Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF GRANT NO. 08YG0001 ACF DISCRETIONARY GRANT FOR THE PERIOD 09/30/1996 – 09/30/2000

AUGUST 2001
A-08-01-01048

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Office of Audit Services

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

CIN: A-08-01-01048
August 31, 2001

Ms. Roxanne White
Chief Executive Officer
Urban Peak
1630 S. Acoma
Denver, CO 80223-3602

Dear Ms. White:

This letter report will provide you the results of our review of *Grant No. 08YG0001*, a discretionary grant awarded by the U.S. Department of Health and Human Services - Administration for Children and Families (ACF). For the period September 30, 1996 through September 30, 2000, Urban Peak received $400,000 to administer a street outreach program. Our objectives were to assess the achievement of grant objectives and to determine compliance with grant terms and conditions.

We found weaknesses in two areas related to accounting for matching funds and submitting progress reports. Urban Peak concurred with our findings and recommendations. Urban Peak's response to our draft report is included in its entirety as Appendix A.

Scope of Review

Our review was conducted in accordance with generally accepted government auditing standards. Our review of internal controls was limited to those controls necessary to meet the objectives of our review.

We analyzed the grant applications to determine program objectives. Progress reports were reviewed and compared with source documentation to assess achievement. The frequency that reports were submitted was compared with reporting requirements.

We reviewed independent audit reports, financial statements, board meeting minutes, the organization chart, and chart of accounts to assess internal controls.

Results of Review

We determined that Urban Peak met the objectives of the grant award. Our assessment of controls indicated that Urban Peak had the ability to properly account for Federal

funds. However, we found weaknesses in Urban Peaks' procedures related to matching funds and progress reports.

Matching Funds

Our review disclosed that Urban Peak did not have an adequate method of accounting for the grant matching funds. Urban Peak was required to provide matching funds of $10,000 per year or a total of $40,000 for the grant period. According to 45 Code of Federal Regulations (Part 74.23.a.1), grantees must ensure that matching funds *are verifiable from the recipient's records*.

Urban Peak officials stated that matching funds were provided by corporate donations and accumulated in a separate account. However, only expenses funded by the grant were identifiable to the grant account. Although Urban Peak met the grant's matching requirement, we recommend that Urban Peak ensure that all costs related to the grant are expensed in the grant account and charged to the related revenue source.

Progress Reports

Urban Peak did not meet the reporting requirement for submitting reports to ACF. The Office of Management and Budget Circular A-110.C.51(b) required grantees to report grant progress according to the terms of the grant, but not less frequently than annually and not more frequently than quarterly. According to a grantee official, Urban Peak was required to report progress on a semi-annual basis.

Some reports were on file at the facility but were not in files that we received from ACF. For fiscal years 1997 and 2000, Urban Peak had enough reports in their file to meet the requirements, but these reports were not in the ACF file. Urban Peak could not confirm that the reports had been submitted to ACF. For fiscal years 1998 and 1999, Urban Peak submitted a total of three quarterly reports leaving five quarters unreported.

In 2000, Urban Peak adopted a report tracking system that should assist in meeting reporting requirements. We recommend that Urban Peak continue to utilize their system to ensure timely submission of required progress reports.

Urban Peak's Comment

Urban Peak concurred with our findings and recommendations (See Appendix A).

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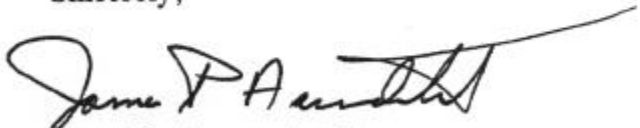
INSTRUCTIONS FOR AUDITEE RESPONSE

Final determinations as to actions to be taken on all matters reported will be made by the HHS Action Official identified below. We request that you respond to this official within 30 days of this report. Your response should address each recommendation and present any comment or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), OIG, OAS reports issued to HHS' grantees and contractors are made available if requested, to members of the press and general public to the extent information contained therein is not subjected to exemptions in the Act which HHS chooses to exercise. (See 45 Code of Federal Regulations, part 5.)

The results of this audit will be included in a consolidated report to ACF. If you have any questions, please contact Joseph Green, Audit Manager, at (515) 284-4674, extension 23. Please refer to the common identification number (CIN) in all correspondence relating to this report.

Sincerely,



James P. Aasmundstad
Regional Inspector General
for Audit Services

Enclosure

HHS Action Official
Leon R. McCowan
Regional Hub Administrator
Administration for Children and Families
U. S. Department of Health and Human Services
1301 Young Street
Dallas, Texas 75202

Appendix A

James T. Polsfut
Chair

Chris Nyquist, M.D.
Chair-elect
The Children's Hospital

James R. Wallen
Secretary
QRS Solutions

Craig Archibald
Past Chair
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Youth Representative
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Colorado Office of the State Auditor

Barbara E. Cashman Hahn
Attorney at Law

Ned Harvey
Parson's Group LLC

Eric Jenkins
Youth Representative

Kevin King
i2 Transformation, Inc.

Charles K. Knight
AmeriVest Properties, Inc.

Jennie Kurtz

Rev. Sean McGrath
Guardian Angels Parish

Trinidad Rodriguez
George K. Baum & Company

Thomas R. Schilling
InterMountain/RKH

Dick Thomas
Adco General Corporation

Ted J. Trimpa
Brownstein Hyatt & Farber P.C.

Tammeron Trujillo
Mountain States Employers Council, Inc.

Roxane White
Chief Executive Officer

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August 23, 2001

Mr. James P. Asmundstad
Regional Inspector General for Audit Services
Region VII Field Office
Federal Building, Room 593B
210 Walnut
Des Moines, Iowa 50309

CIN: A-08-01-01048

Dear Mr. Asmundstad:

Urban Peak has received the draft letter for your review of Grant No. 08YG001. We have no disagreements with the result of the audit.

As noted in the letter, Urban Peak has a new grant tracking system that has solved the grant reporting concern. Urban Peak has also established a grant match system that will solve the concern about matching funds.

Sincerely,

Roxane White

Roxane White
President and CEO

Please Remember Urban Peak in Your Will, Trust, Retirement or Insurance Policy.