grants being drawn down.⁵²

⁴⁸ Terms and Conditions for AmeriCorps State and National Grants, XI. Reporting Requirements, B. Financial Reports (2018 and 2019).

⁴⁹ Subgrantee Grant Agreement with Serve DC, Exhibit A: Contract Addendum #1, Reporting Periods.

⁵⁰ Subgrantee Grant Agreement with Serve DC, Exhibit A: Contract Addendum #1, Reporting Periods, 2. Reimbursement Requests.

⁵¹ Serve DC reported \$678,255 less in Federal costs for State Competitive grant (18ACHDC001) and \$250,852 less in Federal costs for State Formula grant (18AFHDC001) than what the subgrantees incurred during the periods August 2018 through September 2019.

⁵² Serve DC's Government Operations Cluster Policies & Procedures Manual, 40100603.00 Executing A Federal Drawdown, 40100603.50 Authorization.

Table 10 - Drawdown in Excess of Cost Incurred

	Amount
Total Drawdowns from 10/01/17 to 9/30/19	\$ 173,472
Accounting record Expensed from 10/01/17 to 9/30/19	\$ 149,302
Drawdowns in Excess of Costs Incurred	\$ 24,170

Source: Auditor’s analysis

Serve DC’s current Executive Director acknowledged that its controls were improperly designed and implemented to verify the status of the total cost incurred against the total amount drawn for the grant to determine the drawdown amount to be requested. Serve DC stated the drawdown of funds more than cost incurred was due to human error and indicated that delays in reporting subgrantee costs were due to the following reasons:

- Subgrantee was not familiar with the budget and reimbursement request process.
- Subgrantee encountered problems modifying the budget to submit the monthly PERs.
- Subgrantee encountered problems loading the budget into Serve DC’s reporting system, which prevented the submission of PERs.
- Several subgrantees continued to be delinquent in submitting their PERs even after receiving Serve DC’s reminders.

As a result, we questioned the unauthorized advance of \$24,170 that Serve DC obtained from AmeriCorps on July 17, 2019, which was not utilized until after September 30, 2019.

4d. Member Living Allowance Benefits Claimed Were in Excess of Accounting Records

The Center does not have effective internal control over financial reporting in verifying that the costs for member living allowance are in accordance with the approved budget and PERs. The Center claimed more member living allowance and Federal Insurance Contribution (FICA) than the costs reported in its accounting records. Specifically, the Center’s program year 2018 -2019 budget called for the allocation of member living allowance and FICA benefits costs to consist of 28.8% Federal funds and 71.2% of match funds. However, the Center recorded the total cost of the member living allowance and FICA in its match accounting records instead of allocating cost in accordance with its budget. Based on the budget allocation for those costs, the member living allowance cost should have been recorded in the accounting records as follows:

Table 11 – Member Living Allowance and Support Allocations Based on Budget

Cost	Match Accounting Records	Federal Budget Allocation %	Match Budget Allocation %	Reallocated Federal per Accounting Records	Reallocated Match per Accounting Records
Member Living Allowance	\$ 160,000	28.8%	71.2%	\$ 46,080	\$ 113,920
Member Support (FICA)	\$ 12,240	28.8%	71.2%	\$ 3,525	\$ 8,715
Member Support (Other)	\$ 6,787	0%	100%	\$ -	\$ 6,787

Source: Auditor’s analysis

As shown in **Table 11**, living allowance, FICA and other support costs were all reported in the accounting records as match costs. We allocated the costs incurred in accordance with the approved budget to determine what the allocated costs should have been in the Periodic Expense Reports (PERs). The results in **Table 12** below show that the subgrantee claimed \$8,418 more in Federal costs than it was entitled to receive. As a result, we questioned \$8,418 in Federal cost that the Center claimed. This was due to the subgrantee claiming costs against the Federal funds first before they applied the rest of the costs to match in the PERs.

Table 12 – Questioned Costs of Member Living Allowance and Support

PERs Costs	Federal	Match	Total
Living Allowance	\$ 53,596	\$ 106,404	\$ 160,000
Member Support (FICA)	\$ 4,100	\$ 9,959	\$ 14,059
Member Support (Other)	\$ -	\$ 3,840	\$ 3,840
Sub-Total (A)	\$ 57,696	\$ 120,203	\$ 177,899
Accounting Records Allocated per Budget			
Living Allowance	\$ 46,080	\$ 113,920	\$ 160,000
Member Support (FICA)	\$ 3,525	\$ 8,715	\$ 12,240
Member Support (Other)	\$ -	\$ 6,787	\$ 6,787
Sub-Total (B)	\$ 49,605	\$ 129,422	\$ 179,027
Questioned Costs in Excess of Accounting Records (C = A - B)	\$ 8,091	\$ (\$9,219)	
Questioned Federal Admin Costs (D)	\$ 327		
Total Questioned Federal Costs (C + D)	\$ 8,418		

Source: Auditor's analysis

RECOMMENDATIONS

We recommend AmeriCorps:

13. Require Serve DC to implement controls to prepare reports that support and reconcile to the amounts reported to AmeriCorps eGrants. Serve DC should also establish controls to reconcile and document costs recorded in the accounting record to the costs reported on the Federal Financial Report for each grant.
14. Recover \$82,345 in questioned Federal costs and disallow \$83,796 in claimed match costs not supported by the accounting records.
15. Require that Serve DC develop and implement a mandatory training program including a tracking system to ensure that all subgrantees' staff have training, capability, and assistance to enter their budgets and costs into its reporting system to meet reporting requirements timely.

16. Instruct Serve DC to develop and implement procedures and controls to prevent future drawdowns in excess of incurred costs.
17. Recover the questioned Federal costs of \$8,418 for member living allowance and support for grant (18AFHDC001).
18. Verify that Serve DC implements controls to ensure that subgrantees are applying costs for member living allowance in accordance with the approved budget in their accounting records and in PERs.

Summary of Questioned Costs for Serve DC

We questioned the following costs for Serve DC discussed in findings above:

1. \$433,625 in Federal and \$308,090 in match costs due to missing timecards or timecards with missing supervisory or employee signatures.
2. \$266,350 in match costs due to no accounting record to support the total costs claimed by Serve DC.
3. \$297,407 in Federal and \$131,302 in match other direct costs due to a lack of supporting documentation.
4. \$82,345 in Federal and \$83,796 in match costs claimed in excess of what was supported in Serve DC’s accounting records.

Total questioned cost for Federal and match costs by grant is displayed in **Table 13** below.

Table 13 - Questioned Costs of Federal and Match Costs

Finding	16CAHDC001		19CAHDC001		16TAHDC001	17VGHDC00	
	Federal	Match	Federal	Match	Federal	Federal	Match
#1	\$ 218,848	\$ 214,232	\$ 100,468	\$ 93,858	\$ 82,128	\$ 32,181	\$ -
#2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,350
#3	\$ 41,821	\$ 128,000	\$ 6,461	\$ 3,302	\$ 134,064	\$ 115,061	\$ -
#4	\$ 6,336	\$ -	\$ 29,512	\$ 83,796	\$ 46,030	\$ 467	\$ -
Totals	\$ 267,005	\$ 342,232	\$ 136,441	\$ 180,956	\$ 262,222	\$ 147,709	\$ 266,350

Source: Auditor’s analysis

Summary of Subgrantees Questioned Costs

We questioned the following costs as discussed in the subgrantees findings above:

1. \$43,349 in match payroll costs related to missing time and effort reporting for Jumpstart monthly pay periods.
2. \$66,605 in Federal and \$3,284 in match costs due to employees missing NSOPW search documentation.

3. \$6,159 in Federal and \$650 in match costs due to employees missing FBI criminal background check.
4. \$35,496 in Federal costs due to employees missing government issued photo identification.
5. \$8,418 in Federal costs due to member living allowance benefits claimed in excess of what was supported in subgrantee's accounting records.

Total questioned cost for Federal and match costs by subgrantees are displayed in **Table 14** below.

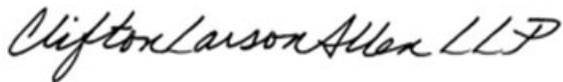
Table 14 - Questioned Costs of Federal and Match Costs

Finding	18AFHDC0010001 (Center)		15ACHDC0010004 (Jumpstart)	
	Federal	Match	Federal	Match
#1	\$ -	\$ -	\$ -	\$ 43,349
#3	\$ 66,605	\$ 3,284	\$ -	\$ -
#3	\$ 6,159	\$ 650	\$ -	\$ -
#3	\$ 35,496	\$ -	\$ -	\$ -
#4	\$ 8,418	\$ -	\$ -	\$ -
Totals	\$ 116,678	\$ 3,934	\$ -	\$ 43,349

Source: Auditor's analysis

We are confident that swift and effective implementation of the recommendations will strengthen AmeriCorps' oversight over how Serve DC and its subgrantees manage and expend grants in accordance with grant terms and conditions and applicable Federal regulations.

CliftonLarsonAllen LLP



Arlington, VA
December 20, 2023

Performance Audit of Grants Awarded to Serve DC
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to determine whether Serve DC and its subgrantees expended AmeriCorps funded Federal assistance in accordance with grant terms and provisions, laws, and regulations, and to report upon such compliance, controls, and questioned costs as may result from the audit of Serve DC and its subgrantees.

This performance audit scope for Serve DC was for CAH grants (16CAHDC001, 19CAHDC001), TTA grants (16TAHDC001, 19TAHDC001, 19TAHDC004), and VGF grant (17VGHDC001) covering 24 months prior to the date of each grant’s latest FFR as follows:

Grant No.	Audit Period
16CAHDC001	January 1, 2017, to December 31, 2018
19CAHDC001	January 1, 2019, to June 30, 2019
16TAHDC001	July 1, 2017, to June 30, 2019
19TAHDC001	July 1, 2019, to June 30, 2019
19TAHDC004	January 30, 2019, to June 30, 2019
17VGHDC001	October 1, 2017, to September 30, 2019

The federal grant awards received by Serve DC subject to this performance audit and the match requirements are as follows:

Grant Award Type	Grant No.	Federal	Match Requirement
Administrative Grant is for strategic work to advance the capacity of the District of Columbia’s (DC) volunteer sector	16CAHDC001 ⁵³	\$703,257	Required match is 50 percent of the total grant costs.
	19CAHDC001	\$227,723	
Training and Technical Assistance (TTA) Grants (16TAHDC001 and 19TAHDC001) are to increase collaboration and cross-stream partnerships, strengthen subgrantees’ ability to conduct high quality performance measurement and evaluation, and promote a positive AmeriCorps member experience and life-long commitment to service. The TTA Grant (19TAHDC004) is for re-performing National Service Criminal History Checks	16TAHDC001	\$507,108	No match requirement.
	19TAHDC001	\$189,102	
	19TAHDC004	\$36,576	

⁵³ The grant terms had ended during the audit period.

Grant Award Type	Grant No.	Federal	Match Requirement
Volunteer Generation Fund (VGF) Grant is to support Serve DC’s My Brother’s Keeper DC – Strengthening Our Community initiative to support organizations working directly with boys and young men of color	17VGHDC001	\$296,666	Required match is 50 percent of the total grant costs.
Total Amount of Grants to Serve DC		\$1,960,432	

Source: Auditor’s Analysis

Serve DC did not report any incurred costs in the audit period for grant No. 19TAHDC001; therefore, this grant was excluded from the audit scope.

The subgrantees selected for audit were the Center and the School grant (18AFHDC0010001) and Jumpstart grant (15ACHDC0010004) covering the audit periods below. The Center transferred the grant to the School in September 2019. The Center and the School are two separate non-profit organizations. The School did not submit a PER and therefore there was no claimed costs for the audit period.

Grant No.	Audit Period
18AFHDC0010001 (Center)	August 2018 through July 2019
18AFHDC0010001 (School)	September 2019
15ACHDC0010004 (Jumpstart)	September 2018 through August 2019

The federal grant awards received by subgrantees and the match requirements are as follows:

Grant Award Type	Grant No.	Federal	Match Requirement
Center for Inspired Teaching received funding twice under award 18AFHDC0010001	18AFHDC0010001	\$161,628	Required match is 50 percent of the total grant costs.
Inspired Teaching Demonstration Public Charter School received funding twice under award 18AFHDC0010001	18AFHDC0010001	\$94,285 ⁵⁴	Required match is 50 percent of the total grant costs.
Jumpstart for Young Children is responsible for improving the kindergarten readiness of at least 246 of the 513 children anticipated to complete the program.	15ACHDC0010004	\$968,213	Required match is 50 percent of the total grant costs.
Total Amount of Grants to Subgrantees		\$1,224,126	

Source: Auditor’s Analysis

⁵⁴ The School had not filed a Period Expense Report to Serve DC for the award during our audit scope period.

Inspired Teaching Demonstration Public Charter School (previously Center for Inspired Teaching) received funding twice under award 18AFHDC0010001 for a total of \$255,913. The amounts were \$161,628 for grant program year 2018 to 2019 and \$94,285 for grant program year 2019 to 2020. Jumpstart received award funding two times under sub-grant No. 15ACHDC0010004 for a total of \$968,213. The amounts were \$486,536 for program year 2018 to 2019 (in-scope) and \$481,677 for program year 2019 to 2020 (not in-scope). We began this audit in September 2019 and conducted audit site visits at Serve DC and subgrantees from February 24 to 28, 2020 and on March 10, 2020. We conducted the remainder of our audit remotely due to the COVID-19 pandemic. The audit fieldwork was completed in August 2021.

We conducted the audit in accordance with standards for performance audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. 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. GAS also requires that a data reliability assessment be performed for all data used as support for engagement findings, conclusions, or recommendations. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit procedures for Serve DC included:

- Reviewing the Grant Terms and Conditions, the Uniform Guidance (2 CFR, Part 200) and Serve DC's internal policies and procedures to obtain an understanding of Serve DC's grant activities, processes, and internal controls over Federal and match expenditures;
- Interviewing Serve DC Executive Director and the Deputy Director, to gain an understanding of its programs and internal controls over Federal programs and expenditures;
- Testing salary and benefits claimed for all 74 pay periods by Serve DC for compliance with Federal regulations;
- Selecting judgmental samples of the other direct and match costs such as supplies, travel and services claimed by Serve DC and testing for compliance with applicable Federal regulations;
- Testing administrative costs compliance with Federal regulations;
- Testing compliance with Federal regulations pertaining to record retention, changes in key personnel, changes in the approved budget, financial reporting, drawdowns, match requirement, subgrantee selection, and Single Audit and subgrantee monitoring;
- Testing compliance with background check requirements for those employees responsible for subgrantee monitoring.

Our audit procedures for subgrantees included:

- Reviewing the Grant Terms and Conditions, the Uniform Guidance (2 CFR, Part 200) and subgrantee’s internal policies and procedures to obtain an understanding of subgrantees’ grant activities, processes, and internal controls over Federal and match expenditures;
- Interviewing subgrantee members and management, to gain an understanding of its programs and internal controls over Federal programs and expenditures;
- Testing salary and benefits claimed by subgrantees for compliance with Federal regulations;
- Selecting judgmental samples of the other direct and match costs such travel, Facebook advertising, photo printing and supplies claimed by subgrantees and testing for compliance with applicable Federal regulations;
- Testing administrative costs compliance with Federal regulations;
- Testing compliance with Federal regulations pertaining to members, recruitment, member living allowance, member eligibility, changes in key personnel, changes in the approved budget, financial reporting, drawdowns, and match requirement;
- Testing compliance with NSCHC requirements to determine if all grant-funded staff received NSCHCs including NSOPW, state criminal history checks and FBI background checks in accordance with the Federal Regulations.

Our initial payroll sample testing for Serve DC found significant instances of missing timecards, and employee and supervisory signatures for expenditures on the CAH grants. Therefore, we expanded our testing of payroll to cover the total payroll costs for the audit period as shown in the table below.⁵⁵

Grant No.	Federal	Match	Audit Period
16CAHDC001	\$ 416,629	\$ 377,994	Jan. 1, 2017, to Dec. 31, 2018
19CAHDC001	\$ 123,361	\$ 119,682	Jan. 1, 2019, to June 30, 2019
17VGHDC001	\$ 34,241	\$ - ⁵⁶	Oct. 1, 2017, to Sept. 30, 2019
16TAHDC001	\$ 86,664	\$ - ⁵⁷	July 1, 2017, to June 30, 2019
Totals	\$ 660,895	\$ 497,676	

Source: Auditor’s analysis

⁵⁵ There were no payroll costs recorded for the Training and Technical Assistance grant (19TAHDC004)

⁵⁶ Questioned match cost for Grant number 17VGHDC001 is discussed in Finding No. 2 as the match costs for this grant were not specifically identified for payroll and other costs in the accounting records and had to be tested in total. We questioned the entire required match costs claimed for this grant.

⁵⁷ Training and Technical Assistance Grants do not require match.

Performance Audit of Grants Awarded to Serve DC
APPENDIX B: SCHEDULE OF CLAIMED AND QUESTIONED COSTS

Serve DC

Grant No.	Awarded	Claimed		Questioned	
	Federal Funds	Federal Costs	Match Costs	Federal Costs	Match Costs
16CAHDC001	\$ 703,257	\$ 464,784	\$ 478,144	\$ 267,005	\$ 342,232
19CAHDC001	\$ 227,723	\$ 159,334	\$ 206,780	\$ 136,441	\$ 180,956
16TAHDC001	\$ 507,108	\$ 266,758	\$ -	\$ 262,222	\$ -
17VGHDC001	\$ 296,666	\$ 149,769	\$ 277,950	\$ 147,709	\$ 266,350
19TAHDC001	\$ 189,102	\$ -	\$ -	\$ -	\$ -
19TAHDC004	\$ 36,576	\$ 13,376	\$ -	\$ -	\$ -
Totals	\$ 1,960,432	\$ 1,054,021	\$ 962,874	\$ 813,377	\$ 789,538

Source: Auditor's analysis

Subgrantees

Grant No.	Awarded	Claimed		Questioned	
	Federal Funds	Federal Costs	Match Costs	Federal Costs	Match Costs
18AFHDC0010001 (Center)	\$ 161,628	\$ 161,628	\$ 299,957	\$ 116,678	\$ 3,934
18AFHDC0010001 (School)	\$ 94,285	\$ -	\$ -	\$ -	\$ -
15ACHDC0010004 (Jumpstart)	\$ 968,213	\$ 486,536	\$ 662,309	\$ -	\$ 43,349
Totals	\$ 1,224,126	\$ 648,164	\$ 962,266	\$ 116,678	\$ 47,283

Source: Auditor's analysis

Performance Audit of Grants Awarded to Serve DC
APPENDIX C: CLA'S RESPONSE TO AMERICORPS' COMMENTS

Summary of AmeriCorps Management's Comments

AmeriCorps responded in writing to our draft report and concurred with all findings and recommendations. A copy of AmeriCorps' response in its entirety can be found in Appendix E. In summary, AmeriCorps reported it will work with the grantee staff to:

- Enhance internal controls, ensuring proper documentation for personnel expenses and retention of supporting documentation for all staff expenses.
- Implement policies and procedures that correctly reference the CFR Cost Principles, ensuring that claimed costs are allowable, reasonable, and allocable.
- Develop and implement policies and procedures to track and obtain supporting documentation for all in-kind match costs.
- Ensure that the grantee(s) meet the match cost requirements for the Volunteer Generation Fund grant.
- Implement policies and procedures that require clear documentation identifying the source and use of funds by batch and for each transaction.
- Implement controls to verify subgrantees are performing the National Sex Offender Public Website Program (NSOPW) searches, including FBI Fingerprint, and recording their verification of applicable documentation for all required individuals.
- Establish controls to reconcile and document costs recorded in the accounting record with those reported on the grantee's Federal Financial Report and in AmeriCorps eGrants.
- Develop a training program and tracking system to assist subgrantees in meeting timely reporting requirements.
- Implement procedures to prevent future financial drawdowns exceeding incurred costs.
- Enforces controls ensuring subgrantees apply costs for member living allowances in line with the approved budget and accounting records.
- Ensure that the grantee(s) corrective actions adequately address all findings and recommendations.
- Make final determination on grantee(s) corrective actions and disallow and recover any Federal costs, including as applicable, match costs.

Evaluation of AmeriCorps Management's Response

AmeriCorps' concurrence acknowledges, accepts, and agrees with the findings and recommendations. We consider the completed and planned corrective actions to be responsive to our recommendations. All recommendations will remain open until AmeriCorps submits documentation to demonstrate the completion and sufficiency of the corrective actions.

Performance Audit of Grants Awarded to Serve DC
APPENDIX D: CLA'S RESPONSE TO SERVE DC AND SUBGRANTEES COMMENTS

Summary of Serve DC and Subgrantee Management's Comments

Serve DC and Jumpstart, a Serve DC subgrantee, responded in writing to our draft report. A copy of Serve DC and Jumpstart's responses in its entirety can be found in Appendix F. Inspired Teaching, another subgrantee, did not provide a response. We summarized the comments below:

Serve DC concurred with eight of 16 recommendations (recommendation nos. 1, 3, 4, 5, 7, 9, 13, and 18) for Findings 1–4. In many cases, Serve DC reported that it has already implemented corrective action or is in the process of doing so for these recommendations, including:

- Time and Effort (T&E) process requiring each staff member whose time is assigned to an AmeriCorps grant to fill out a timecard weekly.
- Updated the Program Director Handbook for subrecipients and their staff to use to promote subrecipient compliance. The pertinent sections of the Code of Federal Regulations (CFR) are noted in relation to allowable costs and recommendations are made to subrecipients as to systems and processes that are necessary for effective grant compliance.
- New and increased checks and balances around matched funds include requesting entities that provide in-kind services, space, etc., to provide detailed time and effort, payroll documentation, invoices, and appraisal reports to verify donated goods and services. Also, all documentation will be attached to all grant-related records.
- Drafting standard operating procedures for use when reviewing subgrantee invoices received.
- New policy in which all sub-recipients must submit National Sex Offender Public Website Program (NSOPW) and National Service Criminal History Check (NSCHC) verifications with the first reimbursement request of the year for all newly entered AmeriCorps members.
- Internal trackers of expenses against budget, FFR drawdown trackers, and detailed budget spending plans.
- Require all subrecipients to complete training covering how to create and upload a budget to OnCorps that meets AmeriCorps standards. In addition, Serve DC works with first-time grantees 1:1 to go through relevant topics related to the pertinent sections of the CFR so that grantees comply with reporting requirements.
- Require sub-recipient Periodic Expense Reports (PERs) to be reviewed by three staff members before they are countersigned and returned to subrecipients for upload and payment.

However, Serve DC did not concur with eight of 16 recommendations (recommendations no. 2, 6, 8, 10, 11, 12, 14, and 17) for Findings 1–4. In addition, Jumpstart did not concur with the only recommendation related to Jumpstart's costs, which involved direct and/or match cost

disallowances. Jumpstart requested to provide its documentation directly to the Commission for consideration during the audit resolution process with AmeriCorps.

Evaluation of Serve DC's and Subgrantee's Response

Serve DC agreed with our 10 recommendations to improve its internal controls, which will resolve its noncompliance with Federal regulations but disagreed with the eight recommendations to disallow the associated Federal and match costs resulting from its noncompliance with the same Federal regulations.

All recommendations will remain open until AmeriCorps in coordination with Serve DC and the subgrantees submit documentation to demonstrate the completion and sufficiency of the corrective actions.

Our responses to the eight recommendations which Serve DC did not concur are as follows:

Recommendation 2 - Serve DC disagreed with our recommendation for AmeriCorps to recover \$433,625 in Federal costs and disallow \$308,090 in match costs related to deficiencies found in its payroll charges to the grant, stating it has implemented new and increased internal control to provide detailed time and effort reporting documentation to verify donated goods and services. Serve DC indicated that it would be unfair at this stage to recover funds based on inadequate documentation from several years ago. Although Serve DC contends that it has implemented new and increased internal control to provide detailed time and effort reporting documentation to verify donated goods and services, Serve DC could not provide the requested time and effort reporting, including employee and supervisory signatures when requested. As a result, we cannot validate management's response that Serve DC satisfied the requirements. The questioned costs remain as reported.

Regarding the questioned costs of Jumpstart, its officials provided further documentation to auditors, which resulted in \$70,020 questioned federal costs being substantiated and therefore removed from the audit report. Jumpstart disagrees with the remaining \$43,349 questioned match costs and has requested to work with the Commission during the audit resolution process to resolve this issue.

Recommendation 6 - Serve DC disagreed with our recommendation for AmeriCorps to disallow the \$266,350 of unsupported match in-kind costs. At the time of this audit, Serve DC could not provide documentation supporting the payroll costs claimed, therefore the questioned match costs remain as reported.

Recommendation 8 – Serve DC has asked the OIG to reconsider the recovery of Federal costs and disallowance of match funds due to the changes that Serve DC has made in the three years since the audit started in 2019. Serve DC further indicated that it would be unfair at this stage to recover funds based on inadequate documentation from several years ago. At the time of this audit, Serve DC did not and still could not provide documentation supporting the other direct

costs claimed, therefore the questioned Federal costs of \$297,407 and match costs of \$131,302 remain as reported.

Recommendation 10 – Serve DC has asked the OIG to reconsider the recovery of Federal costs and disallowance of match funds due to the changes that Serve DC has made in the three years since the initial audit. At the time of this audit, Serve DC did not and still could not provide National Sex Offender Public Website Program Search documentation supporting the payroll and administrative costs claimed, therefore the questioned Federal costs of \$66,605 and match costs of \$3,284 remain as reported.

Recommendation 11 – Serve DC has asked the OIG to reconsider the recovery of Federal costs and disallowance of match funds due to the changes that Serve DC has made in the three years since the audit started in 2019. At the time of this audit, Serve DC did not and still could not provide DC Criminal Background Check documentation supporting the payroll and administrative costs claimed, therefore the questioned Federal costs \$6,159 and match costs of \$650 remain as reported.

Recommendation 12 – Serve DC has asked the OIG to reconsider the recovery of Federal costs due to the changes that Serve DC has made in the three years since the audit started in 2019. At the time of this audit, Serve DC did not and still could not provide FBI Fingerprint Check documentation supporting the payroll and administrative costs of staff claimed, therefore the questioned Federal costs of \$35,496 remain as reported.

Recommendation 14 – Serve DC has asked the OIG to reconsider the recovery of Federal costs and disallowance of match funds due to the changes that Serve DC has made in the three years since the audit started in 2019. At the time of this audit, Serve DC did not and still could not provide accounting records supporting the claimed Federal and match costs, therefore the questioned Federal costs of \$82,345 and match costs of \$83,796 remain as reported.

Recommendation 17 – Serve DC has asked the OIG to reconsider the recovery of Federal costs due to the changes that Serve DC has made in the three years since the audit started in 2019. At the time of this audit, Serve DC did not and still could not provide documentation supporting the member living allowance for the claimed Federal costs, therefore the questioned Federal costs of \$8,418 remain as reported.

Performance Audit of Grants Awarded to Serve DC
APPENDIX E: AMERICORPS COMMENTS



To: Monique P. Colter
Assistant Inspector General for Audit

From: Edris Shah, Deputy Director, Office of Audit and Debt Resolution

Cc: Stephen Ravas, Acting Inspector General
Selena Vidale, Audit Manager, Office of Inspector General
Sonali Nijhawan, Director, AmeriCorps State and National
Jennifer Bastress Tahmasebi, Deputy Director, AmeriCorps State and National
Malena Brookshire, Chief Financial Officer
Jill Graham, Chief Risk Officer
Iyauta Green, Director, Office of Grant Administration
Amy Hetrick, Deputy Director, Office of Grant Administration
Erin McGrath, Director, Office of Regional Operations
Blake Fetrow, Senior Attorney Advisor, Office of General Counsel
Rachel Turner, Audits and Investigations Manager
Caroline Fernandez, Acting Director, Office of Monitoring

Date: December 20, 2023

Subject: Response to Draft Report on OIG Audit Report 24-06, Performance Audit of AmeriCorps Grants Awarded to Serve DC

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SHAH

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by EDRIS SHAH
Date: 2023.12.20
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AmeriCorps thanks the Office of the Inspector General for their work in performing this audit and issuing the draft report. In the draft report, the OIG identified four findings and 18 recommendations. The comments below summarize AmeriCorps' initial response. AmeriCorps will make its final determination for all findings, recommendations, and questioned costs after receipt of the final report and after reviewing the auditors' working papers and grantee's corrective action plans. We will work with the grantee staff to ensure their corrective actions adequately address all findings and recommendations.

Finding 1: Commission's and Subgrantee's Inadequate Documentation for Personnel Expenses

The auditors found that Serve DC and JumpStart could not support its personnel expenses claimed were allowable, reasonable, and allocable costs for the AmeriCorps State grant since timesheets were either missing or did not include required signatures of approval.

Auditors recommend that AmeriCorps:

1. Require Serve DC to implement, or verify that Serve DC implemented, internal controls ensuring timecards are signed by employees and supervisors and retained to support the payroll costs charged and claimed on the AmeriCorps grants.
2. Recover the total payroll questioned costs of \$433,625 in Federal costs and disallow \$308,090 in match costs related to missing timecards, missing supervisory signatures, and missing employee signatures related to CAH grants (16CAHDC001 and 19CAHDC001), TTA grant (16TAHDC001), and





VGF grant (17VGHDC001). Also, disallow \$43,349 in match costs for the ACH grant (18ACHDC001) claimed by JumpStart.

3. Require, or verify that Serve DC has since implemented, policies and procedures that appropriately cite or reference CFR Cost Principles to claim allowable, reasonable, and allocable costs.
4. Require, or verify that Serve DC has implemented, controls to obtain and maintain supporting documentation for all staff costs.

Management Response: AmeriCorps concurs with the finding and the recommendations. AmeriCorps will work with the grantee to enhance internal controls, ensuring proper documentation for personnel expenses. AmeriCorps will take appropriate actions to recover the identified questioned costs of \$433,625 in Federal costs and disallow \$308,090 in match costs related to missing timecards and missing supervisory signatures for CAH grants (16CAHDC001 and 19CAHDC001), TTA grant (16TAHDC001), and VGF grant (17VGHDC001). Additionally, AmeriCorps will also disallow \$43,349 in match costs for the ACH grant (18ACHDC001) claimed by JumpStart. AmeriCorps will work closely with the grantee to ensure they implement policies and procedures that correctly references the CFR Cost Principles, ensuring that claimed costs are allowable, reasonable, and allocable. Furthermore, AmeriCorps will ensure the grantee has established effective controls to acquire and maintain supporting documentation for all staff expenses.

Finding 2: Commission's In-Kind Match Costs Insufficiently Supported

The auditors found that Serve DC could not support that its in-kind match costs claimed were allowable, reasonable, and allocable costs for the AmeriCorps State grant. Serve DC provided insufficient supporting documentation and was unable to provide accounting records for the tested claimed match in-kind costs.

Auditors recommend that AmeriCorps:

5. Require Serve DC to develop and implement policies and procedures to appropriately track in its accounting system and obtain supporting documentation for all in-kind match costs associated with AmeriCorps grants and from within the DC government and third parties.
6. Disallow the \$266,350 of match in-kind costs claimed on the Federal Financial Report related to the VGF grant (17VGHDC001). In addition, determine if Serve DC was able to meet the match requirement pertaining to the Federal costs claimed for the VGF grant (17VGHDC001) upon Serve DC's submission of the final Federal Financial Report and recover those Federal costs for which match costs were not provided.

Management Response: AmeriCorps concurs with the finding and the recommendations. AmeriCorps will require Serve DC to develop and implement policies and procedures to track and obtain supporting documentation for all in-kind match costs. Additionally, AmeriCorps will disallow the \$266,350 of unsupported in-kind match costs. AmeriCorps will also ensure that the grantee meets the match cost requirements for the Volunteer Generation Fund grant and will recover any Federal costs where the necessary match costs were not fulfilled.

Finding 3: Commission's Inadequate Accounting Records and Subgrantee's Inadequate Criminal History Checks



The auditors found that Serve DC's accounting records did not reconcile to costs claimed on its FFR. Specifically, Serve DC was unable to provide transaction level detail from their accounting records to support \$297,407 (96 percent) of the total \$310,783 Federal costs and \$131,302 match costs claimed as other direct costs³³ on its FFRs for the Administrative, Training and Technical Assistance, and Volunteer Generation Funds grants.

Auditors recommend that AmeriCorps:

7. Require that Serve DC implement policies and procedures that require documentation identifying the source and use of funds by batch and for each transaction.
8. Recover \$297,407 in Federal costs and disallow \$131,302 in match costs due to unsupported other direct costs.
9. Require Serve DC to implement controls to verify that subgrantees are performing the National Sex Offender Public Website Program (NSOPW) searches, including FBI Fingerprint, and documenting their verification of the government-issued photo IDs for all required individuals.
10. Recover the total questioned Federal costs of \$66,605 and disallow match costs of \$3,284 for payroll and administrative costs for grant (18AFHDC001) due to no National Sex Offender Public Website Program Search.
11. Recover the total questioned Federal costs of \$6,159 and disallow match costs of \$650 for payroll and administrative costs for grant (18AFHDC001) due to no DC Criminal Background Check.
12. Recover the total questioned Federal costs of \$35,496 for payroll and administrative costs for grant (18AFHDC001) due to No FBI Fingerprint Check.

Management Response: AmeriCorps concurs with the finding and the recommendations. AmeriCorps will require the grantee to implement policies and procedures that require clear documentation identifying the source and use of funds by batch and for each transaction. AmeriCorps will recover \$297,407 in Federal costs and disallow \$131,302 in match costs. Furthermore, AmeriCorps will ensure the grantee implements controls to verify subgrantees are performing the National Sex Offender Public Website Program (NSOPW) searches, including FBI Fingerprint, and recording their verification of applicable documentation for all required individuals. AmeriCorps will recover \$66,605 in Federal costs and \$3,284 in match costs for missing NSOPW searches, \$6,159 in Federal costs and \$650 in match costs for absent DC Criminal Background Checks, and \$35,496 in Federal costs for missing FBI Fingerprint Checks for grant (18AFHDC001).

Finding 4: Commission's and Subgrantee's Insufficient Internal Controls Result in Under or Excess Reporting Costs

The auditors found that Serve DC did not have effective internal controls over financial reporting including reconciling costs recorded in the accounting records with the costs reported on the FFR for each grant. Serve DC's accounting records did not match with its FFRs reported to AmeriCorps.

Auditors recommend that AmeriCorps:

13. Require Serve DC to implement controls to prepare reports that support and reconcile to the amounts reported to AmeriCorps eGrants. Serve DC should also establish controls to reconcile and



document costs recorded in the accounting record to the costs reported on the Federal Financial Report for each grant.

14. Recover \$82,345 in questioned Federal costs and disallow \$83,796 in claimed match costs not supported by the accounting records.
15. Require that Serve DC develop and implement a mandatory training program including a tracking system to ensure that all subgrantees' staff have training, capability, and assistance to enter their budgets and costs into its reporting system to meet reporting requirements timely.
16. Instruct Serve DC to develop and implement procedures and controls to prevent future drawdowns in excess of incurred costs.
17. Recover the questioned Federal costs of \$8,418 for member living allowance and support for grant (18AFHDC001).
18. Verify that Serve DC implements controls to ensure that subgrantees are applying costs for member living allowance in accordance with the approved budget in their accounting records and in PERs.

Management Response: AmeriCorps concurs with the finding and recommendations. AmeriCorps will work with the grantee to ensure their financial reporting aligns with financial management system standards. AmeriCorps will ensure the grantee establishes controls to reconcile and document costs recorded in the accounting record with those reported on the grantee's Federal Financial Report and in AmeriCorps eGrants. AmeriCorps will recover \$82,345 in questioned Federal costs and disallow \$83,796 in unsupported match costs. AmeriCorps recognizes the need for the grantee to provide improved training and support for subgrantees. AmeriCorps will require the grantee to develop a training program and tracking system to assist subgrantees in meeting timely reporting requirements. AmeriCorps will instruct the grantee to implement procedures to prevent future financial drawdowns exceeding incurred costs. Furthermore, AmeriCorps will recover \$8,418 in questioned Federal costs for member living allowance for grant (18AFHDC001) and verify that the grantee enforces controls ensuring subgrantees apply costs for member living allowances in line with the approved budget and accounting records.

**Performance Audit of Grants Awarded to Serve DC
APPENDIX F: SERVE DC AND SUBGRANTEES COMMENTS**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Executive Office of Mayor Muriel Bowser



Mayor's Office of Volunteerism and Partnerships
Serve DC

DATE: 12/20/2023

**SUBJECT: Response to OIG Performance Audit of AmeriCorps Grants Awarded to Serve DC
Draft Audit Report; Number OIG-AR-24-06; dated November 27, 2023**

Serve DC is in receipt of the above-referenced Draft Report. Thank you for the opportunity to provide our responses to it. Serve DC appreciates your observations and welcomes the opportunity to constructively review your feedback and recommendations regarding these important grants. We have responded to each of the eighteen (18) recommendations in turn, below.

In addition to the responses to the specific recommendations, Serve DC would like to highlight the following additional measures that have been implemented to provide the intention and integrity needed to support Serve DC's successful grant finance and oversight:

Leveraging of Key Relationships

Serve DC continues to build and leverage trusted relationships and progress made with the Commission on National and Community Service (CNCS) leadership; including continuing ongoing bi-weekly meetings with America's Service Commission (ASC), ongoing bi-weekly meetings with AmeriCorps Regional Portfolio Manager, and other best-in-class commissions to discuss high priority financial and operations experiences, trends, and solutions, including audit resolutions.

Increased Professional Development and Capacity Building for Staff

On an ongoing and frequent basis, Serve DC registers key staff to participate in federal grants managements professional development and commission capacity building through ASC's opt in trainings and more broadly.

In addition, we have increased staff coverage and performance accountability, especially within program team lead roles, i.e. volunteer engagement, partnerships and engagement and emergency preparedness.

Additional Accountability and Oversight Measures

Serve DC continues to leverage key finance related internal trackers to monitor and add accountability to process and timelines, i.e. reimbursements and PASS and drawdown requests from CNCS. Additionally, the Serve DC Commission has established a sub-committee of existing commissioners, dedicated to providing additional oversight and insight to Serve DC financial grant operations and reporting. We are also actively recruiting additional commissioners with this content expertise for vacant seats.

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Strategic Planning and Partnership Evaluation

We continue to engage in strategic planning and capacity assessment for Serve DC's emergency preparedness program, including the activities, role, and partnership with the Homeland Security and Emergency Management Agency and the ESF-16 community (Emergency Support Function 16 is the group of governmental and certain private sector capabilities in an organizational structure for community alerting to save lives, protect property and the environment and restore essential services).

This OIG audit covered two fiscal years (October 2017- October 2019) of grant costs, an examination of federal and match transactions, and financial and program management protocols and controls. In addition to the responses to the specific recommendations, below, I would also like to highlight the following protocols that have been implemented to mitigate and/or prevent the specific finance and grant operations compliance issues flagged above:

Currently, the Serve DC Finance and Operations team, in partnership with the Office of Finance and Resource Management (OFRM), compares general ledger with Federal Financial Reports (FFRs) on a regular basis to ensure that they are reconciled and matched. We discuss and verify during our monthly budget meetings. We have also implemented internal trackers of our expenses against our budget, FFR drawdown trackers, and detailed budget spending plans.

The Serve DC leadership team participates in monthly agency review team (A.R.T.) meetings that enable us to evaluate P- Card purchases and keep invoices and records of ALL transactions associated with reclassification requests. This includes a newly implemented monthly summary report which includes approved routing sheets, descriptions, quotes, paid invoices, and aligned budget descriptions of all P-Card payments.

In addition, the leadership team leverages internal trackers along with robust one-on-one program guidance to support sub-grantees with submitting timely reimbursements. Delays are captured in site visit notes and via emails to share the implications of such delays in our internal finance operations.

Finally, Serve DC has procured the OnCorps and AirTable online platforms which provide consistency and fidelity in our grant processes. The National Service team is actively working to update this portal with all Serve DC related expenses to provide an additional layer of oversight to OFRM record-keeping.

Regarding subgrantee findings, please see the attached memo from Jumpstart, resulting in a decrease in the obligated amount based on findings significant decrease, as seen below. Unfortunately, Serve DC has not received a response or additional reporting from Inspired Teaching.

Finding 1. Commission's and Subgrantee's Inadequate Documentation for Personnel Expenses

1. **Require Serve DC to implement, or verify that Serve DC implemented, internal controls ensuring timecards are signed by employees and supervisors and retained to support the payroll costs charged and claimed on the AmeriCorps grants.**

Agree - In progress

Since the initial audit began in 2020, Serve DC has implemented a strict time and effort process requiring each staff member whose time is assigned to an AmeriCorps grant to fill out a timecard weekly. These time and Effort (T&E) sheets corroborate with the DCHR timesheets

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submitted bi-weekly. Since implementing the process, all employees have received instructions on how to accurately complete their T&E to ensure compliance with AmeriCorps rules and regulations currently. T&E sheets are stored to be reviewed against claimed costs if needed. A dedicated staff person handles time and Effort reporting and is due weekly. Serve DC is 100% compliant with T&E based on internal audits and quality assurance measures.

Current Serve DC T&E Snapshot:

Department :		Communications		Employee ID:	118618
Employee Name:				Supervisor:	
Pay Period Beginning:	1/1/2023				
Pay Period Ending:	1/14/2023				
Pay Period:	2				
				SUN	MON
	Funding Source:	Percentage	Date:	1/1/2023	1/2/2023
Funding Source 1:	SHSP	50%			4.0
Funding Source 2:	CSG/PDAT	40%			3.0
Funding Source 3:	Local	10%			1.0
Funding					

2. Recover The total payroll questioned costs of \$433,625 in Federal costs and disallow \$308,090 in match costs related to missing timecards, missing supervisory signatures, and missing employee signatures related to CAH grants (16CAHDC001 and 19CAHDC001), TTA grant (16TAHDC001), and VGF grant (17VGHDC001). Also recover payroll questioned costs of \$70,020 in Federal costs and disallow \$43,349 in match costs related to missing timecards for the ACH grant (18ACHDC001) claimed by JumpStart.

Disagree

Serve DC has implemented new and increased checks and balances and protocols, including requesting entities that provide in-kind services, space, etc., to provide detailed time and effort,

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payroll documentation, invoices, and appraisal reports to verify donated goods and services. Additionally, we conduct internal random audits of grant information to ensure that documentation is complete and readily available. Also, JumpStart has submitted a response to the findings and provided further documentation, allowing for decreased fines and findings (See Memo Attached). Furthermore, Serve DC satisfied requirements at the time and it would be unfair at this stage to recover funds based on inadequate documentation from several years ago.

3. **Require, or verify that Serve DC has since implemented, policies and procedures that appropriately cite or reference CFR Cost Principles to claim allowable, reasonable, and allocable costs.**

Agree - in progress

In 2019, Serve DC created the Program Director Handbook (2023 updated version is attached). It is a guiding document for subrecipients and their staff to use to promote subrecipient compliance. Among the many sections of this handbook, AmeriCorps Financial Management is a featured section. The pertinent sections of the Code of Federal Regulations (CFR) are noted in relation to allowable costs and recommendations are made to subrecipients as to systems and processes that are necessary for effective grant compliance. Allowable and unallowable costs are clearly outlined. Grantee program administrators are required to read the handbook on an annual basis and the Serve DC team updates the handbook as needed to account for any changes to the pertinent sections of the CFR.

4. **Require, or verify that Serve DC has implemented, controls to obtain and maintain supporting documentation for all staff costs.**

Agree - in progress.

Serve DC has implemented preventative measures to accurately account for employee time and attendance, including in-kind match costs and supporting documentation for all grantees, by following the below implementations: Serve DC employees must complete and submit time and effort sheets to the Deputy Director of Finance and Compliance weekly for approval. The allocated time coincides with the grant documentation (Budget Narrative) allocations.

Serve DC's National Service Team reviews subgrantee invoice packets to ensure that legible and accurate receipts accompany all staff costs as a stipulation of being approved and paid for the month's reimbursement. Serve DC has implemented policies and procedures to reference all allowable costs related to granted funds. We are also completing standard operating procedures for use when reviewing invoices received. All current and new employees will have access to this document.



A. Grantee Name	Invoice Month	Invoice Amount	Invoice Phase	Status	Contact Date	Signed Invoice
Project						
Competitive	Count 25	Sum \$895,220.24				
Grantee Name						
Jumpstart for Young Child	12	Sum \$644,916.00				
Jumpstart for Young Children						
6	January 22	\$61,087.18	Phase 22	Paid		
7	February 22	\$54,478.04	Phase 22	Paid		
8	March 22	\$90,972.95	Phase 22	Paid		
9	April 22	\$90,030.14	Phase 22	Paid		
10	May 22	\$120,609.06	Phase 22	Paid		
11	June 22	\$82,194.05	Phase 22	Paid		
12	July 22	\$75,117.45	Phase 22	Needs Follow Up		
13	August 22	\$14,921.71	Phase 22	Paid		
14	September 22	\$8,625.71	Phase 22	Paid		
15	October 22	\$12,775.49	Phase 22	Paid		
16	November 22	\$21,182.00	Phase 22	Paid		
17	December 22	\$72,125.56	Phase 22	Paid		

The image above shows a snapshot of the Airtable platform Serve DC implemented at the beginning of 2023 to track the work related to its AmeriCorps grants further. Airtable acts as a repository of grantee information, separate from e-grants, that allows Serve DC to double-check accounting records for accuracy. The team also uses this platform to track subrecipient due dates, progress toward goals, and essential staff costs and budgets.

Finding 2. Commission's In-Kind Match Costs Insufficiently Supported

- Require Serve DC to develop and implement policies and procedures to appropriately track in its accounting system and obtain supporting documentation for all in-kind match costs associated with AmeriCorps grants and from within the DC government and third parties.

Agree - in progress.

Serve DC has implemented new and increased checks and balances around matched funds, considering lessons learned. These protocols include requesting entities that provide in-kind services, space, etc, to provide detailed time and effort, payroll documentation, invoices, and appraisal reports to verify donated goods and services. Also, all documentation will be attached to all grant-related records.

Additionally, Serve DC will note and confirm the presence of matched sources with intra-District agencies if subgrantees identify sources within the District. Finally, we conduct internal random audits of grant information to ensure documentation is complete and readily available.

- Disallow the \$266,350 of match in-kind costs claimed on the Federal Financial Report related to the VGF grant (17VGHDC001). In addition, determine if Serve DC was able to meet the match requirement pertaining to the Federal costs claimed for the VGF grant (17VGHDC001) upon Serve DC's submission of the final Federal Financial Report and recover those Federal costs for which match costs were not provided.

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Disagree

New and increased checks and balances and protocols include requesting entities that provide in-kind services, such as staff time matches, to provide detailed time and effort and payroll documentation, invoices, and appraisal reports to verify donated goods and services.

Additionally, we conduct internal random audits of grant information to ensure that documentation is complete and readily available.

Finding 3. Commission's Inadequate Accounting Records and Subgrantee's Inadequate Criminal History Checks

7. Require that Serve DC implement policies and procedures that require documentation identifying the source and use of funds by batch and for each transaction.

Agree - in progress

Currently, the Serve DC leadership team participates in monthly A.R.T. meetings that enable us to evaluate P-Card purchases and keep robust invoices and records of ALL transactions associated with reclassification requests. In addition, we utilize internal trackers that reconcile approved budgeted items against all expenditures with appropriate documentation.

8. Recover \$297,407 in Federal costs and disallow \$131,302 in match costs due to unsupported other direct costs.

Disagree

Considering the extensive changes that Serve DC has made during the three-year hiatus of this audit, I ask that the OIG respectfully reconsiders the recovery of Federal costs and disallowance of match funds. Furthermore, Serve DC satisfied requirements at the time and it would be unfair at this stage to recover funds based on inadequate documentation from several years ago.

9. Require Serve DC to implement controls to verify that subgrantees are performing the National Sex Offender Public Website Program (NSOPW) searches, including FBI Fingerprint, and documenting their verification of the government-issued photo IDs for all required individuals.

Agree - in progress.

After the initial audit, Serve DC implemented a policy in which all sub-recipients must submit NSOPW and National Service Criminal History Check (NSCHC) verifications with the first reimbursement request of the year for all newly entered AmeriCorps members. Serve DC staff review these at the beginning of the grant period and randomly throughout the year. Serve DC also requires NSOPW and NSCHC materials to be provided to staff during yearly site visits and desk audits.

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10. Recover the total questioned Federal costs of \$66,605 and disallow match costs of \$3,284 for payroll and administrative costs for grant (18AFHDC001) due to no National Sex Offender Public Website Program Search.

Disagree

Considering the extensive changes that Serve DC has made during the three-year hiatus of this audit, I ask that the OIG respectfully reconsiders the recovery of Federal costs and disallowance of match funds.

11. Recover the total questioned Federal costs of \$6,159 and disallow match costs of \$650 for payroll and administrative costs for grant (18AFHDC001) due to no DC Criminal Background Check.

Disagree

Considering the extensive changes that Serve DC has made during the three-year hiatus of this audit, I ask that the OIG respectfully reconsider the recovery of Federal costs and disallowance of match funds. Furthermore, there is no evidence of anyone not having undergone a background check; we just weren't able to provide proof of the required checks.

12. Recover the total questioned Federal costs of \$35,496 for payroll and administrative costs for grant (18AFHDC001) due to No FBI Fingerprint Check.

Disagree

Considering the extensive changes that Serve DC has made during the three-year hiatus of this audit, I ask that the OIG respectfully reconsiders the recovery of Federal costs and disallowance of match funds.

Finding 4. Commission's and Subgrantee's Insufficient Internal Controls Result in Under or Excess Reporting Costs

13. Require Serve DC to implement controls to prepare reports that support and reconcile to the amounts reported to AmeriCorps eGrants. Serve DC should also establish controls to reconcile and document costs recorded in the accounting record to the costs reported on the Federal Report for each grant.

Agree - In progress

Currently, the Serve DC Finance and Operations team, in partnership with OFRM, compares the general ledger with FFRs regularly to ensure that they are reconciled and matched. We discuss and verify this during our monthly budget meetings. We have also implemented internal trackers of our expenses against our budget, FFR drawdown trackers, and detailed budget spending plans.

14. Recover \$82,345 in questioned Federal costs and disallow \$83,796 in claimed match costs not supported by the accounting records.

Disagree

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Considering the extensive changes that Serve DC has made during the three-year hiatus of this audit, I ask that the OIG respectfully reconsiders the recovery of Federal costs and disallowance of match funds.

- 15. Require that Serve DC develop and implement a mandatory training program including a tracking system to ensure that all subgrantee staff have training, capability, and assistance to enter their budgets and costs into its reporting system to meet reporting requirements timely.**

Agree - in progress

Serve DC requires all subrecipients to complete training covering how to create and upload a budget to OnCorps that meets AmeriCorps standards. In addition, Serve DC works with first-time grantees 1:1 to go through relevant topics related to the pertinent sections of the CFR so that grantees comply with reporting requirements.

- 16. Instruct Serve DC to develop and implement procedures and controls to prevent future drawdowns more than incurred costs.**

Agree - in progress

In 2023, Serve DC began implementing the Airtable platform to assist its National Service Team track AmeriCorps programs. Monthly reimbursements are tracked within this system and matched against monthly accounting reports to ensure that drawdowns match costs incurred by our sub-recipients. Additionally, the system helps Serve DC follow when subrecipients submit reimbursements to ensure that programs comply with AmeriCorps rules and regulations. Also, the District of Columbia government has implemented a new financial system called DIFS. One of the functions of DIFS is that Serve DC can pull reports at any time to ensure that we are monitoring the grantee spending and that drawdowns match the tracked expenditures.

- 17. Recover the questioned Federal costs of \$8,418 for member living allowance and support for grant (18AFHDC001).**

Disagree

Considering the extensive changes that Serve DC has made during the three-year hiatus of this audit, I ask that the OIG respectfully reconsiders the recovery of Federal costs and disallowance of match funds.

- 18. Verify that Serve DC implements controls to ensure that subgrantees are applying costs for member living allowance in accordance with the approved budget in their accounting records and in periodic expense reports.**

Agree - In progress

Serve DC requires sub-recipient PERs to be reviewed by three staff members before they are countersigned and returned to subrecipients for upload and payment. This triple-level review process ensures that no unallowable costs are present and that all documented costs align with the initial application's budget.

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Conclusion

Serve DC CURRENT Protocols & Operations: Currently, we have one dedicated Serve DC staff member who collects and verifies signatures for time and efforts weekly for ALL staff. These reports and any issues are then shared and validated regularly by our Deputy Director of Finance & Operations.

Serve DC is compliant based on our internal audits and quality assurance measures. Furthermore, the District has a broader set of financial systems controls that help to ensure the integrity of our financial operations. Within the Office of the City Administrator, the Office of Budget and Performance Management both plays a leadership role and assists on all matters relating to budget and performance; the Office of the Chief Financial Officer enjoys a measure of autonomy and provides a further level of accountability for every disbursement made in the District government. Our finances, like those of every agency, are subject to annual audit, previously known as the Comprehensive Annual Financial Report (CAFR), now known as the Annual Comprehensive Financial Report (ACFR) and we have no management findings or material defects noted in the CAFR/ACFR. And the Council of the District of Columbia provides rigorous budget and performance oversight. None of these agencies – in addition to the regular programmatic oversight from the Corporation for National Public Service – faulted the processes we had in place at the time, and we’ve taken numerous steps as outlined above to fix every problem identified in this thorough audit. Admittedly, our ability to produce records from the 2019 period was wanting for this federal OIG audit. But with new staff and better systems in place, we are confident that the dollars spent through the AmeriCorps program are properly accounted for and any recovery of funds from that time period would come at the expense of worthy District programs.

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Jumpstart DC Audit Response

December 14, 2023

In response to the finding in the audit of the DC Commission where Jumpstart's costs were examined, we dispute the conclusion that any direct or match costs should be disallowed. Jumpstart has payroll journals with a clear statement of percentage of effort for each person billed to the grant included. This is the required standard for time and effort reporting and should be acceptable. When Jumpstart provided the documentation to the auditors again (as it was provided in the initial audit process) it addressed the questionable costs to a degree that it resulted in a decrease and the report was reissued.

Therefore, Jumpstart respectfully requests the opportunity to provide this documentation directly to the commission to use in the report resolution process. Because we believe the documentation provided is sufficient, we request details of exactly what prohibits its acceptance and what standard must be met. If this occurs, we would like the opportunity to provide alternative documentation at that time to support our claim that these costs are allowable and were appropriately submitted.

In the future, we will ensure the documentation we provide for any personnel costs is highlighted so that the time or effort reporting is easy to identify. Because we believe our documentation is appropriate and sufficient, we hope this step will make it easier to reconcile and therefore eliminate any dispute over questionable costs.

Please let us know how to proceed in providing backup documentation for the personnel match costs in order to ensure the finding is resolved.



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