



AmeriCorps Texas All-Grantee Meeting 2016

Preparing for an OIG Audit & Safeguarding Federal Funds

February 25, 2016

Wyndham Garden Hotel, Austin, TX

<http://www.cncsoig.gov>

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Purpose

- Understand the mission of the OIG
- Walk through the audit process
- Learn from common audit findings
- Highlight key changes on Uniform Grant Guidance
- Prevent fraud in your organization
- Know how to contact the OIG

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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

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What the OIG Does Not Do

Manage
or
Direct Agency Programs or
Operations

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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

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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 and subgrantees

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Audits



Auditor



Auditees



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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. OIG personnel also review financial management standards.

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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

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The Audit Process

- 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
- Sub-grantees Selection
- Audit Results and Expectations

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The Audit Process (continued)

This picture was taken last summer when auditors were on the way to conduct an one-week sub-grantee on-site audit. A typical State Commission audit could take 8-10 months.



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The Audit Process (continued)

Quiz:

Can you identify who are the OIG In-house Auditors vs External Auditors?



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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

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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

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Texas Commission Audit History

- OneStar Foundation was last audited by OIG on June 2007
- OIG Report 07-18:
<https://www.cncsoig.gov/sites/default/files/07-18.pdf>
- The following sub-grantees were selected:
 - American Youth Works
 - AmeriCorps for Community Engagement and Education
 - Communities in Schools, Central Texas, Inc.
 - Houston Read Commission
 - AmeriCorps Youth Harvest Edcouch-Elsa Independent School District
 - Amarillo Independent School District

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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 members/volunteers.

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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)



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

The screenshot displays the 'Resources' page of the National Service Knowledge Network. On the left is a vertical navigation menu with a 'Resources' header and a list of categories including AmeriCorps, Capacity Building, Criminal History Check, Disability Inclusion, Disaster Services, Economic Opportunity, Education, Education Award, Environmental Stewardship, Financial Management, Healthy Futures, Marketing and Media, Member & Volunteer Development, Mentoring, Online Courses, Out-of-School Time, Performance Measurement, Recruitment, Senior Corps, Tutoring, Uniform Guidance, and Veterans & Military Families. The main content area is titled 'Knowledge Networks' and features 'Focus Area Resources' with five entries: Disaster Services, Economic Opportunity, Education, Environmental Stewardship, and Healthy Futures. Each entry includes a small image and a brief description of the network's purpose. On the right side, there is a 'Find Resources' search box with fields for 'Keywords' and 'Resource Type', a 'Search' button, and a Facebook link. Below the search box is a 'Feedback or to Report a Missing Page' section with an email address (ServiceResources@cns.gov) and a 'Send Email Now' button.

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You feel like this after your organization addressed all audit recommendations and resolved all corrective actions...



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Grant Reform

2 CFR 200: Uniform Grant 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>)
- FAQs updated as of September 2015 available on COFAR web site

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Indirect Rates (Sections 200.412-415)

- New de minimis rate: Entities without indirect cost rate can get a de minimis indirect cost rate of 10% of modified total direct costs (direct salaries, fringes, materials and supplies, services, travel, subcontracts and subawards up to \$25,000; does not include rentals, equipment, capital expenditures, tuition remission)
- One time extension of up to four years (for an existing NICRA)
- Pass through entities are required to provide indirect cost rate to sub-grantees



Single Audit Threshold (Section 200.501)

- Increases audit threshold from \$500,000 to \$750,000
- Threshold for reporting questioned costs raised to \$25,000
- Repeat finding identification
- Auditee certification – no PII

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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
- Cost/price analysis for purchases over \$3,000
- Procurement Contract Provisions
 - See Appendix II to Part 200 for list

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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

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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

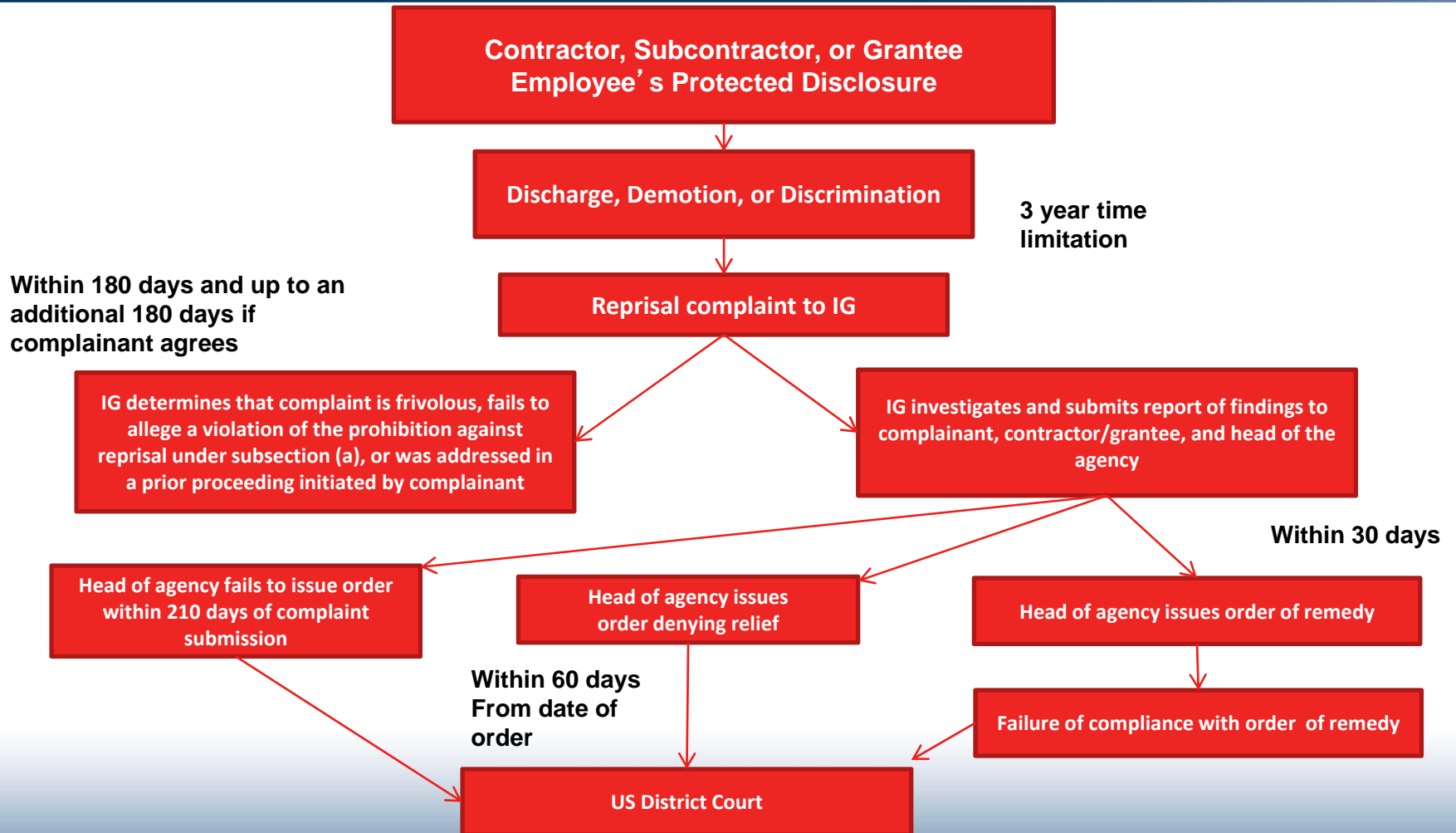
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Section 828 Public Law 112-239 41 U.S.C § 4712



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

1-800-452-8210

or

hotline@cncsoig.gov



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Hey, one
of you
could be
3-CPA

Reminders!



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CALM
AND
MAY THE
COMPLIANCE
BE WITH YOU**

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Questions?



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