Safeguarding Federal Funds

AmeriCorps State and National
2015 Symposium

OFFICE OF INSPECTOR GENERAL
Corporation for
NATIONAL & COMMUNITY SERVICE

http://www.cncsoig.gov

Purpose

- Understand the mission of the OIG
- Preventing fraud in your organization
- Know how to contact the OIG

What the OIG Does

Promotes Economy, Efficiency, and Effectiveness in Agency Programs and Operations

Prevent and Detect Fraud, Waste, and Abuse

Two Operational Units: Audits & Investigations

What the OIG Does Not Do

Manage

or

Direct Agency Programs or

Operations

OIG Mission

- Improve efficiency and effectiveness of CNCS programs and operations

- Prevent and detect waste, fraud, and abuse by:
  1. Conducting audits and investigations
  2. Recommending policies
  3. Keeping the CNCS CEO and Congress informed about deficiencies, recommendations, and corrective actions

OIG Independence

- By law, OIG is independent of CNCS
- We report directly to Congress and are funded by a separate appropriation
- OIG personnel must remain objective at all times in conducting our work and must be free of personal or organizational conflicts of interest with grantees

Audits

YOU'RE GETTING
AUDITED

INITIATE
REVIEW
PREPARE
CONDUCT
AUDIT
FOLLOW-UP
COMPLETE
REPORT

Auditor
Help-ful
Tips
Auditees

Risk
Audit
Quality
Management

What is an OIG Audit?

An OIG audit is a comprehensive review of any organization. It measures the organization's compliance with the grant terms and conditions according to laws, regulations, and grant provisions.

OIG personnel also review financial management standards.

OIG Audit Plan

- Publicly Available
- OIG Risk Assessment
- Legislation
- Materiality
- Single Audit Report Results
- New Program
- Extent of Prior CNCS OIG Audits
- OIG Hotline Tips

The Audit Process

- Notification
- Planning
- Entrance Conference
- Fieldwork/Testing
- Exit Conference
- Draft Report
- CNCS and Grantee Response
- Final Report
- Resolution of Findings, Recommendations, and Questioned Cost

Audit Planning

OIG Auditor

- Gather Auditee Information
- Perform Risk Assessment
- Create the Audit Program

Auditee

- Receive OIG Notification
- Coordinate Entrance Conference
- Assemble Documentation Requested by Auditor in a Timely Manner

Audit Preparation

Question:

What is the best way to prepare for an audit?

Answer:

- Understand your grant's criteria and budget
- Maintain adequate accounting systems, policies, and procedures prior to the grant award
- Maintain all grant supporting documents

Final Report

- Grantee response to the draft report
- The OIG auditor(s) incorporates the organization's responses and comments on those responses
- The final report is issued to CNCS, and posted to the OIG's website for the public viewing
- A copy is provided to the grantee

Audit Resolution

- CNCS and Grantee management agree or disagree on proposed corrective actions
- The OIG is given an opportunity to review the proposed corrective actions; however, final decisions are made by CNCS
- CNCS and Grantee management take action to improve operations or correct deficiencies identified in the Final Audit Report
- Debts, if applicable, are established:
  - Collected
  - Payment Schedule

Common Accountability Problems

Criminal History Checks

National Sex Offender Public Website and Criminal History Checks—conduct thoroughly, timely, and document properly, for both staff and volunteers.

Common Accountability Problems

- Timesheets cannot be based on budgeted amounts — actual work only
- Suggestion - periodically, conduct your own timesheet review or audit
- Staff and member timesheets must be completed accurately and on schedule, signed by a supervisor after completion, and submitted in a timely manner

Common Accountability Problems

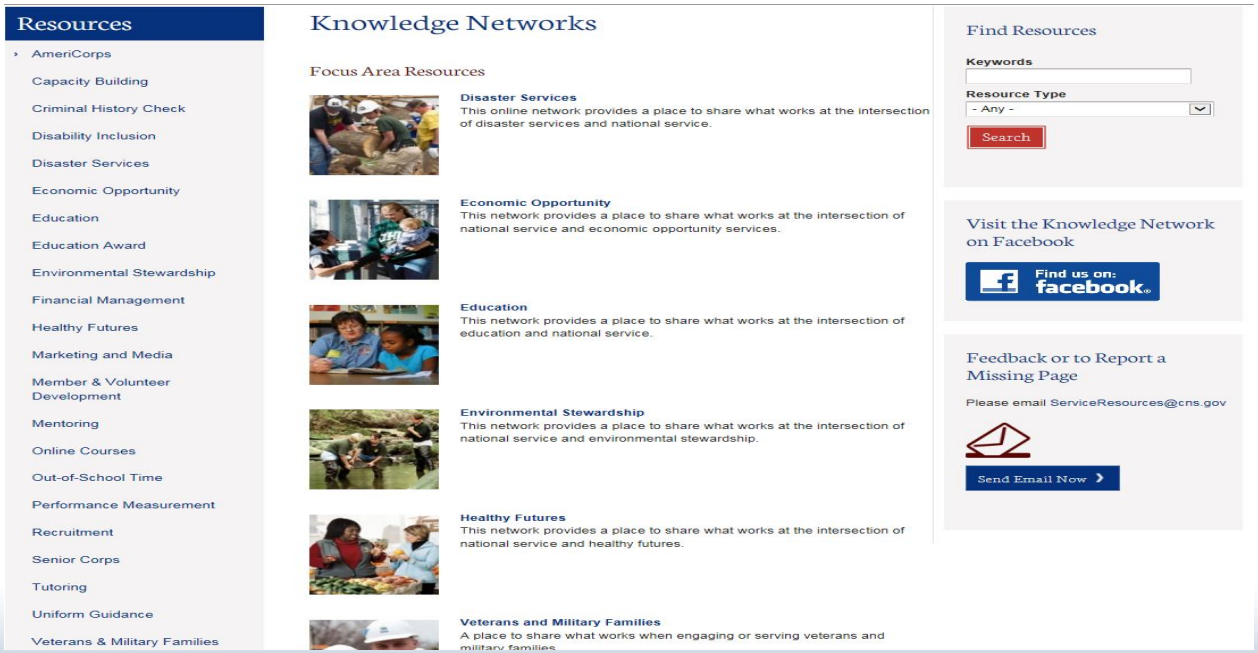
- Organizations do not separate accounting records for each federal grant
- Submit Federal Financial Reports (FFRs) on schedule
- Make sure that the FFRs reconcile to internal accounting records (general ledger)
- Check income-eligibility for FGP and SCP and document

Common Accountability Problems

- Record match dollars in general ledger, with same detail/documentation as for grant expenditures
- Document source of match contributions
- Substantiate market value of in-kind match contributions
- Members issued partial education awards for Compelling Personal Circumstances are not eligible or not properly supported

Resources

- Your CNCS Program Officer and Grant Officer
- National Service Knowledge Network: www.nationalservice.gov/resources



Grant Reform

2 CFR 200: Uniform Guidance

- Indirect Rates
- Single Audit Threshold
- Procurement
- Timekeeping
- Subgrantee Monitoring

Resources:

- Council on Financial Assistance Reform (COFAR) (https://cfo.gov/cofar)
- eCFR (http://www.ecfr.gov)

Indirect Rates (Sections 200.412-415)

- New de minimis rate
- One time extension of up to four years (for an existing NICRA)

Single Audit Threshold (Section 200.501)

- Increases audit threshold from $500,000 to $750,000
- Threshold for reporting questioned costs raised to $25,000
- Consider the implications on subgrantee monitoring

Risk Assessments (Section 200.205)

- During grant pre-award process, Federal agency must consider risks posed by applicants
- For competitive grants, Federal agency must have a framework for evaluating risks before applicants receive awards
- Consider risks posed by grantees:
  - Financial Stability
  - Quality of Management Systems
  - History of Performance
  - Audit Findings

Procurement (Sections 200.317-326)

- States must use their own policies and procedures; other non-Federal entities must have and follow written procurement procedures
- The non-Federal entity must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract or purchase order
- MUST maintain written standards of conduct; avoid acquisition of unnecessary or duplicative items

Procurement (continued)

- Five Methods of Procurement
  - Micro Purchase ($3,000)
  - Small Purchase ($150,000)
  - Sealed bids
  - Competitive
  - Non-competitive

- Procurement Contract Provisions
  - See Appendix II to Part 200 for list

Procurement (continued)

Prime Responsibility

§200.323 Contract cost and price

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation.

Timekeeping/Personal Services Compensation (Section 200.430)

Emphasis on internal controls over personnel-related costs. Records on time and effort must:

- Be supported by a system of internal control that charges are accurate, allowable, and properly allocated
- Reasonably reflect total activity for which the employee is compensated
- Support the distribution of employee's salary/wages among specific activities/cost objectives

Timekeeping/Personal Services Compensation (continued)

- Support for payroll costs cannot be based on budget estimates made before services are performed
- Federal agencies may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records

Subgrantee Monitoring (Sections 200.330-332)

- Include pass-through entities audit responsibilities that were in Single Audit
- Include specific information in the subaward, including the indirect cost rate
- Evaluate each subgrantee's risk of noncompliance with Federal statutes/regulations, terms, and conditions
- Consider if specific subaward conditions are needed
- Make any necessary adjustment to the pass-through entity's records based on reviews and audits of subgrantee

Subgrantee Monitoring (continued)

§ 200.331 Requirements for pass-through entities:

- (a) All pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes required information at the time of the subaward
- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring
- (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.207 Specific conditions

Subgrantee Monitoring (continued)

§ 200.331 Requirements for pass-through entities:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
  (1) Reviewing financial and programmatic reports required by the pass-through entity
  (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means
  (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision

Subgrantee Monitoring (continued)

§ 200.331 Requirements for pass-through entities:

- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient, monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals

- See the following link for the detailed list of required information and factors to consider:

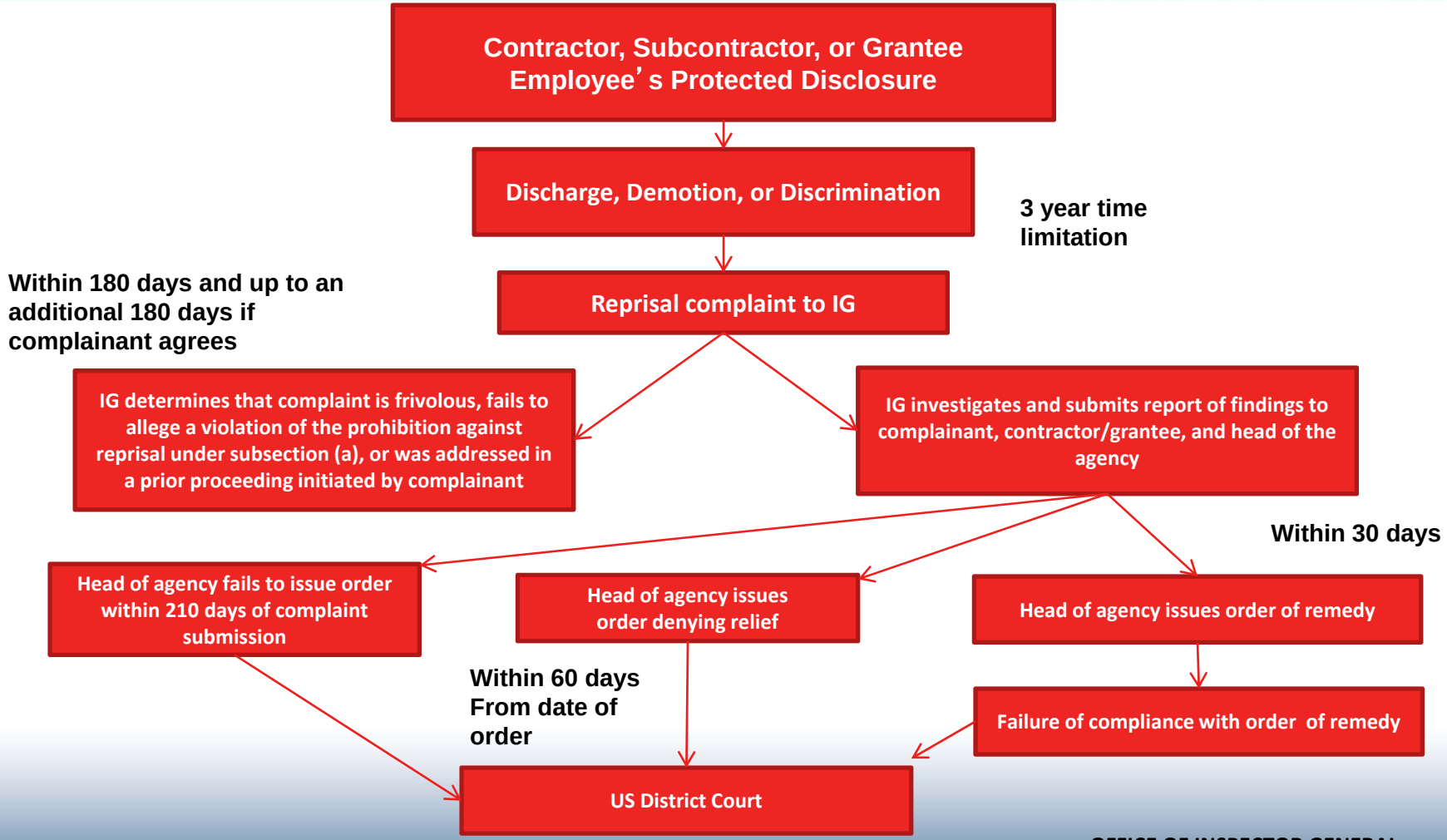
http://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/xml/CFR-2014-title2-vol1-sec200-331.xml

Enhanced Whistleblower Protection

Whistleblower protection now extends to employees of contractors, subcontractors, and grantees who disclose information related to:

- Gross mismanagement of a Federal contract or grant
- Waste of Federal funds
- Abuse of authority relating to a Federal contract or grant
- Substantial and specific danger to public health and safety
- Violations of any law, rule, or regulation related to a Federal contract or grant

Section 828 Public Law 112-239
41 U.S.C § 4712



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Contact the OIG

Your identity can be kept

Hotline

- Report suspected fraud, waste, or abuse
- Information is confidential
- You may remain anonymous

1-800-452-8210
or
hotline@cncsoig.gov

Visit us at
www.cncsoig.gov

Questions?