

Finding 1 – Lack of Policies and Procedures (Deficiency)

We reviewed Escuela Nacional Sindical policies and procedures and noted that they do not have any policies and procedures related to the management and monitoring of federal grants, such as procedures for the capitalization of assets, cash advances request, federal financial report preparation, and currency exchange conversion methodology.

Finding 2 – Actual expenses exceeded the approved budget line items in three categories for phase II. (Deficiency)

We compared the line item amounts in the approved budget SF-424 A to the actual expenditures per line item. We noted that in phase II, expenditures for: Personnel, Fringe Benefits and Travel (see table 2) exceeded the approved budget. Also in phase III, the personnel line-item expenditure is 57% in year 1 out of 4 years. Also, ENS did not request a revision to adjust line items or discuss with DOL.

Finding 3 – Unsupported Non-Labor Costs (Significant Deficiency and Questioned Cost)

During our review of non-payroll transactions, we selected and tested 104 non-payroll transactions with a value of 260,540,180 Colombian Pesos. We noted that for several samples, ENS did not provides supporting documentation or provided partial documentation. See detail of the exceptions below.

Table 3: Description of Exceptions

Exception	Total Samples	Total Sample Value (USD)	Total Questioned Cost (USD)
No Support provided	14	\$ 6,426	\$ 6,426
Payment order was missing approval signature	14	11,485	-
No supported documentation that quotes were obtained. Amounts deemed reasonable	4	4,434	-
No invoice was provided	3	794	794
Payment order was not provided	2	32	-
Total number of exceptions and amount	37	\$ 23,171	\$ 7,220

Finding 4 – Insufficient Controls over Payroll (Material Weakness, Questioned Cost and Noncompliance)

We reviewed ENS policies and procedures, and human capital questionnaire. After the review of these documents, we determined that ENS does not have internal controls to determine the cost allocation of salary expenses and to track the level of effort of each employee.

As part of our testing, we selected 5 employees in each of 8 selected pay periods for a total of 40 employees. We requested and obtained the employee contracts, payroll journals, and personnel files. We noted the following issues:

- ENS does not keep track of employees’ level of effort. They do not require employees to prepare timesheets to track hours worked on the project or to obtain approvals and the employees’ contracts does not specify the project they are going to work on. This resulted in the questioned cost of all salary and fringe benefit expenses by the amount of **\$1,144,098**
- There were 16 instances where the contract salary and the salary in the GL did not agree.
- ENS did not provide the contract of two employees.

Finding 5 – Accuracy and timeliness of SF-425 Quarterly Reports (Material Weakness and Noncompliance)

Condition: We obtained and reviewed all SF-425 quarterly reports for the period under review and noted that twelve of nineteen SF-425 reports were submitted late (after 30 days after the end of the specified reporting periods. (See table 4).

Table 4: SF-425 Quarterly Reports Submitted Late

	Grant Number	Report Period End	Days Past Due
1	IL301051675K1 / IL30105W67	3/31/2017	1
2	IL301051675K1 / IL30105W67	6/30/2017	11
3	IL301051675K1 / IL30105W67	9/30/2017	97
4	IL301051675K1 / IL30105W67	12/31/2017	7
5	IL301051675K1 / IL30105W67	3/31/2018	1
6	IL301051675K1 / IL30105W89	12/31/2019	108
7	IL301051675K1 / IL30105W89	3/21/2020	75
8	IL301051675K1 / IL30105W89	6/30/2020	53
9	IL301051675K1 / IL30105W89	9/30/2020	20
10	IL339791975K / IL33979W99	3/31/2020	65
11	IL339791975K / IL33979W99	6/30/2020	112
12	IL339791975K / IL33979W99	9/30/2020	20

When recalculating the total disbursements per quarter on the SF-425 reports, we observed that the disbursements reported did not agree to the expenses recorded in the GL during the same period. (See table 5)

Table 5 - Overstatement of Disbursements Reported on SF-425 Report

	Grant Number	Report Period End	Disbursements per SF-425 (USD)	Disbursements per GL (USD)	Difference (Over/Understated Amount USD)
1	IL301051675K1 / IL30105W67	3/31/2017	\$ 98,430	\$ 100,750	\$ (2,320)
2	IL301051675K1 / IL30105W67	6/30/2017	117,419	99,470	17,949
3	IL301051675K1 / IL30105W67	9/30/2017	101,078	137,728	(36,650)
4	IL301051675K1 / IL30105W67	12/31/2017	98,827	78,085	20,742
5	IL301051675K1 / IL30105W67	3/31/2018	127,681	83,264	44,417
6	IL301051675K1 / IL30105W67	6/30/2018	123,269	118,000	5,269
7	IL301051675K1 / IL30105W67	9/30/2018	101,445	117,624	(16,179)
8	IL301051675K1 / IL30105W67	12/31/2018	136,534	159,229	(22,696)
9	IL301051675K1 / IL30105W67	3/31/2019	124,209	97,225	26,983
10	IL301051675K1 / IL30105W67	6/30/2019	185,577	134,748	50,829
11	IL301051675K1 / IL30105W67	9/30/2019	74,771	157,784	(83,013)
12	IL301051675K1 / IL30105W67	12/31/2019	110,761	174,805	(64,044)
13	IL301051675K1 / IL30105W89	12/31/2019	110,036	174,805	(64,769)
14	IL301051675K1 / IL30105W89	3/31/2020	12,165	64,911	(52,747)
15	IL301051675K1 / IL30105W89	6/30/2020	55,208	83,594	(28,386)
16	IL301051675K1 / IL30105W89	9/30/2020	60,610	80,394	(19,784)
17	IL339791975K / IL33979W99	3/31/2020	88,470	76,200	12,270
18	IL339791975K / IL33979W99	6/30/2020	77,322	123,410	(46,089)
19	IL339791975K / IL33979W99	9/30/2020	128,128	154,277	(26,148)
Total			\$1,931,939	\$2,216,304	\$(284,365)

We also obtained and reviewed the general ledger, approved budget, financial reports and NICRA letter with final and provisional indirect cost rates for the period under review. During our review we noted instances where ENS used the incorrect rate or incorrect base to calculate indirect costs. We also noted that indirect costs were reported as part of overall disbursement and not as indirect cost. Lastly, we examined the approved budget to determine the approved indirect cost rate, then we compared to indirect cost calculations on the SF-425 reports to determine compliance with the agreed upon rates. Furthermore,

1. For Phase II, the report periods ended on 6/30/2019 and 3/31/2020, the indirect cost rates were overstated on the SF-425.
2. We noted five instances where the indirect costs charged were completely omitted from the SF-425 reports.

Table 6- Indirect costs Omitted from SF-425 Report

	Grant Number	Report Period End	Indirect expenses Amount not shown on report (USD)
1	IL301051675K1 / IL30105W67	3/31/2017	\$ 8,844
2	IL301051675K1 / IL30105W67	6/30/2017	20,749
3	IL301051675K1 / IL30105W67	9/30/2017	21,794
4	IL301051675K1 / IL30105W67	9/30/2018	35,775
5	IL301051675K1 / IL30105W67	12/31/2018	38,583
Total			\$ 125,745

3. We noted that for all nineteen periods under review, the indirect cost reflected on the SF-425 was incorrectly calculated as a results of ENS using the wrong base to arrive at their indirect cost amount.

Table 7 - Indirect Expenses Overstated on SF-425 Quarterly Reports

	Grant Number	Report Period End	Indirect Cost per SF-425 (USD)	Indirect Cost (Auditor Calculation in USD)	Difference (Amount in USD)
1	IL301051675K1 / IL30105W67	3/31/2017	\$ -	\$ 8,060	\$ (8,060)
2	IL301051675K1 / IL30105W67	6/30/2017	-	16,018	(16,018)
3	IL301051675K1 / IL30105W67	9/30/2017	-	27,036	(27,036)
4	IL301051675K1 / IL30105W67	12/31/2017	33,260	33,283	(22)
5	IL301051675K1 / IL30105W67	3/31/2018	54,344	39,944	14,400
6	IL301051675K1 / IL30105W67	6/30/2018	59,099	49,384	9,715
7	IL301051675K1 / IL30105W67	9/30/2018	-	58,794	(58,794)
8	IL301051675K1 / IL30105W67	12/31/2018	-	71,532	(71,532)
9	IL301051675K1 / IL30105W67	3/31/2019	133,756	84,424	49,332
10	IL301051675K1 / IL30105W67	6/30/2019	141,492	115,184	26,308
11	IL301051675K1 / IL30105W67	9/30/2019	95,442	126,689	(31,247)
12	IL301051675K1 / IL30105W67	12/31/2019	127,400	126,689	711
13	IL301051675K1 / IL30105W89	12/31/2019	13,236	126,689	(113,453)
14	IL301051675K1 / IL30105W89	3/31/2020	14,818	126,689	(111,871)

	Grant Number	Report Period End	Indirect Cost per SF-425 (USD)	Indirect Cost (Auditor Calculation in USD)	Difference (Amount in USD)
15	IL301051675K1 / IL30105W89	6/30/2020	14,193	126,689	(112,496)
16	IL301051675K1 / IL30105W89	9/30/2020	17,518	126,689	(109,171)
17	IL339791975K / IL33979W99	3/31/2020	4,433	6,096	(1,663)
18	IL339791975K / IL33979W99	6/30/2020	7,895	15,969	(8,074)
19	IL339791975K / IL33979W99	9/30/2020	\$ 13,750	\$ 28,311	\$ (14,561)

Finding 6 – Lack of USDOL Acknowledgement (*Noncompliance*)

In our review of ENS social media and website, we noted that ENS did not have the full acknowledgement disclosure, omitting the cooperative agreement number and funding amount as required by the MPG. No evidence of prior USDOL approval was obtained.