

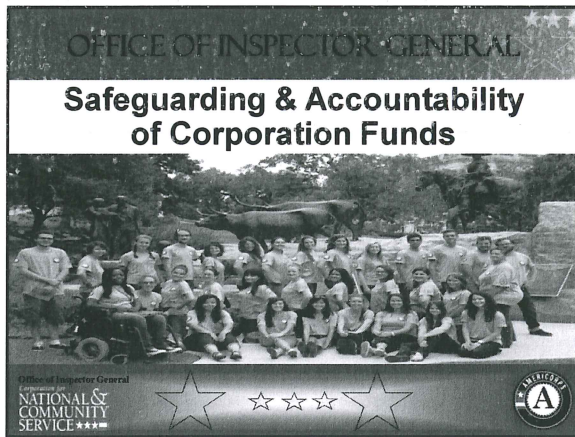
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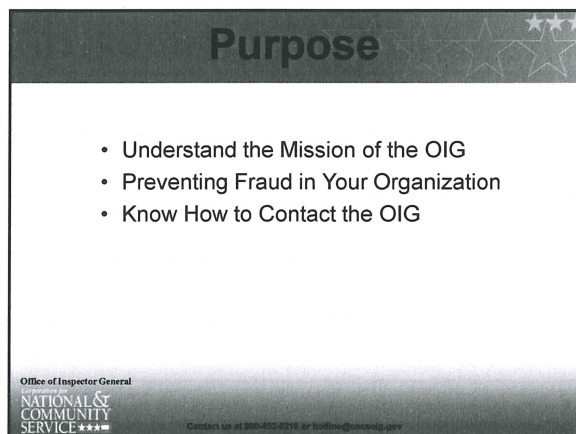
Safeguarding & Accountability of Corporation Funds

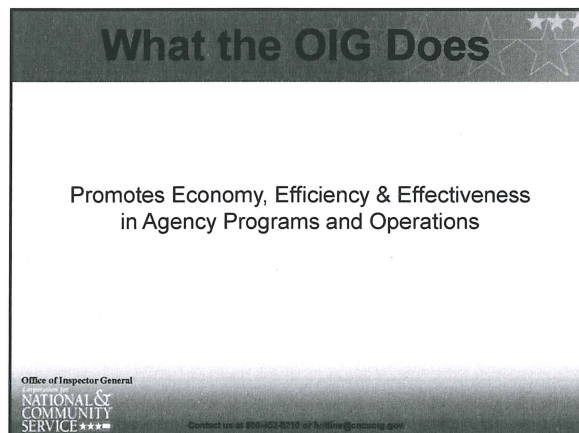


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Corporation for
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SERVICE** ★★ ★









What the OIG Does Not Do

Manage
or
Direct Agency Programs,
Operations

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AUDITS

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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.

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Audit Plan

- Publicly available January
- OIG Risk Assessment
- Legislation
- Materiality
- A-133 audit report findings, if any
- New Program
- No prior audit by CNCS OIG
- OIG hotline tips

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The Audit Process

- Notification
- Planning
- Entrance Conference
- Fieldwork/Testing
- Exit Conference
- Draft Report
- Corporation and Grantee Response
- Final Report
- Resolution of Findings and Question Cost

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Planning

- OIG Auditor
 - Gather grantee information
 - Perform risk assessment
 - Create the audit program
- Grantee
 - Receive OIG notification
 - Coordinate entrance conference
 - Assemble documentation requested by auditor

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Risk Assessment

- A-133 Findings
- New programs
- Materiality of federal expenditures
- Sub recipient organizations
- Organization/Member Turnover
- OIG hotline reports (whistleblowers)

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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.

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Common Audit Findings

- Organizations do not separate accounting records for each federal grant.
- Federal Financial Reports (FFRs) do not reconcile to the accounting records.
- Staff/member time sheets are not based on actual time worked/served.
- Lack of review over member/staff time sheets.
- Members issued partial education awards for Compelling Personal Circumstances (CPC) are not eligible or not properly supported.
- Match costs are not properly documented and/or not allowable.
- Noncompliance with grant terms and conditions.

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Wrap up Process

- Exit Conference
Provides the Corporation and grantee an overview on our audit procedures, testing results & recommendations.
- Draft Report
 - 30 day written response
 - "work in progress" document

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Response Suggestions

**Make it Meaningful
and
Something You Want the Public to Understand**

- If there is agreement with a finding, say so, and include a corrective action plan.
- If there is disagreement, state the case based on controlling rules (law, regulations, grant provisions) and supply the supporting documents to support the case.
- If the audit report recommendation does not work for your organization, propose an alternative.

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Final Report

- The OIG auditor(s) incorporates the organization's responses and comments on those responses.
- The final report is issued to the Corporation.
- A copy is provided to the grantee.
- Final report is posted to the OIG's website for the viewing public.

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Audit Resolution

- The Corporation 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 the Corporation.
- Corporation 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

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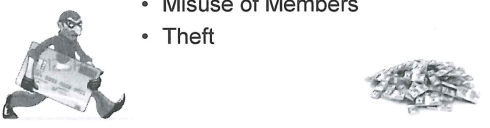
INVESTIGATIONS



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Common Crimes

- Misuse of Grant Funds
- Time Sheet Fraud
- Embezzlement
- Misuse of Members
- Theft




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Fraud Investigations

- Commission executive director embezzled grant funds.
- Program officials allowed member(s) to serve without an NSOPR check conducted and/or completed.
- Member receive bonus hours
- Commission employee uses Commission's credit card for personal purchases.
- AmeriCorps member steals and negotiates organization's checks.
- Student allowed to use practicum and curriculum hours as AmeriCorps service hours.

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Negative Publicity



Former AmeriCorps manager pleads not guilty in \$95K fraud case

Woman sentenced for conspiring to steal AmeriCorps funds in American Samoa

Salt Lake AmeriCorps director gets probation for fraud, theft

Charlevoix AmeriCorps director arrested


AmeriCorps reading tutor indicted for theft from Foster Heights Elementary

Ex-AmeriCorps director gets 6 months in prison for \$150K embezzlement

Former AmeriCorps Member Sentenced for Theft of Child Care Funds

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Fraud Defined



An **intentional** distortion of the truth in an attempt to obtain something of value. Does not have to result in monetary loss.

Layman's terms:
Lying, cheating, or stealing.

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Misuse of Grant Funds

- Grant funds are fully expended before grant ends.
- Unauthorized costs are charged to the grant.
- Funds are drawn down on unfilled member slots.
- Funds are drawn down on terminated slots.
- Employee salaries not funded under the grant are charged against the grant.

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Time Sheet Fraud

- Service hours are not properly documented.
- Hours are not reasonable or allowable.
- Program officials are not verifying the hours or type of service claimed.
- Multiple documents prepared at the same time.
- Staff employee's time inaccurately allocated.

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Embezzlement

- Members and staff are not being paid.
- Payments are made to "ghost members"
- Frequent use of white out, changes or additions on time sheets.
- Documents are missing, copies used instead of originals, fabricated receipts.

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Misuse of Members

- Members are not properly enrolled
- Members are not properly serving
- Members are serving in staff positions
- Members are not properly supervised
- Members are not available

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Common Criminal Statutes

- 18 U.S.C. § 287, False Claims
- 18 U.S.C. § 371, Conspiracy
- 18 U.S.C. § 641, Theft of Public Funds
- 18 U.S.C. § 666, Federal Program Fraud
- 18 U.S.C. § 1001, False Statement
- 18 U.S.C. § 1341, Mail Fraud
- 18 U.S.C. § 1343, Wire Fraud

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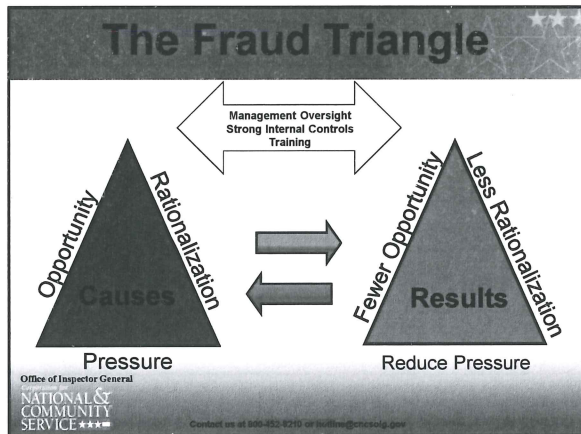
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Prevention



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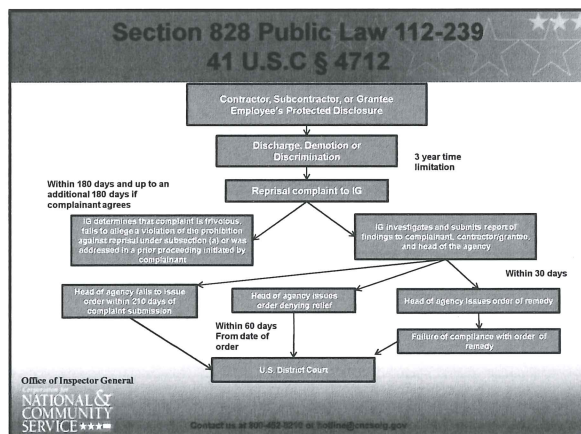


Enhanced Whistleblower Protection

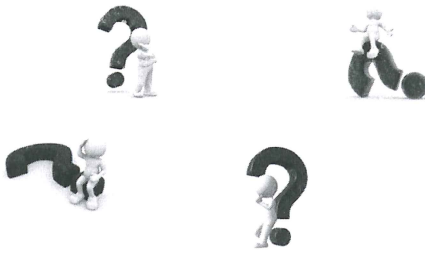
Whistleblower protection now extends to employees of contractors, subcontractors and grantees who disclose information related to:

- 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.

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QUESTIONS



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Contact the OIG

Your identity can be kept

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Hotline

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

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