



AmeriCorps
Office of Inspector General

**Audit of AmeriCorps' Grants Awarded to
Puerto Rico Commission for
Volunteerism and Community Service**

Final Audit Report

Number: OIG-AR-23-07

March 27, 2024

AUDIT REPORT SUMMARY

AmeriCorps' Grants Awarded to Puerto Rico Commission

Date: March 27, 2024

Report No. OIG-AR-23-07



Why We Conducted This Audit

The Office of Inspector General of AmeriCorps (AmeriCorps OIG) contracted with Sikich CPA LLC (Sikich) to conduct a performance audit of Federal assistance funds granted to the Puerto Rico Commission for Volunteerism and Community Service (the Commission). The audit objective was to determine whether AmeriCorps-funded Federal assistance provided to the Commission was expended in accordance with grant terms and provisions, laws, and regulations and to report on compliance, controls, and questioned costs.

How We Performed the Audit

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

Audit Findings

The audit report includes \$625,446 in questioned costs, including \$179,357 in Federal costs, \$386,448 in match costs, and \$59,641 in education awards that the Commission reported on AmeriCorps grants. Significant questioned costs include:

- \$312,144 in inadequately supported Federal and match costs.
- \$100,409 in administrative costs not appropriately reported.
- \$93,625 in costs not supported by accounting system records.
- \$63,097 in costs reported for individuals without appropriate national service criminal history checks.
- \$27,364 in costs reported for individuals who exited early without justifying compelling personal circumstances.
- \$18,887 in costs reported for members that were not appropriately enrolled.

The audit also found non-compliance with AmeriCorps' grant terms and conditions in the below areas but did not question any costs:

- Insufficient subgrantee monitoring.
- Non-compliance with financial management standards.
- Financial reports submitted after reporting due dates.

See [Detailed Audit Findings](#) and [Appendix A](#) for more information.

What We Recommended and Management's Comments

We made recommendations for the Commission and AmeriCorps that focus on improving the Commission's and its subgrantees' administrative and management procedures for monitoring AmeriCorps grants. The Commission concurred with all findings within the report and noted that it has already begun implementing corrective actions consistent with the auditor's recommendations. AmeriCorps acknowledged working with the Commission on its management response and noted it will make its final determination for all findings, recommendations, and questioned costs after receiving the final report and reviewing the auditor's working papers and the Commission's corrective action plan. AmeriCorps' response is attached to this report, in its entirety, in [Appendix E](#) and the Commission's response is attached, in its entirety, in [Appendix F](#).

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REPORT NOTICE – NDAA Requirement

This report is intended solely for the information and use of the AmeriCorps OIG, AmeriCorps, the Prime Grantee and Subgrantees mentioned in this report, 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 to M.Colter@americorpsoig.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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AmeriCorps Office of Inspector General

March 27, 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-23-07:
*AmeriCorps' Performance Audit of Puerto Rico Commission for
Volunteerism and Community Service*

Enclosed is the Office of Inspector General's (OIG) Final Report, OIG-AR-23-07: *AmeriCorps' Performance Audit of Puerto Rico Commission for Volunteerism and Community Service*.

The OIG contracted with the independent certified public accounting firm of Sikich CPA LLC (Sikich, formerly Cotton & Company Assurance and Advisory, LLC), to conduct the Performance Audit of AmeriCorps' Grants Awarded to the Puerto Rico Commission for Volunteerism and Community Service. Sikich is responsible for the attached final report, dated March 27, 2024. We reviewed Sikich'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 Sikich did not comply with the *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. The performance audit was conducted in accordance with the Generally Accepted Government Auditing Standards.

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

cc: Michael D. Smith, Chief Executive Officer
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BACKGROUND

The AmeriCorps Office of Inspector General (AmeriCorps OIG) contracted with Sikich CPA LLC¹ (“Sikich” or “we”), an independent certified public accounting (CPA) firm, to conduct a performance audit of costs claimed by the Puerto Rico Commission for Volunteerism and Community Service (the Commission). The audit objectives were to determine whether AmeriCorps-funded Federal assistance provided to the Commission was expended in accordance with grant terms and provisions, laws, and regulations, and to report on such compliance, controls, and questioned costs as may result from performing the audit.

Since its establishment in 2009 by an executive order² issued to promote volunteerism and community service in Puerto Rico, the Commission has received approximately \$7.4 million in Federal awards from AmeriCorps to pass through to its subgrantees for training, technical assistance, and commission administrative support during the audit period.

During the audit period, the Commission awarded approximately \$7.8 million, approximately \$6 million of which was claimed, to 23 subgrantees, including:

- \$661,736 to Mujeres de Islas, Inc. (MI), a community organization focused on the sustainable development of Culebra.
- \$836,791 to Compañía Integral de la Península de Cantera (CIPC), a non-profit that unites the community, the private business sector, and the government in a joint effort to promote the integral development of Cantera, Puerto Rico.

AUDIT SCOPE

The audit scope included the cumulative costs that the Commission reported on Federal Financial Reports (FFRs) with reporting end dates between September 30, 2019, and September 30, 2021. Specifically, we reviewed \$7,367,186 in Federal expenditures and \$4,845,930 in match expenditures that the Commission reported as cumulative costs on seven AmeriCorps grants (three training and technical assistance [TTA] grants,³ two Commission Support [Administration] grants,⁴ and two AmeriCorps State and National [ASN] grants)⁵ during the two-year period ending September 30, 2021.

¹ Effective December 14, 2023, we amended our legal name from “Cotton & Company Assurance and Advisory, LLC” to “Sikich CPA LLC.”

² Gobierno de Puerto Rico Boletín Administrativo Numero: OE-2009-036.

³ AmeriCorps Grant Numbers 16TAHPR001, 19TAHPR001, 19TAHPR002.

⁴ AmeriCorps Grant Numbers 16CAHPR001, 19CAHPR001.

⁵ AmeriCorps Grant Numbers 16AFHPR001, 19AFHPR001.

We performed cost and compliance testing of the grants to evaluate whether the costs claimed were allocable, reasonable, and allowable per relevant Federal,⁶ AmeriCorps program,⁷ and Commission policies and procedures. Further, since the Commission has granted all the funds it received under its two ASN grants as subgrants,⁸ we also performed testing to evaluate the Commission's subgrantee monitoring procedures, as well as performed cost and compliance testing on \$2,467,415 in costs reported by two Commission subgrantees, MI, and CIPC.

Additional details regarding the audit scope, objectives, and methodology are included within [Appendix B](#).

RESULTS IN BRIEF

The performance audit of the Commission and two of its subgrantees (MI and CIPC) disclosed deficiencies in the grant management environments. These deficiencies resulted in 11 audit findings with \$625,446 in questioned costs (including \$179,357 in Federal costs, \$386,448 in match costs, and \$59,641 in education awards) related to the Commission and its subgrantees' noncompliance with AmeriCorps' Terms and Conditions on seven AmeriCorps grants.

We further noted that the Commission and its subgrantees continue to suffer from areas of weakness that were disclosed in prior OIG and Single Audit reports. Particularly, the Commission continues to lack sufficient:

- Subgrantee monitoring and oversight procedures to ensure that subgrantees maintain sufficient documentation to support: (i) the allowability of direct, match, and facilities and administrative (F&A) costs reported to the Commission; (ii) members' eligibility to participate in the AmeriCorps program; (iii) that members are accurately recording and completing all service hours required to earn education awards; and (iv) that members are appropriately enrolled and exited from the AmeriCorps program.⁹ (Findings 1, 3, 5, 6, 7, 8, and 9)
- Internal controls to ensure that it and its subgrantees: (i) maintain adequate documentation to support Federal and match costs reported within FFRs and Periodic Expense Reports (PERs); (ii) maintain financial management system data that reconcile

⁶ 2 Code of Federal Regulations (C.F.R.) 200, 2 C.F.R. Part 2205; 45 C.F.R., Subtitle B, Chapter XXV, Parts 2520, 2521, 2522, 2524, 2526, 2527, and 2540.

⁷ AmeriCorps General Grant and Cooperative Agreement Terms and Conditions (2016, 2017, 2018, 2019, 2020, and 2021), Terms and Conditions for AmeriCorps State and National Grants (2016, 2017, 2018, 2019, 2020, and 2021), Terms and Conditions for Commission Support Grants (2016, 2017, 2018, 2019, 2020, and 2021), and Terms and Conditions for Training and Technical Assistance Commission Investment Fund Grants (2016, 2017, 2018, 2019, 2020, and 2021).

⁸ The Commission awarded ASN grant funding to 23 organizations to recruit, train, and place AmeriCorps members.

⁹ Previous AmeriCorps OIG audits with audit periods of 2000-2005 identified various issues with subgrantee monitoring, member eligibility, and the allowability of payments.

to the amounts reported within submitted FFRs and PERs; and (iii) maintain financial systems adequate to track Federal grant expenditures.¹⁰ (Findings 2, 4, and 10)

- Internal controls to ensure that it and its subgrantees submit financial reports by the required due dates.¹¹ (Finding 11)

Sikich has included a summary of the performance audit findings, including all questioned costs, in [Appendix A](#). We have described each finding in the [Detailed Audit Findings](#) section below.

DETAILED AUDIT FINDINGS

Finding 1: Insufficient Subgrantee Monitoring

AmeriCorps' Terms and Conditions and Federal regulations require that all pass-through entities evaluate each subgrantee's risk of noncompliance and monitor the activities of each subgrantee to ensure compliance with relevant regulations.¹² The Commission did not have support showing that it assessed risk or performed risk-based monitoring of 18 subgrantees that were awarded \$4,316,935 under its 2016 and 2019 ASN grants for program year (PY) 2018–2019, 2019–2020, and 2020–2021 activities. For the period under review, we found the Commission did not:

- Evaluate the risk of noncompliance with grant terms and conditions and determine the type of monitoring activities that would be appropriate for any of the 18 subgrantees.
- Perform risk-based monitoring activities consistent with its subgrantee monitoring policies for 15 of the 18 subgrantees.

Causes for Finding 1

These conditions occurred because the Commission did not use the Risk Assessment Tool¹³ designed to assess each subgrantee's risk of noncompliance or to develop its annual subgrantee monitoring plans, as would be consistent with its risk-based monitoring procedures.¹⁴ Additionally, the Commission did not have sufficient controls to ensure it performed—or documented its performance of—its annual subgrantee monitoring activities each PY.

¹⁰ The 2017 and 2018 *Commonwealth of Puerto Rico Office of the Governor Single Audit Reports* identified various findings specifically related to AmeriCorps grants and the Commission's internal controls over compliance.

¹¹ The 2018 *Commonwealth of Puerto Rico Office of the Governor Single Audit Report* indicated that a Federal report was submitted late.

¹² 2 C.F.R. § 200.332(b)-(d); 45 C.F.R. § 2522; AmeriCorps' FYs 2018–2021 *General Grant and Cooperative Agreement Terms and Conditions*, Section III.A.2.

¹³ The Commission's *Herramienta de Evaluación de Riesgo Programmas AmeriCorps State* states that the Commission Program Officer will utilize its Risk Assessment Tool to assess the risks associated with each sub-beneficiary using weighted risk factors.

¹⁴ The Commission's Puerto Rico AmeriCorps State Policy and Procedure Manual, Section II.f. Risk Based Monitoring Modules.

As a result, the Commission performed subgrantee monitoring for two AmeriCorps awards that did not comply with relevant requirements. The issues identified in this finding contributed to the noncompliance with relevant grant regulations and reporting unallowable costs, as detailed in Findings 2 through 11.

Recommendations

We recommend that AmeriCorps:

1. Instruct its Office of Regional Operations to implement an oversight mechanism to ensure that the Commission:
 - a. Performs and documents the results of subgrantee risk assessments.
 - b. Performs and documents annual subgrantee monitoring activities.
 - c. Communicates subgrantee performance measures.
 - d. Evaluates subgrantee performance against communicated performance measures.
2. Require the Commission to update its *AmeriCorps State Policy and Procedure Manual* to state that the Commission must base its subgrantee monitoring plans on each subrecipient's risk of noncompliance, including risks regarding potential fraud and conflicts of interest.

Finding 2: Inadequately Supported Federal and Match Costs

Federal regulations state that, for a cost to be allowable, it "must be necessary and reasonable for the performance of the Federal grant, be allocable to the grant charged, be charged consistent with organizational policies, and be adequately documented."¹⁵ Neither the Commission nor its subgrantees provided adequate documentation to support the allowability of \$52,919 in Federal costs and \$259,225 in match costs reported in FFRs¹⁶ submitted for two Administrative grants and two ASN grants.¹⁷ We found the following:

- The Commission and MI could not support that \$5,204 in Federal and \$92,439 in match salaries and fringe benefit costs were based on the actual effort employees dedicated to awards, or in compliance with organizational policies.¹⁸

¹⁵ 2 C.F.R. § 200.403-405.

¹⁶ AmeriCorps recipients submit FFRs to support the funds they have drawn down on AmeriCorps grants, consistent with AmeriCorps program-specific terms and conditions.

¹⁷ AmeriCorps Grant Numbers 16CAHPR001, 19CAHPR001, 16AFHPR001, and 19AFHPR001.

¹⁸ 2 C.F.R. § 200.430-431.

- The Commission and MI could not support that \$87,862 in match other program operating costs¹⁹ were charged at amounts consistent with organizational policies, supported by receipts, and reasonable or consistent with amounts paid for similar items.²⁰
- The Commission and MI could not support that \$66,738 in match consultant costs were within the scope of the grant, consistent with a contractual agreement, and reported at amounts that were reasonable and consistent with amounts paid for similar services.²¹
- The Commission, MI, and CIPC could not support that \$35,111 in Federal supply costs and \$6,286 in match supply costs were charged at amounts consistent with organizational policies, supported by receipts, and reasonable or consistent with amounts paid for similar items.²²
- MI and CIPC could not support that \$9,914 in Federal training and \$5,900 in match training costs were charged based on the relative benefits the grants received and were procured following organizational policies.²³
- MI could not support that \$2,690 in Federal travel costs were necessary to support the Federal grant and incurred consistent with organizational travel policies.²⁴

The details for each finding are as follows:

2a. Inadequately Supported Salaries and Fringe Benefit Costs

The Commission provided accounting system detail supporting \$41,514 in salaries that it reported as match costs that the Government of Puerto Rico contributed for the 2016 and 2019 Administrative grants; however, the support for the \$41,514 salaries reported for the Puerto Rico Government Finance Director, the Administrative Assistant and First Lady Office Director, the Commission's former Executive Director, the Commission's Program Coordinator, and the Executive Administrator did not demonstrate that the charges were consistent with the employees' appointments or based on the actual time or effort the employees dedicated to the grant. The Commission also noted that the timesheets for these employees did not support the salary amounts charged and that effort reports (required by the Commission for employees to describe activities performed for the grant) for the employees were not available.

¹⁹ Per AmeriCorps' *ASN 2020 Application Instructions (Office of Management and Budget Control #3045-0047)*, other program operating costs include office space rental, utilities, telephone, internet, and other expenses that are not part of the organization's indirect cost allocation pool.

²⁰ 2 C.F.R. § 200.306, 403-405.

²¹ *Id.* § 200.306, 404, 459.

²² *Id.* §200.403, 405, 453.

²³ *Id.* § 200.306, 403.

²⁴ *Id.* § 200.474.

The Commission further provided accounting system detail to support \$654 in fringe benefit expenses reported as Federal costs on its 2016 Administrative grant. However, the Commission did not provide support demonstrating that it applied the \$654 in fringe benefits at a rate of 15.275 percent, consistent with its organizational policy,²⁵ or that it applied the fringe benefits to salary expenses that it calculated based on each employee's approved salary.

MI provided payroll documentation to support \$4,550 in salary and fringe benefit expenses reported as Federal costs and \$50,925 in salary and fringe benefit expenses reported as match costs on the 2016 and 2019 ASN grants. This amount included salaries for four AmeriCorps supervisors and a maintenance employee; however, MI did not provide support demonstrating that the salaries charged were consistent with each employee's appointment or based on the actual effort the employees dedicated to the grant.

As a result, we questioned \$5,204 in Federal salary and fringe expenses and \$92,439 in match salary and fringe expenses reported on the 2016 and 2019 Administrative and ASN grants.

2b. Inadequately Supported Other Program Operating Costs

The Commission provided accounting details to support \$66,262 in office space rental, utility, and parking expenses reported as match costs contributed by the Government of Puerto Rico on the 2016 and 2019 Administrative grants. However, the Commission did not provide support demonstrating that the basis of these charges were the actual costs incurred or allocated to the grants based on the relative benefits that the grants received. The Commission further noted that it would be unable to provide invoices to support the amounts charged because these costs relate to services provided by the Government of Puerto Rico and managed by the Government of Puerto Rico's Office of Management and Budget.

MI provided completed in-kind contribution forms to support \$21,600 in office space rental expenses reported as match costs on the 2016 and 2019 Administrative grants. The documentation does not support that the \$7,200 it reported each year as the value of the annual office space rental it received from Municipality of Culebra was reasonable or consistent with amounts paid for similar spaces.

As a result, we questioned \$87,862 in match other program operating expenses reported on the 2016 and 2019 Administrative and ASN grants.

2c. Inadequately Supported Consultant Service Costs

The Commission provided a Contractual and Consultant Services document to support \$3,000 in volunteer consultant expenses reported as match costs on the 2019 Administrative grant. However, the Commission did not provide consulting agreements or other type(s) of

²⁵ The Commission stated that its Office of Human Resources established a 15.275 percent contribution rate for the government pension fund.

documentation to support how it calculated the value of the services donated by four external peer reviewers, which ranged from \$600 to \$800 per person.

MI provided invoices from individuals to support \$63,738²⁶ in consultant expenses reported as match costs on the 2016 and 2019 ASN grants. These expenses were reported by individuals that served as MI's Organizational and Administrative Coordinators. MI did not provide support demonstrating that the charges were for services performed within the scope of the grant, charged at a rate consistent with a contractual agreement, or procured and paid after receiving the approvals required by MI policies.²⁷ While MI billed hourly rates (which ranged from \$75 to \$100 per hour) consistent with the award budget, the rates do not appear reasonable²⁸ when compared to the hourly rates paid to employees who held similar administrative positions on other AmeriCorps awards (which ranged from \$16 to \$69 per hour, with an average hourly rate of \$29 per hour).

As a result, we questioned \$66,738 in match consultant costs reported on the 2019 Administrative grant and the 2016 and 2019 ASN grants.

2d. Inadequately Supported Supply Costs

The Commission provided in-kind contribution forms to support \$3,636 in supply expenses reported as match costs on the 2016 and 2019 Administrative grants. The receipts and other documentation the Commission attached to the contribution forms did not demonstrate that the amounts charged were based on the actual cost of the supplies, allocated based on the relative benefits the grants received or necessary to achieve grant objectives.

MI provided receipts to support \$34,811²⁹ in supply expenses reported as Federal costs and \$600 in supply expenses reported as match costs on the 2016 and 2019 ASN grants. The receipts alone did not provide sufficient information to demonstrate that the supplies purchased were reasonable and necessary to achieve the award objectives, allocated to grants based on the relative benefits received or purchased after receiving the approvals required per MI policies.³⁰

CIPC provided completed in-kind contribution forms to support \$300 in supply expenses reported as Federal costs and \$2,050 in supply expenses reported as match costs on the 2019 ASN grant. CIPC did not support that the \$2,350 in supply expenses was based on the actual price of the supplies purchased, that it had allocated the costs to the grant based on the relative benefits the

²⁶ Although our sample included an additional \$33,320 in inadequately supported consultant expenses paid to the same consultants in December 2020, because the Commission did not reimburse MI for the costs it reported on its December 2020 PER, we did not question these costs.

²⁷ MI's *Manual de Procedimientos y Políticas, Procedimientos Fiscales*.

²⁸ 2 C.F.R. § 200.404.

²⁹ Although we identified an additional \$11,130 in inadequately supported supply expenses that MI claimed as Federal costs in December 2020, we did not question these costs because the Commission did not reimburse MI for the costs reported on its December 2020 PER.

³⁰ MI's *Manual de Procedimientos y Políticas, Procedimientos Fiscales*.

grant received, or that the amount charged was reasonable or consistent with amounts paid for similar supplies.

As a result, we questioned \$35,111 in Federal supply expenses and \$6,286 in match supply expenses reported on the 2016 and 2019 Administrative and ASN grants.

2e. Inadequately Supported Training Costs

MI provided invoices and completed in-kind contribution forms to support \$9,914³¹ in training expenses reported as Federal costs and \$4,200 in training expenses reported as match costs on the 2016 and 2019 ASN awards. MI, however, did not provide documentation supporting that it incurred the expenses for training activities that benefited the grant or that it had only procured and paid for the training after receiving the approvals required per MI policies.³²

CIPC provided a completed in-kind contribution form to support \$1,700 in training expenses reported as match costs on the 2019 ASN grant. CIPC did not provide documentation to support that this amount was based on the actual price of the training purchased or that CIPC had allocated the costs to the grant based on the relative benefits the grant received.

As a result, we questioned \$9,914 in Federal training expenses and \$5,900 in match training expenses reported on the 2016 and 2019 ASN grants.

2f. Inadequately Supported Travel Costs

MI provided reimbursement requests to support \$2,690 in travel expenses reported as Federal costs on the 2016 ASN grant. However, MI did not provide justifications to support that the travel was necessary to achieve grant objectives or had been appropriately approved, as required per MI's policies.³³

As a result, we questioned \$2,690 in Federal travel expenses reported on the 2016 ASN grant.

Causes for Findings 2a through 2f

These conditions occurred because the Commission inadequately exercised oversight responsibilities to ensure that both the Commission and its subgrantees created, maintained, and/or provided sufficient, appropriate evidence to support the allowability of salary, fringe, supplies, training, travel, and other program operating costs reported on AmeriCorps grants. Further, neither the Commission nor its subgrantees appear to sufficiently understand the

³¹ Although our sample included an additional \$2,345 in inadequately supported Federal training costs that MI claimed in December 2020, because the Commission did not reimburse MI for the costs it reported on its December 2020 PER, we are not questioning these costs.

³² MI's *Manual de Procedimientos y Políticas, Procedimientos Fiscales*.

³³ MI's *Manual de Procedimientos y Políticas, Procedimientos Fiscales*.

Federal requirements for supporting match costs, including those claimed on the Commission's in-kind contributions forms.

Because the Commission and its subgrantees had insufficient documentation to support costs claimed, we cannot verify that the Federal and match costs reported were reasonable, allocable, and consistent with amounts paid for similar services, as required for the costs to be allowable. Therefore, we noted non-compliant costs were reported on four AmeriCorps grants and questioned \$52,919 in Federal costs and \$259,225 in match costs, which is the sum of all costs questioned within Findings 2a through 2f.

Recommendations

We recommend that AmeriCorps:

3. Recover the \$52,919 in questioned Federal costs from the Commission and disallow the \$259,225 in questioned match costs on AmeriCorps Grant Numbers 16CAHPR001, 16AFHPR001, 19CAHPR001, and 19AFHPR001.
4. Require the establishment of clear guidance regarding how to evaluate and document the allowability of costs, including in-kind contributed costs, reported on AmeriCorps grants, and provide the Commission and its subrecipients with training on the guidance. Updated guidance should address how to document:
 - a. Personnel and fringe benefit costs, including that they are consistent with organizational policies, the employee's salary appointment, and the amount of effort the employee dedicated to the grant.
 - b. The benefit and value of in-kind contributions claimed as match costs, including other operating cost contributions such as office space, utilities, parking costs, and donated supplies.
 - c. That charged consultant costs are consistent with professional service agreements.
 - d. The benefit and value received of training activities.
 - e. The business purpose of trips taken.

Finding 3: Inappropriately Reported Facilities and Administrative Match Costs

Federal regulations require that match costs be directly assignable to the objectives of a grant for the costs to be allowable as direct costs³⁴ on Federal awards.³⁵ CIPC reported \$137,040 in match costs on two ASN grants,³⁶ even though the match costs did not directly benefit the grants.

³⁴ 2 C.F.R. § 200.413.

³⁵ *Id.* § 200.306, 403.

³⁶ AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.

We found CIPC inappropriately reported costs incurred for indirect F&A costs,³⁷ including the costs incurred for administrative salaries/fringe, building utility/maintenance expenses, bank account service charges, and other administrative expenses as match costs on the 2016 and 2019 ASN awards.

Causes for Finding 3

This finding occurred because CIPC had an insufficient understanding of F&A costs and the types of expenses that are allowable as match costs. As a result, CIPC relied on the administrative cost budget which it noted was calculated using a pre-determined calculation provided by the Commission. In addition, the Commission's oversight procedures to ensure that its subrecipients claimed match costs appropriately were nonexistent. Furthermore, neither the Commission nor CIPC established procedures to ensure that F&A costs did not exceed 5 percent of Federal PY costs, or that subgrantees reported F&A costs consistent with Federal regulations.³⁸

Although none of the \$137,040 in match costs is allowable as reported, we only questioned \$100,409 in match costs reported on two AmeriCorps grants because CIPC was entitled to claim up to 5 percent of its Federal costs as F&A costs in each PY.³⁹

Recommendations

We recommend that AmeriCorps:

5. Disallow the \$100,409 in questioned match costs on AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.
6. Require the Commission to update its PER review process to include verifying grantees only claim match costs for costs directly assignable to AmeriCorps grants.
7. Require the Commission to provide subrecipients with further guidance on the nature of F&A costs and conduct training to ensure subrecipients claim and report F&A costs consistent with AmeriCorps' Terms and Conditions.

Finding 4: Accounting System Records Do Not Support Amounts Reported

AmeriCorps' Terms and Conditions and Federal regulations require recipient financial management systems to be able to identify expenditures attributable to AmeriCorps awards.⁴⁰ Neither the Commission's nor its subgrantees' accounting system records accurately identified or supported costs reported on five AmeriCorps awards. We found that:

³⁷ 2 C.F.R. § 200.56.

³⁸ 45 C.F.R. § 2540.110.

³⁹ We calculated an administrative cost threshold of \$36,631 by multiplying CIPC's Federal costs for each PY by the 5 percent F&A percentage permitted per 45 C.F.R. § 2540.110.

⁴⁰ 2 C.F.R. § 200.302; AmeriCorps FYs 2018–2021, *General Grant and Cooperative Agreement Terms and Conditions*, Section III.B.

- The Commission did not update its financial management system to detail how it spent \$83,679 in Federal funds, as reported on its 2016 TTA grant.
- The Commission’s financial management system only supports \$435,867 in Federal grant expenses—\$31,636 less than the amount reported as Federal costs on its 2019 Administrative grant.
- As the result of a typographical error, the Commission erroneously reported \$3,474,771 in match costs—\$3,118,282 more than the \$356,489 supported by its accounting records on the final FFR it submitted for its 2016 Administrative grant.
- The Commission reimbursed a subgrantee for \$8,727 in Federal costs and \$23,869 in match costs reported on the 2016 and 2019 ASN grants that were not supported by the subgrantee’s financial management system.

The details for each finding are as follows:

4a. Accounting System Records Were Not Appropriately Updated and Do Not Support Costs Reported in 2016

The Commission reported \$323,920 in Federal costs on the final FFR submitted for its 2016 TTA award; however, the Commission’s accounting system records only supported \$240,241 in expenses—\$83,679 less than the amount the Commission reported on its FFR. The Commission explained that, after receiving AmeriCorps’ approval, it used the \$83,679 in unspent 2016 TTA funds to cover excess costs that it incurred on its 2016 Administrative grant. Although the Commission provided documentation showing that AmeriCorps approved the use of 2016 TTA funds to cover the 2016 Administrative grant expenses, the Commission did not correctly update its accounting system records to identify which 2016 Administrative grant expenses were covered using the 2016 TTA grant funds. Further, since the Commission’s accounting system records only support \$54,286 in unreimbursed Federal costs on the 2016 Administrative grant, \$29,393 of the Federal costs reported on the 2016 TTA grant remain unsupported.

As a result, we have noted that the Commission’s accounting system records did not support costs claimed as required per relevant regulations and questioned \$29,393 in Federal costs reported on the 2016 TTA grant.

4b. Accounting System Records Do Not Support Costs Reported in 2019

The Commission reported \$467,503 in Federal costs on the FFRs that it submitted for its 2019 Administrative grant. However, its accounting system records only support \$435,867 in Federal expenses—\$31,636 less than the amount the Commission reported on its FFRs. The Commission claimed that this discrepancy was the result of a timing difference caused by the Puerto Rico Department of Treasury not posting expenditures to its general ledger timely. The Puerto Rico Department of Treasury provided additional accounting system data to support the costs

claimed, but because the records provided only support \$435,867 in expenses were incurred prior to the FFR submission date, the remaining \$31,636 in Federal costs reported on the 2019 Administrative grant (\$467,503 - \$435,867) are unsupported.

As a result, we questioned \$31,636 in Federal costs reported on the 2019 Administrative grant.

4c. FFR Contained an Administrative Error

Due to a typographical error, the Commission inadvertently reported \$3,474,771 in match costs on the final FFR that it submitted for its 2016 Administrative grant.⁴¹ As a result, the Commission certified incurring \$3,118,282 more in match costs than the \$356,489 in expenses supported by the Commission's accounting records.

We noted that the Commission did not accurately report Federal expenditures, as required by relevant regulations; however, we did not question any costs because the Commission's records support that it incurred sufficient expenses to meet the \$307,360 match requirement⁴² for this grant.

4d. Subgrantee PERs Do Not Support All Costs Reported

The Commission's financial management system records support the payments made to MI, but the PER packages⁴³ that MI submitted to the Commission do not support \$8,727 in Federal costs and \$23,869 in match costs reported as travel, consultant, and other program operating expenses on the 2016 and 2019 ASN grants.

As a result, we questioned \$8,727 in Federal costs and \$23,869 in match costs reported on the 2016 and 2019 ASN grants.

Causes for Findings 4a through 4d

These conditions occurred because the Commission's and MI's methodologies for reporting costs on AmeriCorps grants were not based on the actual costs that each organization incurred, per their financial management systems. Furthermore, neither the Commission nor MI implemented reconciliation procedures to ensure that costs reported on their FFRs and PERs, respectively, were supported by their accounting system records.

⁴¹ The Commission noted that it should have reported \$417,006 in Federal expenses.

⁴² Per the final FFR submitted for the 2016 Administrative grant, the match requirement was \$307,360, or 50 percent of the \$614,732 in total Federal funds authorized.

⁴³ MI was unable to provide records from its financial management system to support the costs it claimed within each PER (see [Finding 11](#), *Non-Compliance with Financial Management Standards*, for additional details). Accordingly, we reviewed the PER report packages to determine whether MI's records support the costs it reported to the Commission.

We have noted non-compliant costs were reported on four AmeriCorps grants and questioned \$69,756 in Federal costs and \$23,869 in match costs, which is the sum of all costs questioned within Findings 4a through 4d.

Recommendations

We recommend that AmeriCorps:

8. Recover the \$69,756 in questioned Federal costs from the Commission and disallow the \$23,869 in questioned match costs on AmeriCorps Grant Numbers 16CAHPR001, 16AFHPR001, 16TAHPR001, and 19AFHPR001.
9. Require the Commission to implement a process for reconciling its accounting system records to the costs reported on its FFRs on a quarterly basis and work with AmeriCorps to identify and resolve any discrepancies as necessary.
10. Require the Commission to ensure MI provides detailed accounting records from its general ledger to support the costs reported in its PERs before the Commission reimburses MI for the costs. This requirement should remain in place until MI updates its general ledger accounting system to appropriately identify Federal funds received and expended, as required per Federal regulations.

Finding 5: National Service Criminal History Checks Not Appropriately Completed

Federal regulations state that AmeriCorps grant recipients must conduct National Service Criminal History Checks (NSCHC) for individuals in covered positions⁴⁴ to verify that these individuals are eligible to participate in AmeriCorps programs.⁴⁵ However, Commission subrecipients reported \$38,148 in Federal costs, \$1,500 in match costs, and \$23,449 in education awards made to individuals in covered positions before the subrecipients completed—or documented their completion of—all NSCHCs required for participation in the 2016 and 2019 ASN grant programs. Specifically, the Commission reported:

- \$38,148 in living allowance payments, \$1,500 in match costs, and \$23,449 in education awards that MI and CIPC made to 11 members and one employee who participated in the 2016 and 2019 ASN grants without obtaining a fingerprint-based check of the Federal Bureau of Investigation (FBI) criminal history record database and/or a state criminal history records checks, as required to verify eligibility to participate in ASN programs.⁴⁶
- Payments MI and CIPC made to individuals in covered positions on the 2016 and 2019 ASN grants without documenting that they verified the identities of the individuals using

⁴⁴ Per 45 C.F.R. § 2540.201, individuals in covered positions include individuals selected by the recipient, subrecipient, or service site to work or serve in a position under an AmeriCorps grant as an ASN member or in a position in which they will receive a salary, directly or reflected as match, under a cost reimbursement grant.

⁴⁵ 45 C.F.R. § 2540.200, 205, 206; *id.* § 2522.200.

⁴⁶ *Id.* § 2540.204.

a government-issued photo identification (ID) prior to completing the NSCHCs. Further, MI does not always use the name listed on the government-issued photo ID when performing NSCHCs.

- Payments MI and CIPC made to members without completing all required NSCHC activities prior to the dates members began serving on the 2016 and 2019 ASN grants or—when applicable—documenting that appropriate personnel accompanied the individuals while the results of their background checks were pending.⁴⁷

The details for each finding are as follows:

5a. Subgrantees Did Not Complete All Required NSCHCs

MI made payments to eleven members, and CIPC made payments to one employee, that participated in the 2016 and 2019 ASN programs without maintaining support showing that the required fingerprint-based FBI checks and state criminal history records checks were appropriately performed to verify their eligibility.

Since we cannot verify that the MI members or CIPC employee were eligible to participate in the ASN program without the results from the background checks, we questioned \$38,148 in living allowance payments, \$1,500 in match costs, and \$23,449 in education awards reported on the 2016 and 2019 ASN grants.

5b. Subgrantees Did Not Verify Identities Prior to Completing NSCHCs

MI and CIPC made payments to individuals who served in covered positions on the 2016 and 2019 ASN grants without documenting that they verified the individuals' identities using a government-issued photo ID prior to completing the NSCHCs. Particularly, there was no support indicating that:

- CIPC verified the identities of one member and five employees.
- MI verified the identities of two members.
- MI used the names listed on the government-issued photo IDs when performing the required National Sex Offender Public Website (NSOPW) check component of the NSCHCs for 10 members serving in covered positions on the 2016 and 2019 ASN grants.

MI and CIPC did not document verifying member identities as recommended per relevant guidance, but because MI and CIPC performed NSCHCs on the appropriate individuals, we did not question any costs.

⁴⁷ AmeriCorps *NSCHC Manual*, issued November 18, 2018, NSCHC Timing, *Accompaniment*.

5c. Subgrantees Did Not Appropriately Complete NSCHCs

MI and CIPC did not complete all required NSCHC activities prior to the dates that six MI members, two MI employees, three CIPC members, and two CIPC employees began participating in the 2016 and 2019 ASN grants. Further, MI and CIPC did not provide evidence demonstrating that appropriate personnel accompanied five MI members and three CIPC members performing service hours on the 2016 and 2019 ASN grants while the results of their background checks were still pending.

Although MI and CIPC did not complete NSCHCs as required per relevant guidance, we did not question any costs because MI and CIPC did verify that these members and employees were eligible to participate in the ASN program after their positions began.

Causes for Findings 5a through 5c

These conditions occurred because subgrantees had insufficient internal controls to ensure NSCHCs were appropriately performed and because the Commission inadequately performed its oversight activities to ensure subgrantees appropriately completed and documented their completion of NSCHCs for all individuals serving in covered positions. Further, while AmeriCorps recommends using agency-approved NSCHC vendors to ensure timely NSCHC compliance,⁴⁸ neither the Commission nor its subgrantees used these vendors.

As we were not able to verify that these individuals were eligible for the payments they received, we noted non-compliant costs were reported on two AmeriCorps awards and questioned \$38,148 in Federal costs and \$23,449 in education awards, or the sum of all costs questioned within Findings 5a through 5c. Although we did not question costs associated with payments made to the individuals who did eventually pass all required background checks, we did note the risk of exposing vulnerable populations to employees and members who are not eligible to provide services per AmeriCorps guidelines.

Recommendations

We recommend that AmeriCorps:

11. Recover the \$38,148 in questioned Federal costs from the Commission and disallow the \$1,500 in questioned match costs on AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.
12. Disallow and recover the \$23,499 in questioned education awards on AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.

⁴⁸ 45 C.F.R. § 2540.204(b); RIN 3045-AA69, NSCHC, *Final Rule, Discussion of the Final Rule*.

13. Require the Commission and its subgrantees to obtain and document the required components of the NSCHCs using agency-approved vendors, consistent with 45 C.F.R. §2540.204(b).

Finding 6: Compelling Personal Circumstance Justifications Not Sufficiently Detailed or Allowable

AmeriCorps' Terms and Conditions allow participants released from completing a term of service to receive a prorated education award if the AmeriCorps program documents its determination that an allowable compelling personal circumstance (CPC)⁴⁹ prevents the participant from completing their agreed-upon term of service. MI and CIPC did not maintain documentation supporting the allowability of the CPCs for 12 members who received \$27,364 in education awards not previously questioned, after exiting early from two ASN grant programs⁵⁰ as follows:

- MI and CIPC awarded \$21,168 in education awards to 10 members⁵¹ without documenting that the members exited for allowable CPCs.⁵²
- CIPC awarded \$6,196 in education awards to members who did not exit service for reasons beyond their control.⁵³

The details for the finding are as follows:

6a. Subgrantees Did Not Maintain Adequate CPC Documentation

MI and CIPC did not provide documentation supporting the reason(s) that seven 2016 and 2019 ASN members exited the ASN program. CIPC provided notes for three ASN members indicating that the members experienced health conditions or had personal situations impacting their ability to complete their service hours. The notes were not sufficiently detailed to enable us to verify that the members exited for allowable CPCs.

Since we were unable to verify that these members exited for allowable CPCs, we questioned \$21,168 in education awards not previously questioned⁵⁴ for two ASN grants.

⁴⁹ Per 45 C.F.R. § 2522.230(a)(4), CPCs include circumstances beyond the participant's control and Corporation-approved public policy reasons.

⁵⁰ AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.

⁵¹ Although we determined that 10 members were not eligible for education awards, we are only questioning education awards made to six of the members in this finding because we questioned the education awards provided to four of these members in Finding 4.

⁵² 45 C.F.R. § 2522.230.

⁵³ 45 C.F.R. § 2522.230(a).

⁵⁴ Although we determined that 10 members were not eligible for education awards, we are only questioning the awards made to six of the members in this finding because we questioned the education awards provided to four of the members in Finding 5.

6b. Subgrantee Approved CPCs That Were Not Allowable

CIPC inappropriately certified that two 2019 ASN members were eligible for \$6,196 in education awards, as they exited for circumstances not considered CPCs. Specifically, these individuals exited early to obtain employment,⁵⁵ which is not a circumstance beyond an individual's control. Additionally, AmeriCorps specifically identifies obtaining employment as a non-qualifying circumstance.⁵⁶

As a result, we questioned \$6,196 in education awards reported on one ASN grant.

Causes for Findings 6a and 6b

These conditions occurred because MI and CIPC lack procedures to ensure that they document the reasons that members exited early or that those reasons are verified by staff as allowable CPCs prior to staff certifying the member's eligibility for an education award. Further, the Commission requires sufficient monitoring tools to ensure its subgrantees appropriately exit members.

We noted non-compliant costs were reported on two AmeriCorps grants and questioned \$27,364 in education awards— or the sum of all costs questioned within Findings 6a and 6b.

Recommendations

We recommend that AmeriCorps:

14. Disallow and recover the \$27,364 in questioned education awards on AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.
15. Require the Commission to provide its subgrantees with additional training and guidance regarding how to appropriately exit members, including members with CPCs. This guidance should include procedures designed to ensure its subgrantees receive and maintain a detailed justification that documents the reason(s) for the member's exit and verifies that the circumstances causing the member to exit represent an allowable CPC prior to certifying that the member is eligible for an education award.

Finding 7: Members Not Appropriately Enrolled or Exited

AmeriCorps' Terms and Conditions state that ASN recipient sites are responsible for appropriately enrolling and exiting members into and out of ASN programs each PY.⁵⁷ However, the Commission's subgrantees provided inadequate information to support the appropriate

⁵⁵ One member stated that they were exiting early to obtain a new job, while the other member stated that they were exiting early for personal and professional plans.

⁵⁶ 45 C.F.R. § 2522.230(a).

⁵⁷ 2018, 2019, 2020, and 2021 Terms and Conditions for ASN Grants, Section IV.

enrollment and exiting of members into and out of two ASN grant programs.⁵⁸ Specifically, the Commission's subgrantees did not:

- Provide documentation demonstrating that seven members who served under the 2016 and 2019 ASN grants received, or agreed to obtain, a high school diploma or its equivalent before the subgrantee enrolled the member into the ASN program.⁵⁹
- Appropriately complete, or document completion of, member enrollment forms for 18 members under the 2016 and 2019 ASN grants, which are used to support the members' enrollment into eGrants.⁶⁰
- Appropriately complete, or document completion of, 34 ASN grant member exit forms from 2016 and 2019.⁶¹
- Appropriately complete, or document completion of, member end-of-term evaluations for 19 members that served under the 2016 and 2019 ASN grants, which are used to document whether those members satisfactorily completed their service and are eligible for future years of service.⁶²
- Ensure contracts executed with ASN members included limitations on fundraising activities,⁶³ appropriately offered health insurance to full-time members,⁶⁴ and notified members of their access to reasonable accommodations.⁶⁵

The finding details are as follows:

7a. Education Requirements Not Met

CIPC did not provide support showing that two members under the 2016 ASN grant received, or agreed to obtain, a high school diploma or its equivalent at the time that CIPC enrolled the members into the ASN program.

⁵⁸ AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.

⁵⁹ 45 C.F.R. § 2522.200(a)(2)(i); 2018, 2019, 2020, and 2021 *Terms and Conditions for ASN Grants*, Section II.G.

⁶⁰ 2018 and 2019 *Terms and Conditions for ASN Grants*, Sections IV.B and C; 2020 and 2021 *Terms and Conditions for ASN Grants* Sections IV.C and D.

⁶¹ 2018 and 2019 *Terms and Conditions for ASN Grants*, Sections IV.H and IX.A. 2020 and 2021 *Terms and Conditions for ASN Grants* Sections IV.I and IX.A.

⁶² 2018 and 2019 *Terms and Conditions for ASN Grants*, Section V.E; 2020 and 2021 *Terms and Conditions for ASN Grants*, Section V.G.

⁶³ 2018, 2019, 2020, and 2021 *Terms and Conditions for ASN Grants*, Section V.A and V.B.7.

⁶⁴ 2018, 2019, 2020, and 2021 *Terms and Conditions for ASN Grants*, Section VIII. D.

⁶⁵ 2018 and 2019 *Terms and Conditions for ASN Grants*, Sections IV.E and C; 2020 and 2021 *Terms and Conditions for ASN Grants* Sections IV.F.

MI did not provide support showing that five members under the 2016 or 2019 ASN grant received, or agreed to obtain, a high school diploma or its equivalent at the time that MI enrolled the members into the ASN program.

As we were unable to verify that the members were eligible to participate in the ASN program, we questioned the \$13,157 in living allowance payments and \$5,730 in education awards reported on the 2016 ASN grant that were not previously questioned.

7b. Enrollment Forms Not Appropriately Completed

MI retained member files for 17 members under the 2016 and 2019 ASN grants that did not contain copies of the members' completed enrollment forms to support the information reported in eGrants. Further, the start date MI reported in eGrants for one 2016 ASN member was not consistent with the member's start date per the member's timesheets.

CIPC did not complete the enrollment form for one member under the 2019 ASN grant prior to the member starting service.

Although members were not enrolled as required by relevant regulations, we did not question any costs because each of the members was enrolled in the ASN program per eGrants and eGrants contained electronic records to support the allowability of the payments made to each member, including each member's start date, final service hours, the supervisor's verification of each member's eligibility for an education award, and the member's exit date from the program.

7c. Exit Forms Not Appropriately Completed

MI did not include one or more of the following items on the exit forms for 14 members under the 2016 ASN grant: the member's signature, the supervisor's signature, the member's service hours, an indication as to whether the member received an education grant, and/or a certification to the National Service Trust (the Trust) stating that the member was eligible for an education grant.

CIPC did not include one or more of the following items on the exit forms for 20 members under the 2016 and 2019 ASN grants: the member's signature, the member's service hours, an indication as to whether the member received an education grant, and/or a certification to the Trust stating that the member was eligible for an education grant.

While members' forms were not completed properly, we did not question any costs since the members were exited properly in eGrants and eGrants contained electronic records to support the allowability of the payments made to each member, including each member's final service hours, the supervisor's verification of each member's eligibility for an education award, and the member's exit date from the program.

7d. End-of-Term Evaluations Not Appropriately Completed

CIPC either did not maintain member end-of-term evaluation forms or did not include the member's signature and/or service hours on the evaluation form for 10 members under the 2016 ASN grant and seven members under the 2019 ASN grant.

MI also either did not maintain member end-of-term evaluation forms or did not include the member's service hours on the evaluation form for nine members under the 2016 ASN grant.

While members were not evaluated as required by relevant regulations, we did not question any costs because we did not identify any instances in which a subgrantee allowed a member to serve in a future PY without an evaluation.

7e. Inadequate Subgrantee Member Contracts

MI executed member contracts with:

- Twenty-one members under the 2016 and 2019 ASN grants for which the contracts did not include limitations on the number of hours that the members could spend on fundraising activities.
- Three full-time members under the 2016 ASN grant for which the contracts did not state that MI offered or provided the members with health insurance.
- Fifteen members under the 2016 and 2019 ASN grants for which the contracts did not state that MI offered or provided the members with reasonable accommodations.

CIPC executed member contracts with:

- Six full-time members under the 2016 and 2019 ASN grants for which the contracts did not state that CIPC offered or provided the members with health insurance.
- Twenty-one members under the 2016 and 2019 ASN grants for which the contracts did not state that CIPC offered or provided the members with reasonable accommodations.

While MI and CIPC member contracts did not include all the information required per relevant regulations, we did not question any costs because these omissions did not directly result in subgrantees claiming unallowable costs.

Causes for Findings 7a through 7e

These conditions occurred because the Commission provided inadequate oversight of its subgrantees, failing to ensure the subgrantees only enrolled and exited eligible ASN members. Further, subgrantees' insufficient processes enabled inappropriate enrollment, evaluation, and

exit of members and resulted in subgrantees not completing the required forms. Without improved controls in these areas, subgrantee member folders will not contain the support necessary to verify that members are eligible for education awards or future service terms.

We noted that grantees did not comply with relevant terms and conditions when enrolling and exiting members on two ASN awards and questioned \$18,887 reported as Federal costs, or the costs questioned in Finding 7a.

Recommendations

We recommend that AmeriCorps:

16. Recover the \$18,887 in questioned Federal costs on AmeriCorps Grant Number 16AFHPR001 from the Commission.
17. Require that the Commission update its subgrantee monitoring policies to include procedures to verify that subgrantees appropriately enroll and exit all ASN members.
18. Require that the Commission create templates and member training resources designed to ensure that subgrantees appropriately enroll and exit ASN members. Subgrantee resources should include:
 - a. Detailed procedures regarding how to document that a member meets the education requirements.
 - b. Contract, enrollment form, exit form, and end-of-term evaluation templates that subgrantees can use to ensure appropriate enrollment, evaluation, and exiting of ASN members.
 - c. Training on how to appropriately complete member enrollment and exit procedures, including how to verify that the subgrantee has appropriately completed the templates.

Finding 8: Unallowable Federal and Match Costs

Federal regulations and AmeriCorps' Terms and Conditions state that, for a cost to be allowable, it must be allocable to the grant charged, adequately supported, and incurred consistent with organizational policies.⁶⁶ The Commission and one subgrantee reported \$5,377 in Federal costs and \$1,445 in match costs on two Administrative grants and two ASN grants⁶⁷ that did not meet these criteria, including:

⁶⁶ 2 C.F.R. § 200.403-405; FY 2018, FY 2019, FY 2020, and FY 2021 AmeriCorps *General Grant and Cooperative Agreement Terms and Conditions*, Section III.B.2.

⁶⁷ AmeriCorps Grant Numbers 16CAHPR001, 19CAHPR001, 16AFHPR001, and 19AFHPR001.

- \$4,000 in Federal salary expenses that were unallowable because the amounts charged were not consistent with the employee’s salary appointment or were not charged based on the benefit to the award charged, as required for the costs to be allowable per Federal regulations.⁶⁸
- \$1,445 in match travel expenses that were unallowable because the amount charged was not based on the cost of business-purpose airfare, as required for the costs to be allowable per Federal regulations.⁶⁹
- \$912 in Federal living allowance expenses that were unallowable because the amounts paid to the members were not consistent with the rates identified in the members’ contracts.⁷⁰
- \$465 in Federal supply expenses that were unallowable because a subgrantee inadvertently requested reimbursement for the same expense twice.

The details for each finding are as follows:

8a. Unallowable Personnel Costs

The Commission reported \$4,000 in Federal salary expenses on the 2016 and 2019 Administrative grants that were not allowable on the grants charged, including:

- \$2,500 in salary expenses that the Commission charged to the 2016 ASN award for salary paid to an employee of the Governor of Puerto Rico’s office who did not participate in the AmeriCorps program.
- \$1,500 in overpayments made to its former Executive Director in excess of the amount allowable per the employee’s salary agreement.

We also identified two salary payments that the Commission made to a Program Coordinator and a former Executive Director at amounts that appear to be lower than what should have been paid per the employees’ salary agreements.

As a result, we noted non-compliant costs were reported on the 2016 and 2019 ASN grants and questioned \$4,000 in unallowable personnel expenses reported as Federal costs.

⁶⁸ 2 C.F.R. § 200.430(a).

⁶⁹ *Id.* § 200.474.

⁷⁰ CIPC and MI 2016 and 2019 ASN member contracts; 2018–2021 *Terms and Conditions for ASN Grants*, Section VIII.A.

8b. Unallowable Travel Costs

The Commission charged the 2016 Administrative grant for \$1,445 in match travel expenses incurred to purchase airfare that combined personal and business travel. While the business purpose of the travel benefitted the grant, the Commission did not provide support showing cost of the airfare was either equal to or less expensive than the cost the travelers would have incurred if they had traveled solely for business purposes, rather than combining personal and business travel.

Personal travel expenses are not allowable, and since we were unable to identify what portion of the airfare cost related to personal travel, we questioned the full \$1,445 in match costs reported on the 2016 Administrative grant for this travel.

8c. Unallowable Living Allowance Costs

CIPC reported \$912 in Federal costs on the 2019 ASN grant for three living allowance payments made to a member, which were unallowed as the member was suspended and not serving in the AmeriCorps program.

MI paid members' living allowances using amounts that were inconsistent with the amounts specified in the members' contracts. Specifically, MI did not pay or report \$20,794 in living allowances that it should have paid to 21 members.

As a result, we noted non-compliant costs were reported on the 2016 and 2019 ASN grants and questioned \$912 in living allowance expenses not previously questioned.

8d. Unallowable Supply Costs

Due to an administrative error, CIPC inadvertently claimed reimbursement for the same \$465 supply expense on both its October 2020 PER and its December 2020 PER. Since CIPC received reimbursement for the expense based on its October 2020 PER, CIPC excluded the expense in its December 2020 PER.

As a result, we questioned \$465 in supply expenses that CIPC reported as Federal costs on the 2019 ASN grant.

Causes for Findings 8a through 8d

These conditions occurred because the Commission and its subgrantee experienced high employee turnover during the audit period, which led to inexperienced employees processing transactions while lacking sufficient understanding of all guidance relevant to AmeriCorps grants.

We noted non-compliant costs were reported on five AmeriCorps grants and questioned \$5,377 in Federal costs and \$1,445 in match costs, or the sum of all costs questioned within Findings 8a through 8d.

Recommendations

We recommend that AmeriCorps:

19. Recover the \$5,377 in questioned Federal costs from the Commission and disallow the \$1,445 in questioned match costs on AmeriCorps Grant Numbers 16CAHPR001, 16TAHRP001, 19CAHPR001, 16AFHPR001, and 19AFHPR001.
20. Require the Commission and its subgrantees to implement additional internal controls and establish additional policies and procedures to ensure that they only charge allowable costs to AmeriCorps Commission support grants. The additional controls should ensure that:
 - a. The Commission and its subgrantees calculate all payroll expenses charged to AmeriCorps grants using a rate commensurate with the employee's established salary and the level of effort the employee dedicated to the AmeriCorps program.
 - b. Employees understand how to document trip costs to demonstrate that costs did not increase due to combining personal and business travel.
21. Require the Commission to train its subgrantees on best practices to avoid claiming unallowable costs. The training should include how to ensure the subgrantees appropriately disburse member living allowances and do not report duplicate payments for reimbursement.
22. Require the Commission to determine whether AmeriCorps members who served at MI in 2016 and 2019 should receive \$20,794 in additional living allowance payments.

Finding 9: Member Timesheet Hours Not Appropriately Reported

Federal regulations state that, before members can receive an education award, grantees/subgrantees must certify that the members completed all of the required service hours.⁷¹ MI and CIPC reported member hours on two ASN grants⁷² that were not supported by member timesheets, not appropriately calculated based on the times recorded within member timesheets, and/or inclusive of unallowable training hours.⁷³ We reviewed timesheets submitted by 42 members and found that subgrantees did not appropriately:

- Report the number of hours that members served on the 2016 and 2019 ASN grants based on the hours recorded on 20 member timesheets.

⁷¹ 45 C.F.R. § 2526.10; *Id.* 2522.220.

⁷² AmeriCorps Grant Numbers 16AFHPR001 and 19AFHPR001.

⁷³ 2 C.F.R. § 200.430; 2018 and 2019 *Terms and Conditions for ASN Grants*, Section IX.H; 2020 and 2021 *Terms and Conditions for ASN Grants*, Section IX.I; 45 C.F.R. § 2520.50.

- Calculate the number of hours that 12 members under the 2016 and 2019 ASN grants served based on the sign-in and sign-out times recorded on each member's timesheets.
- Limit the number of training hours incurred for one member serving on the 2016 ASN grant to 20 percent of their total service hours.

The finding details are as follows:

9a. Subgrantees Did Not Report Accurate Member Hours in eGrants

CIPC did not accurately report member hours in eGrants based on the total hours reported on the members' timesheets for 14 members that served under the 2016 ASN and 2019 ASN grants. After correcting the hours, 13 of the 14 members met the hours threshold to receive the issued education awards. Because the timesheet for one 2019 ASN member only supported serving 881.25 of the 900 service hours required for half-time members, they were not eligible for their \$3,098 education award.

MI did not accurately report member hours in eGrants for six members that served on the 2016 and 2019 ASN grants. After correcting the hours, all six members met the hours threshold for their education awards.

As a result, we noted that the hours reported in eGrants for 20 members that served under the 2016 and 2019 ASN grants were not accurate and questioned \$3,098 in education awards.

9b. Subgrantees Did Not Appropriately Calculate Member Service Hours

CIPC and MI did not accurately calculate the number of hours served by 2016 and 2019 ASN members using the sign-in/sign-out times reported on member timesheets. The discrepancy between the number of hours each member served based on the members' sign-in/sign-out times and the number of hours summarized on the members' timesheets exceeded five hours for eight CIPC and four MI members that served under the 2016 and 2019 ASN grants.

Although member service hours were not appropriately calculated, we did not question any costs because all 12 members still had sufficient hours to be eligible for their education awards after correcting the hours.

9c. Subgrantees Reported Unallowable Training Hours

MI allowed one quarter-time member serving on the 2016 ASN grant to spend 174 of their 771 service hours, or 23 percent, performing training activities, which was more time in training than allowed by relevant regulations. After removing the excessive training hours, the member's timesheets supported serving more than the 450 hours required to be eligible for an education award as a quarter-time member. Therefore, we did not question any costs.

Causes for Findings 9a, 9b, and 9c

These conditions occurred because the Commission's subgrantees rely on manual timekeeping procedures in conjunction with insufficient quality control processes that prevented them from appropriately calculating member timesheet hours and reporting the hours within the eGrants system.

We noted that the member hours that MI and CIPC reported in eGrants for 33 members serving two AmeriCorps grants were incorrect, and questioned \$3,098 in education awards, or the costs questioned within Finding 9a.

Recommendations

We recommend that AmeriCorps:

23. Disallow and recover the \$3,098 in questioned education awards on AmeriCorps Grant Number 19AFHPR001.
24. Require the Commission to periodically reconcile subgrantee member timesheets to verify that the subgrantees appropriately calculated the total hours recorded on the timesheets and, if the subgrantees did not appropriately calculate the hours, perform corrective actions in a timely manner.
25. Require the Commission to provide a training session for all current and future AmeriCorps members and site supervisors that discusses timekeeping procedures to ensure members and supervisors appropriately report hours to AmeriCorps. Specifically, training activities should include information regarding how to:
 - a. Verify that the data reported to eGrants is accurate prior to submission.
 - b. Calculate the member's daily service hours based on the times the member signs in and out each day.
 - c. Track and monitor member service hours to ensure that members do not spend more than 20 percent of their service hours performing training activities.

Finding 10: Non-Compliance with Financial Management Standards

Federal regulations state that grantees must have financial management systems in place that identify the source and application of funds for Federally funded activities.⁷⁴ Additionally, Federal regulations require grantees to implement Federal payment procedures that limit

⁷⁴ 2 C.F.R. § 200.302 and 2018, 2019, 2020, and 2021 *General Grant and Cooperative Agreement Terms and Conditions*, Section III.B.

advance payments to the minimum amounts needed based on the grantee’s actual, immediate cash requirements.⁷⁵

Despite these requirements, the Commission and MI did not comply with Federal standards for financial management when tracking and reporting expenditures on two Administrative grants, two TTA grants, and two ASN grants⁷⁶ as follows:

- MI’s financial management system did not adequately identify Federal awards received, Federal funds expended, and the Federal programs under which the entities received the funds, as required per Federal regulations.
- The Commission’s financial management system was not established to draw down cash based on its actual, immediate cash requirements, nor did the Commission use a process that minimized the time elapsed between the date that the Commission disbursed Federal funds and the date that the U.S. Department of the Treasury transferred the Federal funds.

The finding details are as follows:

10a. Financial Management System Did Not Identify Federal Award Spending

MI’s financial management system did not enable MI to identify Federal funds received or expended under the 2016 and 2019 ASN grants. Although MI provided transaction-level detail to support the expenditures posted within its general ledger accounting system, it noted that the expenses recorded within its general ledger would not reconcile to the costs reported within the PERs submitted to the Commission because MI does not separately track or identify AmeriCorps awards or expenditures.

While MI’s financial management system failed to comply with Federal requirements, we did not question any costs—aside from the costs questioned in Finding 4—because MI was able to provide documentation showing that it incurred expenses to support the amounts drawn on these awards.

10b. Financial Management System Did Not Ensure Cash Was Appropriately Drawn

The Commission reported Federal expenditures on its 2016 and 2019 Administrative and TTA grants based on estimates rather than on its actual, immediate cash requirements for carrying out the purpose of the award.⁷⁷ As a result, the amount of cash the Commission had on hand often exceeded its award expenditures.

⁷⁵ 2 C.F.R. § 305.

⁷⁶ AmeriCorps Grant Numbers 16CAHPR001, 19CAHPR001, 16TAHPR001, 19TAHPR001, 16AFHPR001, and 19AFHPR001.

⁷⁷ 2 C.F.R. § 200.302(b) and 2018, 2019, 2020, and 2021 *Terms and Conditions for ASN Grants*, Section III.B.

Although the Commission's financial management system failed to comply with relevant requirements, we did not question any costs—aside from the costs questioned in Finding 4—because the Commission was able to provide documentation showing that it incurred expenses to support the amounts drawn on these awards.

Causes for Findings 10a and 10b

These conditions occurred at the Commission because it did not perform timely reconciliations of costs that the Government of Puerto Rico pays on behalf of the Commission to the Federal funds that the Commission receives through the U.S. Department of the Treasury's Payment Management System.⁷⁸ As a result, the Commission cannot efficiently monitor the amounts it draws down, nor can it assess whether those amounts exceed the total grant expenditures recorded within its financial management system.

These conditions occurred because MI neglected to use its general ledger accounting system to create the monthly PERs MI submits to the Commission. Instead, MI relies on a manual, paper-based reporting system. Further, the Commission failed to perform adequate subgrantee monitoring activities to ensure that MI's general ledger accounting system was sufficient to support the expenditures reported on the PERs submitted to the Commission.

Although we did not question any costs related to this finding, we concluded that the financial management systems used by the Commission and MI to track Federal funds for six AmeriCorps awards did not comply with relevant requirements. Without sufficient controls over the financial management of AmeriCorps grants, the Commission cannot provide accurate, current, and complete disclosure of a program's financial results or ensure that costs reported on AmeriCorps grants are allowable and have not been reported on another Federal grant.

Recommendations

We recommend that AmeriCorps:

26. Require the Commission to implement controls regarding the submission of drawdown requests. Specifically, the Commission should perform timely reconciliations of its financial records and ensure that it only draws down funds once the reconciliation is complete, such that cash on hand from drawdowns does not exceed its existing expenditures.
27. Require the Commission to verify that MI begin tracking its Federal awards and expenditures within its general ledger accounting system. Specifically, MI's accounting system should enable MI to identify all Federal costs and match costs reported in the PERs submitted to the Commission.

⁷⁸ The Commission noted that the Puerto Rican Government pays the Commission's salaries and administration expenses incurred for its AmeriCorps grants and that the Commission then uses the Payment Management System drawdowns on AmeriCorps grants to reimburse the Puerto Rican Government.

Finding 11: Financial Reports Submitted After Reporting Due Dates

AmeriCorps' Terms and Conditions state that grant recipients are responsible for submitting periodic financial reports on a timely basis and for setting submission deadlines for subgrantees to ensure timely submission of financial reports.⁷⁹

The Commission, MI, and CIPC submitted financial reports outside the reporting timeframes required per AmeriCorps' Terms and Conditions and subgrantee contracts for two Administrative grants, three TTA grants, and two ASN grants⁸⁰ as follows:

- The Commission submitted FFRs for one 2016 ASN grant, two 2016 Administrative grants, one 2016 TTA grant, one 2019 ASN grant, and two 2019 TTA grants after the due dates required per AmeriCorps' Terms and Conditions.
- CIPC submitted 30 PERs for the 2016 ASN grant and 21 PERs for the 2019 ASN grant five or more days after the due dates.
- MI submitted 26 PERs for the 2016 ASN grant and 6 PERs for the 2019 ASN grant five or more days after the due dates.

Causes for Finding 11

These conditions exist at the Commission because it relies on reconciliations performed by the Puerto Rico Department of Treasury, which are often not performed in a timely manner, and its current FFR reporting procedures are not designed to ensure compliance with the due dates required by AmeriCorps.

These conditions exist at CIPC and MI because the Commission did not require its subgrantees to submit requests to extend due dates. Furthermore, the Commission did not take any action(s) when subgrantees did not meet their financial reporting requirements and subgrantees were permitted to routinely submit reports late.

Although we did not question any costs for this finding, we concluded that the Commission, CIPC, and MI did not provide required reports by the due dates established in AmeriCorps guidance. Without timely PER and FFR reporting, AmeriCorps does not have timely access to accurate, current, and complete information regarding a program's financial results.

Recommendations

We recommend that AmeriCorps:

⁷⁹ Commission Support, TTA, and ASN Grant AmeriCorps *Terms and Conditions, Reporting Requirements*.

⁸⁰ AmeriCorps Grant Numbers 16CAHPR001, 19CAHPR001, 16TAHPR001, 19TAHPR001, 19TAHPR002, 16AFHPR001, and 19AFHPR001.

28. Require that the Commission strengthen its administrative and management controls and processes for the timeliness of financial reporting. Processes should include:
 - a. Implementing updated procedures to ensure it submits FFRs to AmeriCorps on a timely basis.
 - b. Requiring reporting extensions from AmeriCorps if the Commission does not believe that it will be able to meet established FFR due dates.

29. Require that the Commission strengthen its administrative and management controls and processes over the timeliness of subgrantee financial reporting. Processes should include:
 - a. Contacting subgrantees that are consistently non-compliant with AmeriCorps grant reporting requirements and discussing the reporting requirements outlined in their grants.
 - b. Issuing waivers for or enforcing actions on, subgrantees that do not provide accurate financial reports on a timely basis.
 - c. Conducting annual training sessions on financial reporting requirements for subgrantee personnel who are responsible for submitting PERs.

Sibich CPA LLC

(formerly known as Cotton & Company Assurance and Advisory, LLC)

March 27, 2024

APPENDIX A: SUMMARY OF QUESTIONED COSTS BY AMERICORPS AWARD

Finding	Grant No.	Federal	Match	Education Awards	Total
1. Insufficient Subgrantee Monitoring	16AFHPR001	\$0	\$0	\$0	\$0
	19AFHPR001	-	-	-	-
	Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
2. Inadequately Supported Federal and Match Costs	16AFHPR001	24,842	85,663	-	110,505
	16CAHPR001	654	39,256	-	39,910
	19AFHPR001	27,423	59,150	-	86,573
	19CAHPR001	-	75,156	-	75,156
	Total	<u>\$52,919</u>	<u>\$259,225</u>	<u>\$0</u>	<u>\$312,144</u>
3. Administrative Costs Not Appropriately Reported	16AFHPR001	-	60,448	-	60,448
	19AFHPR001	-	39,961	-	39,961
	Total	<u>\$0</u>	<u>\$100,409</u>	<u>\$0</u>	<u>\$100,409</u>
4. Accounting System Records Did Not Support Amounts Reported	16AFHPR001	8,304	23,869	-	32,173
	16CAHPR001	-	-	-	-
	16TAHPR001	29,393	-	-	29,393
	19AFHPR001	423	-	-	423
	19CAHPR001	31,636	-	-	31,636
	Total	<u>\$69,756</u>	<u>\$23,869</u>	<u>\$0</u>	<u>\$93,625</u>
5. NSCHC Process Not Appropriately Completed	16AFHPR001	38,148	-	23,449	61,597
	19AFHPR001	-	\$1,500	-	1,500
	Total	<u>\$38,148</u>	<u>\$1,500</u>	<u>\$23,449</u>	<u>\$63,097</u>
6. CPC Justifications Not Sufficiently Detailed or Allowable	16AFHPR001	-	-	11,875	11,875
	19AFHPR001	-	-	15,489	15,489
	Total	<u>\$0</u>	<u>\$0</u>	<u>\$27,364</u>	<u>\$27,364</u>
7. Members Not Appropriately Enrolled or Exited	16AFHPR001	13,157	-	5,730	18,887
	19AFHPR001	-	-	-	-
	Total	<u>\$13,157</u>	<u>\$0</u>	<u>\$5,730</u>	<u>\$18,887</u>
8. Unallowable Federal and Match Costs	16AFHPR001	-	-	-	-
	16CAHPR001	1,500	1,445	-	2,945
	19AFHPR001	1,377	-	-	1,377
	19CAHPR001	2,500	-	-	2,500
	Total	<u>\$5,377</u>	<u>\$1,445</u>	<u>\$0</u>	<u>\$6,822</u>
9. Member Timesheets Hours Not Appropriately Reported	16AFHPR001	-	-	-	-
	19AFHPR001	-	-	3,098	3,098
	Total	<u>\$0</u>	<u>\$0</u>	<u>\$3,098</u>	<u>\$3,098</u>
10. Non-Compliance with Financial Management Standards	16AFHPR001	-	-	-	-
	16CAHPR001	-	-	-	-
	16TAHPR001	-	-	-	-
	19AFHPR001	-	-	-	-

Finding	Grant No.	Federal	Match	Education Awards	Total
	19CAHPR001	-	-	-	-
	19TAHRP001	-	-	-	-
	Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
11. Financial Reports Submitted After Reporting Due Dates	16AFHPR001	-	-	-	-
	16CAHPR001	-	-	-	-
	16TAHPR001	-	-	-	-
	19AFHPR001	-	-	-	-
	19TAHRP001	-	-	-	-
	19TAHPR002	-	-	-	-
	Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Totals		<u>\$179,357</u>	<u>\$386,448</u>	<u>\$59,641</u>	<u>\$625,446</u>

APPENDIX B: OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

To determine whether AmeriCorps-funded Federal assistance provided to the Puerto Rico Commission for Volunteerism and Community Service (the Commission) was expended in accordance with grant terms and provisions, laws, and regulations, and to report on such compliance, controls, and questioned costs that may result from performing the audit.

SCOPE

The audit scope included the cumulative costs that the Commission reported on Federal Financial Reports (FFRs) with reporting end dates between September 30, 2019, and September 30, 2021, as of October 29, 2021. Specifically, the audit scope included \$7,367,187 in Federal expenditures claimed and \$4,845,930 in match expenditures reported on seven AmeriCorps grants, three training and technical assistance (TTA) grants, two Commission Support (Administrative) grants, and two AmeriCorps State and National (ASN) grants, as summarized in the table below.

AmeriCorps Grants and Expenditures Included in the Audit Scope

Grant Program	Grant No.	Grant Period	Federal Grant Amount	Audit Period	Cumulative Grant Expenditures as of September 30, 2021 ⁸¹	
					Federal	Match
Subgrantee-Level Grants						
ASN	16AFHPR001	10/01/16 – 05/12/20	\$4,471,642	10/01/18 – 05/12/20	\$4,034,171	\$2,632,835
	19AFHPR001	10/01/19 – 09/30/22	2,730,027	10/01/19 – 09/30/21	1,925,331	1,519,802
Commission-Level Grants						
ADMIN	16CAHPR001	01/01/16 – 09/30/19	614,732	01/01/16 – 09/30/19	598,320	417,006
	19CAHPR001	01/01/19 – 12/31/21	643,057	01/01/19 – 06/30/21	467,503	276,287
TTA	16TAHPR001	07/15/16 – 12/31/19	562,788	07/15/16 – 12/31/19	323,920	-
	19TAHPR001	07/01/19 – 12/31/21	374,021	07/01/19 – 06/30/21	16,743	-
	19TAHPR002	01/30/19 – 06/30/19	1,199	01/30/19 – 06/30/19	1,199	-
Totals			\$9,397,466		\$7,367,187	\$4,845,930

Source: Auditor summary of grants AmeriCorps granted to the Commission included within the audit scope.

Further, since the Commission provided all the funds granted under its two ASN grants to subgrantees, we reviewed \$2,467,415 of the amount claimed for subgrants issued to two Commission subgrantees—Mujeres de Islas, Inc. (MI), and Compañía Integral de la Península de Cantera (CIPC)—during three program years (PYs), as summarized in the following table:

Total Costs the Commission Claimed for Sampled Subgrantees

Subgrantee Periodic Expense Reports	MI	CIPC	Total	
PY 2016–2017	Federal	\$110,424	\$173,843	\$284,267
	Match	67,383	147,518	214,901

⁸¹ Although we performed our reconciliations by reviewing the cumulative costs claimed/reported by PRCVCS, MI, and CIPC on the two ASN grants that included costs claimed within five PYs (16-17, 17-18, 18-19, 19-10, and 20-21), we performed our cost, member, and compliance testing on the three most recently completed PYs: 18-19, 19-20, and 20-21.

Subgrantee Periodic Expense Reports		MI	CIPC	Total
PY 2017–2018	Federal	131,492	128,784	260,276
	Match	176,446	99,135	275,581
PY 2018–2019	Federal	127,315	111,131	238,446
	Match	116,000	98,034	214,034
PY 2019–2020	Federal	79,153	165,074	244,227
	Match	78,250	156,080	234,330
PY 2020–2021	Federal	89,596	153,774	243,370
	Match	115,000	142,983	257,983
Totals		<u>\$1,091,059</u>	<u>1,376,356</u>	<u>\$2,467,415</u>

Source: Auditor summary of costs reported by MI and CIPC during the audit scope.

Although the audit scope included identifying and reconciling all costs that the Commission reported on the seven AmeriCorps grants, as summarized in the tables above, we focused our compliance and member testing activities on the most recent PYs, as follows:

- **Commission Testing:** We performed cost and compliance testing of the TTA and Administrative grants provided to the Commission to evaluate whether the costs claimed on these grants for PYs 2016–2017, 2017–2018, 2018–2019, 2019–2020, and 2020–2021 activities were allocable, reasonable, and allowable.
- **Subgrantee Testing:** We performed compliance testing of the ASN grants that the Commission provided to subgrantees to evaluate whether the Commission appropriately monitored ASN grantees. Additionally, we ensured that the costs reported by the subgrantees to the Commission during the five PYs were supported by the grantee’s financial management systems. Further, we performed cost and compliance testing of two ASN subgrantees (i.e., MI and CIPC) to evaluate whether costs claimed on the two ASN grants for the three most recent PYs (i.e., PYs 2018–2019, 2019–2020, and 2020–2021) were allocable, reasonable, and allowable. This testing included selecting a sample of 21 members who served in the ASN program at each subgrantee site for compliance and cost testing.

The following tables identify relevant information regarding the costs claimed and the members enrolled at each of the sampled subgrantee sites during the PYs tested.

Costs Claimed for MI and CIPC within PYs 2018–2019, 2019–2020, and 2020–2021

Subgrantee	PY 2018-2019		PY 2019-2020		PY 2020-2021		Total
	Federal	Match	Federal	Match	Federal	Match	
MI	\$127,315	\$116,000	\$133,252	\$78,320	\$89,596	\$115,000	\$659,483
CIPC	111,131	98,034	165,074	156,080	153,774	142,983	827,076
Total	\$238,446	\$214,034	\$298,326	\$234,400	\$243,370	\$257,983	\$1,486,559

Source: Auditor summary of costs MI and CIPC reported on PERs during the audit scope.⁸²

Enrolled Members at MI and CIPC

Subgrantee	PY 2018-2019	PY 2019-2020	PY 2020-2021	Total
MI	15	15	13	43
CIPC	16	20	19	55
Total	31	35	32	98

Source: Auditor summary of members enrolled in ASN programs at MI and CIPC during the audit scope.

METHODOLOGY

Based on the objectives and scope of the audit, we conducted this engagement in three phases: planning, fieldwork, and reporting.

Planning

We began the audit by planning the audit work necessary to address the audit objectives and to reduce audit risk to an acceptably low level. Specifically, we:

⁸² These values include the \$54,100 in Federal and \$70 in match costs MI reported in December 2020 (PY 2019–2020) were not reimbursed by the Commission.

- Developed an understanding of the engagement objectives; the AmeriCorps programs included within our audit scope; and the applicable Federal,⁸³ AmeriCorps,⁸⁴ and AmeriCorps program-specific criteria.⁸⁵
- Requested, obtained, and reviewed relevant documentation provided by the AmeriCorps Office of Inspector General (OIG) and the Commission for the seven AmeriCorps grants included within the scope of the audit: 16CAHPR001, 16TAHPR001, 16AFHPR001, 19CAHPR001, 19TAHPR001, 19TAHPR002, and 19AFHPR001.
 - Relevant documentation included FFRs submitted during the audit scope, notices of grant grants and modifications, grant budgets and budget narratives, applications for Federal assistance, single audit reports, subgrantee monitoring reports, and the Commission’s financial records.
 - Met with relevant AmeriCorps personnel—including the AmeriCorps Portfolio Manager, who has oversight of the Commission and AmeriCorps OIG personnel—to discuss the results of prior audits and reviews performed at the Commission.
- Used the information gained during our documentation review and interviews to develop an understanding of the Commission, including:
 - The Commission’s establishment, its organizational structure, its AmeriCorps grants, and its internal policies and procedures.
 - The cause and resolution of findings and other instances of non-compliance identified during prior AmeriCorps site visits, Single Audits, and other relevant investigations/reviews.
 - The subgrantees granted AmeriCorps funding through its ASN programs, including whether and how those subgrantees were monitored.

⁸³ We assessed the Commission’s compliance with 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Grants*, the following COVID-19 pandemic guidance issued by the Office of Management and Budget : [M-20-17: Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#); [M-20-20: Repurposing Existing Federal Financial Assistance Programs and Grants to Support the Emergency Response to the Novel Coronavirus \(COVID-19\)](#); [M-20-26: Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#).

⁸⁴ We assessed the Commission’s compliance with 45 C.F.R. Part 25, *Regulations Relating to Public Welfare, Corporation for National and Community Service* Parts 2520, 2521, 2522, 2524, 2526, 2527, and 2540 and the following COVID-19 guidance issued by AmeriCorps: [General COVID-19 Questions](#); [AmeriCorps State and National COVID-19 Questions](#); and [Prospective Member and Volunteer COVID-19 Questions](#). Although various updates were made to 45 C.F.R. Part 25 in 2021, the guidance and references utilized were the pre-2021 changes as it was effective during most of the audit period.

⁸⁵ We assessed the Commission’s compliance with AmeriCorps’ 2016–2021 *General Grant and Cooperative Agreement Terms and Conditions*, as well as specific terms and conditions with its 2016–2021 State and National Program, Commission Support Grant Program, and TTA Commission Investment Fund Grant Program, as appropriate for each grant included within the audit scope.

- Summarized the results of our planning activities, including the major risks identified and the subgrantees selected for testing,⁸⁶ within an audit planning memo and designed steps to ensure we completed all planned activities within an audit program for this audit.
 - We submitted these documents to the AmeriCorps OIG and received approval of the planning memo on December 7, 2021.

Fieldwork

We performed audit fieldwork activities, as outlined in the approved audit planning memo, to ensure we received sufficient, appropriate evidence that would provide a reasonable basis for findings and conclusions based on the audit objectives. This fieldwork included:

- Assessing the reliability of the general ledger data that the Commission and its subgrantees provided by comparing the costs that each entity claimed and reported on AmeriCorps grants per FFRs/Periodic Expense Reports (PERs) submitted to their financial management system accounting records and researching all discrepancies identified.
 - Our work required us to rely on computer-processed data obtained from the Commission, data from two of its subgrantees (i.e., MI and CIPC), and eGrants data obtained from the AmeriCorps OIG.
 - We assessed the reliability of the financial records data from the Commission and its subgrantees by:
 - Comparing the costs claimed on AmeriCorps grants per the entity’s accounting records to the reported expenditures reflected in the FFRs/PERs funding requests submitted during the audit period.
 - Comparing the costs reported on AmeriCorps grants per the Commission’s accounting records/FFRs to the reported expenditures reflected in the payment management system drawdown funding requests that the Commission submitted to the Department of the Treasury’s Payment Management System.
 - We identified several discrepancies between the amounts supported by the Commission and its subgrantee’s financial records and the amounts that they claimed and reported per the Payment Management System and the FFRs/PERs submitted (see Findings 3 and 10). We found both the Commission’s and CIPC’s computer-processed data to be sufficiently reliable for the purposes of the audit, as each entity was able to provide

⁸⁶ We judgmentally selected MI and CIPC for detailed testing based on an assessment of overall risk to the Commission and AmeriCorps. Specifically, this assessment included consideration of several factors, including the amount of costs claimed by each subgrantee, the number of members each subgrantee supported, the results of subgrantee monitoring reports, and information contained in the Single Audit reports for each entity.

justifications or documentation to support the discrepancies identified. As we did not find MI's computer-processed data reliable, we relied on paper-based PERs that MI submitted to support its claimed costs, rather than using its computer processed data.

- We found AmeriCorps' eGrants data to be sufficiently reliable for the purposes of this audit. We did not review or test whether the data contained in AmeriCorps' databases or the controls over AmeriCorps' databases were accurate or reliable; however, the independent auditor's report on AmeriCorps' financial statements for fiscal year (FY) 2021 found no reportable instances in which AmeriCorps' eGrants system did not substantially comply with applicable requirements.
- The Commission provided detailed transaction-level data to support \$7,307,088 in costs claimed on AmeriCorps grants during the period, which was less than the \$7,367,186 the Commission claimed on FFRs during the audit period. This data resulted in a total audit universe of \$7,307,088 in expenses claimed on seven AmeriCorps grants.
- Summarizing our understanding of Federal, AmeriCorps, the Commission, and subgrantee-specific policies and procedures surrounding costs budgeted for or charged to AmeriCorps grants and identifying the controls in place to ensure that costs charged to sponsored projects were reasonable, allocable, and allowable.
 - In planning and performing this audit, we considered the Commission and its subgrantees' internal controls solely to understand the Commission's directives or policies/procedures in place to ensure that charges against AmeriCorps grants complied with relevant Federal regulations, AmeriCorps grant terms, and Commission policies.
- Judgmentally reviewing all costs included within the accounting records that the Commission provided to support costs claimed on the sampled AmeriCorps grants and selecting a sample of 65 transactions, with 34 related to Federal costs claimed and 31 related to match costs reported in PYs 2016–2017, 2017–2018, 2018–2019, 2019–2020, and 2020–2021. Specifically, we selected samples to allow us to test whether:
 - Payroll was based on the appropriate institutional base salary.
 - Labor charges were traceable to labor distribution reports, effort reports, and payroll records.
 - Cost allocation or rates utilized were assessed appropriately.
 - Costs were incurred during the grant period.

- Costs were adequately supported.
 - Costs were charged to the correct project and consistent with the program description in the grant application.
 - Costs were included in the original or amended budgets.
 - Costs were allowable in accordance with applicable cost principles.
 - Travel was taken compliance with the grantee's travel policies or, absent these policies, with the Federal Travel Regulation.
 - Costs were either specifically included in the approved budget or subsequently approved in writing by the agency prior to being incurred.
- Evaluating whether the Commission met its match requirements for the 16AFHPR001, 16CAHPR001, 19AFHPR001, and 19CAHPR001 grants.
 - Judgmentally selecting a sample of 42 transactions at MI and 59 transactions at CIPC reported in its PYs 2018–2019, 2019–2020, and 2020–2021 PERs for cost and compliance testing.
 - Reconciling the subgrantees' financial records to evaluate whether the subgrantees met their match requirements for the 16AFHPR001 and 19AFHPR001 grants.
 - Evaluating whether the Commission and its subgrantees obtained prior written approvals for budgetary and programmatic changes as required.
 - Evaluating whether the Commission and subgrantees submitted financial reports by relevant due dates.
 - Evaluating whether the Commission or its subgrantees received any program income; if so, determining whether the funds were treated appropriately.
 - Evaluating whether the Commission and its subgrantees requested payments in a timely manner.
 - Evaluating whether the Commission performed sufficient subgrant monitoring to ensure subgrantee compliance with AmeriCorps program requirements.
 - Judgmentally selecting a sample of seven PY 2018–2019 members, seven PY 2019–2020 members, and seven PY 2020–2021 members at both MI and CIPC that served on the 16AFHPR001 and 19AFHPR001 grants. For each sampled member performed testing to determine whether each member was eligible to receive the living allowance and education grants they received and whether the amounts they received were appropriate. This testing included verifying that the members:

- Underwent the appropriate National Service Criminal History Check (NSCHC) process and received the necessary checks prior to service.
- Were properly enrolled, evaluated, and exited.
- Accurately recorded their service hours, accurately reported service hours to eGrants, and did not exceed member fundraising and training hour limitations.
- Did not perform any prohibited activities and were trained and supervised adequately.
 - This included performing both on-site and remote interviews with PY 2020–2021 sampled members and their supervisor(s).
- Performing on-site fieldwork, which included performing interviews/walkthroughs and reviewing member files/supporting documentation at the Commission, MI, and CIPC from January 10, 2022, through January 14, 2022. We performed all other fieldwork activities at the Sikich office and requested documentation and teleconferences as necessary.
- Reviewing the supporting documentation that the Commission and its subgrantees provided and requesting additional documentation as necessary to ensure sufficient, appropriate evidence to assess the allowability of each sampled transaction under relevant Federal, AmeriCorps, and entity-specific policies and procedures.⁸⁷

Reporting

At the conclusion of our fieldwork, we provided a summary of our fieldwork results to AmeriCorps OIG personnel for review and approval. We also provided the fieldwork summary to the Commission’s personnel to ensure that the Commission was aware of each of our findings and to verify that it did not have additional documentation to support the questioned costs.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁸⁷ We assessed the Commission’s and the selected subgrantees’ compliance with both Commission and subgrantee policies and procedures surrounding costs budgeted for—or charged to—AmeriCorps grants.

APPENDIX C: AUDITOR RESPONSE TO AMERICORPS MANAGEMENT'S COMMENTS

SUMMARY OF AMERICORPS MANAGEMENT'S COMMENTS

AmeriCorps management (AmeriCorps) responded in writing to our draft report, thanking the Office of Inspector General (OIG) for performing the audit and approving the Puerto Rico Commission for Volunteerism and Community Service's (the Commission's) request for an extension. AmeriCorps acknowledged working with the Commission to ensure submission of a comprehensive management response, in which the grantee acknowledged its concurrence with the identified findings.

AmeriCorps noted that it will make its final determination for all findings, recommendations, and questioned costs after receiving the final report and reviewing the auditor's workpapers. AmeriCorps also noted that it will work closely with the Commission to ensure that its corrective actions adequately address all findings and recommendations.

AmeriCorps' full response can be found in [Appendix E](#).

EVALUATION OF AMERICORPS MANAGEMENT'S RESPONSE

As AmeriCorps noted that it would not make its final determination regarding the findings, recommendations, or questioned costs in the report until after its receipt of the final report, all recommendations in the report remain open. Accordingly, we will consider the recommendations open until AmeriCorps submits documentation of its agreement/disagreement with all findings and recommendations (including questioned costs), as well as its evaluation of the sufficiency of the Commission's planned corrective actions.

APPENDIX D: AUDITOR'S RESPONSE TO THE PUERTO RICO COMMISSION FOR VOLUNTEERISM AND COMMUNITY SERVICE'S RESPONSE

SUMMARY OF THE PUERTO RICO COMMISSION FOR VOLUNTEERISM AND COMMUNITY SERVICE'S COMMENTS

The Puerto Rico Commission for Volunteerism and Community Service (the Commission) responded in writing to our draft report, noting that staff turnover was a challenge for the Commission during the audit period and that, since August 2021, its increase in staff retention has led to significant improvements.

The Commission concurred with all audit findings and recommendations and noted that it has already begun implementing corrective actions as follows:

- **Finding 1: Insufficient Subgrantee Monitoring:** The Commission noted that its subgrantee monitoring procedures have been revised to establish new internal controls designed to ensure that it properly maintains and organizes the results of its subgrantee monitoring activities.
- **Finding 2: Inadequately Supported Federal and Match Costs:** The Commission noted that it is revising its policies and procedures to better address documentation of allowable costs and that it is also working with its subgrantees to do the same.
- **Finding 3: Inappropriately Reported Facilities and Administrative Costs:** The Commission noted that it routinely shares AmeriCorps' application instructions with subgrantees to ensure that they understand how Facilities and Administrative (F&A) costs can be claimed. Further, it noted that Commission staff will receive training on documenting F&A costs to enable them to provide clear guidance to subgrantees and to ensure subgrantees claim F&A costs correctly.
- **Finding 4: Accounting System Records Do Not Support Amounts Reported:** The Commission noted that in May 2023, the Finance Office of the Governor's Office in conjunction with the Puerto Rico Department of Treasury implemented improvements for its accounting and financial reporting process, enhancing its accounting and financial reporting practices and policies to provide accurate and complete financial information.
- **Finding 5: National Service Criminal History Checks Not Appropriately Completed:** The Commission noted that, as of September 2022, the Commission requires all subgrantees to use AmeriCorps-approved vendors to perform required National Service Criminal History Checks (NSCHCs).
- **Finding 6: Compelling Personal Circumstance Justifications Not Sufficiently Detailed or Allowable:** The Commission noted that it is in the process of developing a written policy and procedure for compelling personal circumstances (CPCs) to share with all subgrantees.
- **Finding 7: Members Not Appropriately Enrolled or Exited:** The Commission noted that, at the start of each program year (PY), the Commission invites subgrantees to participate in annual training for projects with a strong emphasis on two key topics: enrollment and

exiting procedures. Further, it noted it consistently provides training and support for both the enrollment and exiting processes.

- **Finding 8: Unallowable Federal and Match Costs:** The Commission noted that both it and its audited subgrantees have implemented additional internal controls and that the policies and procedures have been revised to prevent the recurrence of unallowable costs being claimed on AmeriCorps awards. Further, the Commission noted that it has determined that the AmeriCorps members who served at MI in 2016 and 2019 received the correct living allowance amount and should not receive additional living allowance payments.
- **Finding 9: Member Timesheet Hours Not Appropriately Reported:** The Commission noted that since September 2021, the Commission has required that subgrantees use the OnCorps Reports™ application to record member timesheets. Further, the Commission noted that training and technical assistance (TTA) was provided to subgrantees to ensure proper reporting of member hours.
- **Finding 10: Non-Compliance with Financial Management Standards:** The Commission noted that, since September 2021, the Governor’s Office has contracted and assigned a staff member to the Commission to handle funds drawdowns. Further, the Commission noted its implementation of additional processes to enhance its accounting and financial reporting, including monthly reconciliations of transactions recorded in its general ledger with those recorded in its subsidiary ledger. The Commission also noted that the subgrantee identified in the finding has enhanced its accounting system to more accurately identify Federal and match costs reported to the Commission.
- **Finding 11: Financial Reports Submitted After Reporting Due Dates:** The Commission noted that, since September 2021, it has enhanced its internal controls to ensure compliance with AmeriCorps requirements, including Federal Financial Report (FFR) due dates. Further, the Commission noted that it has revised and established internal controls to monitor subgrantees’ compliance with relevant reporting timelines.

The Commission’s full response can be found in [Appendix F](#).

EVALUATION OF THE PUERTO RICO COMMISSION FOR VOLUNTEERISM AND COMMUNITY SERVICE’S COMMENTS

The Commission agreed with the audit report recommendations to improve both the Commission’s and its subgrantees’ administrative and management procedures for monitoring and reporting expenditures on AmeriCorps grants. We believe implementing the report recommendations will assist the Commission in reducing its risk of future noncompliance, which ultimately strengthens the Commission’s and AmeriCorps’ ability to conduct their missions; however, as the Commission is still in the process of implementing its corrective actions, we consider all recommendations to remain open until AmeriCorps, in coordination with the

Commission and its subgrantees, submits documentation to demonstrate the completion and sufficiency of corrective actions.

APPENDIX E: AMERICORPS MANAGEMENT RESPONSE TO THE DRAFT REPORT



To: Monique Colter, Assistant Inspector General for Audit
Office of Inspector General

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

Cc: Caroline Fernandez, Acting Director, Office of Monitoring
Sonali Nijhawan, Director, AmeriCorps State and National
Jennifer Tahmasebi Bastress, Deputy Director, AmeriCorps State and National
Erin McGrath, Director, Office of Regional Operations
Amy Hetrick, Acting Director, Office of Grant Administration
Rachel Turner, Audits & Investigations Program Manager

Date: October 30, 2023

Subject: Management Response to Office of Inspector General Draft Report:
AmeriCorps' Performance Audit of Puerto Rico Commission for Volunteerism and
Community Service (OIG-AR-23-07)

EDRIS
SHAH

Digitally signed
by EDRIS SHAH
Date: 2023.10.30
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AmeriCorps thanks the Office of Inspector General (OIG) for their work in performing the audit of Puerto Rico Commission for Volunteerism and Community Service and issuing the draft report. AmeriCorps also appreciates OIG's flexibility in approving the request for an extension.

In the draft report, OIG identified 11 findings and 29 recommendations. AmeriCorps worked with the Commission to ensure submission of a comprehensive management response to OIG, in which the grantee acknowledges its concurrence with the identified findings.

AmeriCorps will make its final determination for all findings, recommendations, and questioned costs after receipt of the final report and after reviewing the auditor's working papers and the Commission's corrective action plan. We will work closely with the grantee to ensure its corrective actions adequately address all audit findings and recommendations.



**APPENDIX F: THE PUERTO RICO COMMISSION FOR VOLUNTEERISM AND COMMUNITY SERVICE RESPONSE TO THE
DRAFT REPORT**



GOBIERNO DE PUERTO RICO
COMISIÓN DEL GOBERNADOR PARA EL VOLUNTARIADO Y SERVICIO COMUNITARIO

October 18, 2023

Monique Colter
Assistant Inspector General for Audit
Office of Inspector General
AmeriCorps
250 E Street SW
Washington DC 20525

Dear Mrs. Colter:

The Puerto Rico Commission for Volunteerism and Community Service presents its response to the Draft Report on OIG Report OIG-AR-23-07, please see attached document.

During the timeframe audited staff turnover was a challenge for the Commission. Since August 2021, staff capacity has increased, and the Commission has successfully retained staff, which has led to significant improvements.

The Commission looks forward to resolving the findings, implementing corrective actions needed, and continuing our work with AmeriCorps.

Respectfully,


Amanda L. Préstamo Torres
Executive Director

Cc: Selena Vidale, Audit Manager Office of General Counsel
Sonali Nijhawan, Director AmeriCorps State and National
Edris Shah, Director Office of Audit and Debt Resolution
Caroline Fernandez, Director Office of Monitoring
Kenia Colón Torres, Senior Portfolio Manager Mid-Atlantic Region
Kathleen McTigue, Portfolio Manager Mid-Atlantic Region
Carmen Salgado, Administrator PR Governor's Officer
Wassilly Bonet, Commission Chair
Carlos Gómez, Commission Vice Chair
Dulce Del Rio Pineda, Coordinadora Mujeres de Islas
Alejandra Ramos Carmenatty, Directora Proyecto Península de Canera

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COMISIÓN DEL GOBERNADOR PARA EL VOLUNTARIADO Y SERVICIO COMUNITARIO

Puerto Rico Commission for Volunteerism and Community Service responses:

Finding 1. Insufficient Subgrantee Monitoring.

The Commission concurs with finding 1 and has already begun following the recommendation to update the policy and procedures manual. In August 2021, shortly after the current Executive Director assumed her role, it was identified that the office lacked a proper documentation system, highlighting the pressing need to revise and update the policies and procedures.

From October 2021 to July 2022, the monitoring procedures, including the Risk Assessment Tool and the Compliance Monitoring tool, were revised. Within this timeframe, new internal controls were established to properly maintain and organize hard copies in the office. Furthermore, in addition to retaining physical copies in the office, the Commission established an online share drive to ensure that all employees have access to important subgrantees documentation. The Commission conducted its annual risk assessments of the subgrantees to formulate the yearly monitoring plan. As a result, the Program Officer led seven the monitoring visits to subgrantees, along with the Fiscal Officer and the Program Assistant. During these visits, the need for a dedicated staff person to perform the compliance monitoring visits was identified, leading to the hiring of a new Compliance Officer in January 2023.

All thirteen subgrantees received compliance monitoring visits between July 2022 and August 2023 resulting in the establishments of corrective action plans that are currently in the process of being completed. The Compliance Officer is reviewing the Commission's Policy and Procedure Manual to include the revised procedures, and documents.

Finding 2. Inadequately Supported Federal and Match Costs.

The Commission concurs with finding 2 and the recommendation. The Commission is revising its policies and procedures on how to document allowable cost, including in-kind contributed cost to be reported on AmeriCorps grants. Additionally, the Commission is overseeing that subgrantees have policies in place, are following the procedures, and documenting the costs as required by the Terms and Conditions. Training on cost allowability and documentation is provided before the start of every program year and individually, if necessary.

Finding 3. Inappropriately Reported Facilities and Administrative Match Costs.

The Commission concurs with finding 3 and the recommendations. Since the FY2022 grant-making process, the Commission has been sharing the AmeriCorps Applications Instructions with subgrantees and ensuring the adhere to the instructions on calculating administrative indirect cost in their budget, ensuring that

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these costs do not exceed 5 percent of Federal PY cost. Furthermore, Commission staff will receive training on how to document Facilities and Administrative Costs to enable them to verify subgrantees claims accurately and provide clear guidance.

Finding 4. Accounting System Records Do Not Support Amounts Reported.

The Commission concurs with finding 4 and the recommendation. Since May 2023, the Finance Office of the Governor's Office in conjunction with the Commonwealth of Puerto Rico Department of the Treasury implemented a process to enhance its accounting and financial reporting practices and policies to provide accurate and complete financial information. This process includes monthly reconciliations of transactions recorded in the general ledger (PRIFAS) with the transaction recorded in the subsidiary ledger. This monthly reconciliation process includes Commission AmeriCorps funds.

Finding 5. National Service Criminal History Checks Not Appropriately Completed.

The Commission concurs with finding 5 and the recommendation. As of September 2022, the Commission is requiring all subgrantees to use AmeriCorps approved vendors to perform NSCHC process. Additionally, the Commission provided training to subgrantees prior to start the program year and verified compliance of NSCHC during monitoring visits.

Finding 6. Compelling Personal Circumstance Justifications Not Sufficiently Detailed or Allowable.

The Commission concurs with finding 6 and the recommendation. Currently, the Commission is in the process of developing a written policy and procedure for compelling personal circumstance (CPC), which will be shared with all subgrantees. The CPC policy and procedure will focus on clearly defining what can be considered an allowable CPC and outline the procedure that subgrantees must follow to provide detailed justifications for early member exits due to CPC, which will require approval from the Commission.

The policy is based on the 45 CFR 2522.230 and the 2023 Terms and Conditions for AmeriCorps State and National Grants specifically in Section VII. In addition to the forthcoming written policy and procedure, the Commission has consistently offered training and support to assist subgrantees on CPC related matters. During the Commission's monitoring visits, the Compliance Officer reviews whether any subgrantees have had member early exits due to CPC. If so, the Compliance Officer verifies if the subgrantees have included allowable and detailed justifications that were approved by the Commission within the member's file.

Finding 7. Members Not Appropriately Enrolled or Exited.

The Commission concurs with finding 7 and the recommendation. Before the start of

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the program year, the Commission invites each subgrantee to send staff to the Commission's annual training for projects with a strong emphasis on two key topics: enrollment and exiting procedures.

The Commission has consistently been monitoring the subgrantees' project progress in enrolling members to fill vacant member slots for the program year. During each monthly programmatic meeting, the Commission's Program Officer provides an overview of how many vacant slots each project has and repeat enrollment requirements and procedures. Towards the end of the grant year, the Program Officer intensifies the training and assistance efforts to ensure proper member exits.

Throughout the year, the Commission consistently provides training and support for both enrollment and exiting processes. In the Commission's Basecamp web platform, multiple resources, including examples and documents, are available to guide subgrantees on how to correctly enroll and exit members from their respective projects. Lastly, during the Commission's monitoring visits, the Compliance Officer reviews the subgrantees' procedures to ensure members are properly enrolled and exited.

Finding 8. Unallowable Federal and Match Costs.

The Commission concurs with finding 8 and the recommendation. The Commission, along with both audited subgrantees (MI and CIPC), has implemented additional internal controls, and the policies and procedures have been revised to prevent the recurrence of situations as described in finding 8. The Commission is working with the subgrantees on revising their AmeriCorps Policies and Procedures Manual revision. The Commission has determined that AmeriCorps members who served at MI in 2016 and 2019 received the correct living allowance amount and should not receive additional living allowance payments.

Finding 9. Member Timesheet Hours Not Appropriately Reported.

The Commission concurs with finding 9 and the recommendation. Since September 2021, the Commission has required that subgrantees use the OnCorps Reports application to record members timesheets. Training and technical assistance have been provided to subgrantees to ensure proper reporting of member hours. Subgrantee MI is currently using the OnCorps Reports application and CIPC has established an internal procedure to cross-reference members hour input in OnCorps Reports with their paper timesheets.

Finding 10. Non-Compliance with Financial Management Standards

The Commission concurs with finding 10 and the recommendation. Since September 2021, the Governor's Office contracted and assigned to the Commission a staff member to handle funds drawdowns. These funds are requested after a reconciliation of financial records have been performed. Additionally, as previously mentioned, the

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Finance Office of the Governor's Office in conjunction with the Commonwealth of Puerto Rico Department of the Treasury, has implemented a process to enhance its accounting and financial reporting practices and policies, ensuring accurate and complete financial information. This process includes monthly reconciliations of transactions recorded in the general ledger (PRIFAS) with those recorded in the subsidiary ledger. This monthly reconciliation process includes Commission AmeriCorps funds.

Subgrantee MI has enhanced its accounting system to more accurately identify federal cost and match cost reported to the Commission. The Commission has also created a, internal control document for recording expenses reported by each subgrantee and the corresponding reimbursements.

Finding 11. Financial Reports Submitted After Reporting Due Dates.

The Commission concurs with finding 11 and the recommendation. Since September 2021, the Commission has enhanced its internal controls to ensure compliance with AmeriCorps requirements, including Federal Financial Reports due dates. Moreover, if the Commission anticipates challenges in meeting these due dates, it will request a reporting extension from AmeriCorps. In addition, the Commission has revised and established internal controls to monitor subgrantees' compliance timelines, which includes reaching out to subgrantees consistently in noncompliance and providing training and individual assistance on financial reporting and the Periodic Expense Report requirements.

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