

**Office of Inspector General  
Corporation for National and  
Community Service**

**Semiannual Report  
to Congress**

**April 1, 2009 - September 30, 2009**  
Fiscal Year 2009 Semiannual Report No. 2



*Corporation for*  
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SERVICE** 

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## **About The Office of Inspector General**

In 1993, Congress created the Corporation for National and Community Service (Corporation), along with this Office of Inspector General (OIG), in the National and Community Service Trust Act (42 U.S.C. §§ 12501-681). Independent of the agency we oversee, and led by a presidential appointee, the OIG conducts audits and investigations of Corporation programs, including AmeriCorps, Volunteers In Service to America (VISTA), the National Civilian Community Corps, Learn and Serve America, and Senior Corps. The OIG also examines Corporation operations, and State community service programs that receive and distribute the majority of Corporation grant funds. Based on the results of our work, and in addition to its audit reports and criminal and civil referrals based on our investigations, the OIG recommends to the Corporation policies to promote economy and efficiency.

This semiannual report, as required by the Inspector General Act of 1978, details our work for the final six months of Fiscal Year (FY) 2009. It is being transmitted to the Corporation's Chief Executive Officer, Board of Directors, and Members of Congress.

## **A Message From Acting Inspector General Kenneth Bach**

October 30, 2009

I am pleased to share with you our Semiannual Report to Congress, which details the achievements of the OIG for the period April 1 through September 30, 2009. During this reporting period, the OIG continued its proactive oversight of the Corporation and positioned itself to respond to a major expansion of its volunteer programs.

Our Audit Section issued nine reports, resulting in more than \$1 million of questioned costs, and numerous recommendations for improvement in Corporation operations, policies and programs.

Our Investigations Section opened 16 new cases and closed 21 actions, including 12 cases with significant findings, resulting in the recovery of more than \$1 million in taxpayer dollars and the potential recovery of more than \$1.7 million for reinvestment in national service.

During this period, our Audit Section began to focus on the core operations of the Corporation. I believe that the findings and recommendations resulting from such audits, evaluations and reviews, which will also be a major element of our FY 2010 audit effort, providing the Corporation with insights and information that will have a positive and wide-ranging impact on all of its operations and programs in the years to come.

During this reporting period, we issued our Audit of Financial Management Survey Responses of New Grantees, which identified serious and long-standing weaknesses in the Corporation's evaluation of the fiscal fitness of its new grantees. As a result of our findings, the Corporation has adopted new policies, procedures, and documentation to measure whether applicants for new grants have the financial systems, policies, and skills to properly administer Federal funds.

Another Audit project with wide-ranging impact was our Evaluation of the FY 2008 Budget Process. This project, which was requested by Congress, included a comprehensive examination of the human capital, policy, and information technology issues that put a severe strain on the Corporation, its finances, and its managers and employees during FY 2008. In response, the Corporation has taken a number of positive steps to ensure that the budget formulation and execution problems we identified do not recur.

Also during this period, the OIG developed and began implementing a joint audit-investigative initiative to meet the challenges of the American Recovery and Reinvestment Act of 2009 (ARRA), which allocated \$200 million in stimulus funds to the Corporation to create 10,000 additional AmeriCorps positions and to increase the ranks of VISTA by 3,000 members. Under the Act, the OIG received \$1 million to finance its oversight.

We bolstered our staff by adding an audit manager and auditor who are concentrating on ARRA issues. Using our audit and investigative data, plus monitoring data from the Corporation, we developed a list of higher-risk ARRA grantees, which will be subject to a series of OIG audits, random



## *Inspector General's Message*

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site visits, and special ARRA Fraud Awareness Briefings. As part of our effort, we further began the planning phase of a comprehensive audit of the Corporation VISTA program.

At the same time, the OIG prepared to meet the oversight challenge of the Edward M. Kennedy Serve America Act, which took effect October 1, 2009. In the years ahead, this Act will triple the number of Corporation-supported volunteers in the field and create a whole new set of specialized volunteer Corps, and volunteer programs.

To prepare for this unprecedented growth, we conducted a comprehensive review of the Act's provisions and closely monitored the Corporation's rulemaking process. We are also working closely with the Corporation to gain an understanding of its plans and timelines for implementation of the Act.

As always, we were greatly assisted in all of our work with information, including calls and e-mails to our Fraud Hotline, supplied by Corporation managers and employees, grantee staff and program participants, and concerned citizens.

I am confident that the OIG is well positioned to meet the challenges of greatly expanded national service and to continue to effectively meet its responsibility to support the Corporation, and protect taxpayers' investment, by preventing and deterring fraud, waste, and abuse.



# Audit Section

*The Office of Inspector General Audit Section is responsible for reviewing the financial, administrative, and programmatic operations of the Corporation for National and Community Service. The Audit Section's responsibilities include auditing the Corporation's annual financial statements, assessing the Corporation's management controls, reviewing the Corporation's operations, and auditing individual grants, contracts, and cooperative agreements funded by the Corporation. All OIG audit reports are issued to Corporation management for its action or information.*



## Audit Results

During this reporting period, the OIG Audit Section issued nine reports, as listed on page 22, which included several reviews designed to improve overall Corporation operations. We also initiated a series of proactive projects and audits to provide oversight of the \$200 million allocated to the Corporation under the American Recovery and Reinvestment Act of 2009 (ARRA). Our efforts included:

- Launching our first comprehensive audit of VISTA, which received \$65 million in ARRA funding to support 3,000 additional members.
- Initiating 21 accounting system reviews for higher-risk ARRA AmeriCorps grantees. The ARRA allocated \$89 million to support 10,000 additional AmeriCorps members.
- Coordinating with the Corporation in a proactive manner to provide guidance to all ARRA grantees.

The five grantee agreed-upon procedures/audits issued during this period, which focused on the Corporation's State commission partners and National Direct grantees, questioned more than \$1 million in claimed costs. There were 18 audits in process at the end of this reporting period.

During this reporting period the Audit Section devoted considerable resources to audits and reports in support of major actions undertaken by the OIG Investigations Section, including work requested by prosecutorial authorities. For example, our review of an AmeriCorps grantee's financial data was furnished to Federal prosecutors for their consideration. The grantee agreed to repay the Corporation more than \$400,000. These cooperative efforts have allowed the OIG to take advantage of the full range of its expertise in dealing with major cases involving allegations of fraud, waste and abuse.

At the invitation of the Corporation's Internal Control and Analysis Team, the Audit Section staff presented an internal control training session to Corporation managers. The session was provided to assist the Corporation's OMB Circular A-123 Internal Control Program. The Audit Section staff also conducted training at the Corporation's National Conference in San Francisco, where we briefed attendees, who are directly responsible for grantee accounting and reporting, on the OIG audit process, as well as common audit findings and problems. We further conducted training at the Corporation's AmeriCorps\*State and National Grantee Training Conference, where we provided guidance and assisted ARRA grantees in preparing for our upcoming accounting system audits.

## Significant Audit Activity

### Audit of the Financial Management Survey Responses of New Grantees

The OIG performed an audit of the Financial Management Responses of new grantees to determine if the Financial Management Surveys (FMS) performed by the Corporation were adequate to establish whether new grantees comply with applicable regulations and grant requirements. This initial oversight process plays a crucial role in ensuring that new Corporation grantees have adequate systems in place to comply with laws and regulations, and effectively manage Federal funds, prior to performing on Corporation grants.

Many of the same problems identified by the OIG in a similar audit 11 years ago were found during this engagement. For example, we found that Corporation continued to rely on grantees' self-reported and unverified responses to the FMS to determine whether the grantees' systems met OMB Circular and grant requirements. The auditors also found that 63 percent of FMS documents we examined showed no evidence of a review by Corporation officials. We also found that 9 of 13 new grantees we selected for site visits had financial systems that were inconsistent with their FMS responses or were not in compliance with applicable regulations.

The Corporation generally agreed with the report recommendations and announced it will replace the FMS with a more detailed and verifiable document beginning with the 2010 grant cycle. The Corporation also implemented a financial system survey that requires extensive documentation of grantee financial systems, policies and procedures, and internal controls prior to receipt of their first grant award. This action will assist the Corporation in the preparation of desk reviews and site visits. The Corporation is also developing an on-line training course that will be completed by new grantees during the award process.

### **Evaluation of the Fiscal Year 2008 Budget Process**

Acting on a request from staff of the House Appropriations Committee, Subcommittee on Labor, Health & Human Services, Education, and Related Agencies, the OIG conducted an Evaluation of the Fiscal Year 2008 Budget Process. The auditors concluded that the Corporation insufficiently managed the funds that it received in FY 2008 and, as a result, it was forced to curtail needed hiring, training, and the acquisition of basic supplies during the second half of FY 2008. If the Corporation had not moved to drastically cut back on its spending, it would have likely committed a violation of the legal constraints on spending by Federal agencies, i.e., the Anti-Deficiency Act.

Budget areas of concern that emerged during FY 2008 included:

- **The absence of a Deputy Chief Executive Officer:** The lack of an operationally focused Chief Operating Officer (COO), or other senior official with responsibilities over organizational-wide administrative functions, placed a severe strain on the organization and its Chief Executive Officer. Moreover, the Corporation's strong focus on program operations came at the expense of its management of other operations.
- **Corporation Policy on Budget Execution:** The Corporation lacked a current procedure manual or policy manual that identified the roles of personnel charged with monitoring budget execution.
- **Corporation Policy on Budget Formulation:** The Corporation lacked any formal written policies and procedures to govern the overall internal budget formulation process.
- **Human Capital Issues:** The Office of Budget experienced significant personnel turnover, including seven employees who departed in FY 2008. Additionally, employees received insufficient training to enhance their technical skills and knowledge in the budget area.
- **Salaries & Expenses (S&E):** The Corporation expended funds in its S&E account at an unsustainable rate during the first half of FY 2008. The Corporation would have exceeded budget limits had it not severely curtailed hiring and other operating expenses, a necessary move that further strained operations.
- **National Civilian Community Corps (NCCC):** The Corporation did not adequately document its decision-making and rationale during the NCCC budget formulation process, and was also unable to provide timely and accurate budget forecasting related to NCCC costs, including the establishment of two new NCCC campuses.
- **Information Technology:** The Corporation did not have an IT strategic plan in place to maintain the IT infrastructure, and to ensure its continued viability in the face of increased volume and the need to adopt next-generation modifications.

The Corporation took steps to compensate for higher-than-projected salaries and expenses, as well to meet a series of challenges involving its technology systems. Many of our report's recommendations were aligned with the Corporation's Management Action Plan that was developed in December 2008 with input from the Board of Directors and senior Corporation leadership. The OIG will continue to monitor the Corporation's progress in addressing the issues raised in our evaluation.

### **Audit Report 09-11 - Agreed-Upon Procedures and Evaluation of Corporation Grants to the Research Foundation of the City University of New York**

The OIG contracted for an agreed-upon procedures engagement of grant cost and compliance testing of Corporation-funded Federal assistance to the Research Foundation of the City University of New York (RFCUNY). As a result of applying the procedures, we questioned education awards of \$16 million and draw downs of nearly \$800,000. In general, the questioned education awards were for members whose eligibility could not be established in accordance with the grant requirements for criminal background checks; and the draw downs were mostly for fixed fees related to members' eligibility in excess of fees earned.

The auditors also identified the following pervasive compliance problems:

- Members did not always record actual service hours on their timesheets;
- Supervisory signatures on timesheets were not the members' supervisors;
- Some members' timesheet hours were not accurately recorded;
- RFCUNY did not require its members to submit their member contracts, forms, and timesheets in a timely manner;
- RFCUNY used preprinted member documentation and did not ensure that all member documentation was completed, signed and dated;
- RFCUNY entered incorrect member start dates in Corporation systems and in member contracts; and
- RFCUNY did not follow certain other AmeriCorps Provisions, particularly regarding background checks.

The Corporation initially withheld additional funding to RFCUNY under the grant until the compliance issues in the agreed-upon procedures report were addressed. The Corporation conducted a site visit to address the compliance issues and then awarded the third and final year of the grant. The awarded amount decreased from \$900,000 to \$554,300 and the Corporation reduced the number of education awards from 3,600 to 2,300, which equates to a reduction of more than \$6 million.

### **Settlement: Audit Report 07-17 – Grants Awarded to Council on Aging of Volusia County, FL**

The Corporation reported that the Council on Aging of Volusia County agreed to a settlement regarding a prior OIG audit and investigative effort. It agreed to pay \$202,277 in costs it charged to the grant when it improperly allowed its Foster Grandparent Program volunteers to take paid administrative leave to which the volunteers were not entitled. Additionally, the Corporation disallowed \$54,393 pertaining to the Executive Director's salary. The total recovery was \$256,670.

## **Proposed Management Decisions With Which The OIG Disagreed**

The OIG did not entirely concur with the Corporation's Proposed Management Decisions (PMDs) for the engagements below. One area of disagreement continues to be the recording of service hours prior to having a signed member contract in place. A new area of disagreement that has emerged is that the Corporation has allowed members to serve and participate without either obtaining a high school diploma or agreeing to obtain one. The Corporation believes that a high school diploma or agreement to obtain one is not required for members to serve, only for them to use the education award. The OIG disagrees, citing law and regulation.

08-20, Agreed-Upon Procedures for Corporation for National and Community Service Education Award Program Grants to Regis University-Colorado Campus Compact.

08-21, Agreed-Upon Procedures for Corporation for National and Community Service Education Award Program Grants to Mississippi Department of Education.



## *Audit Section*

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08-22, Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the Arab Community Center for Economic and Social Services.

09-04, Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Jumpstart for Young Children, Inc.

09-07, Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to The Corps Network.

09-09, Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to National Council of La Raza.

## Investigations Section

*The Office of Inspector General Investigations Section is responsible for the detection and investigation of fraud, waste and abuse in Corporation for National and Community Service programs and operations. It carries out these responsibilities by investigating allegations of criminal activity involving the Corporation's employees, contractors, and grant recipients. Criminal investigations are presented to the U.S. Attorney or, in some cases, the local prosecutor for criminal prosecution and monetary recovery, where the facts uncovered so warrant. Some investigative reports are referred to Corporation management for its administrative action.*



## Investigative Results

During this reporting period, the OIG Investigations Section opened 16 new cases and closed 21 cases, including 12 matters with significant findings. Our efforts resulted in the recovery of more than \$1 million in taxpayer funds and the potential recovery of more than \$1.7 million from persons and programs found to have engaged in fraud, waste, or abuse of Corporation resources.

Our investigations also resulted in the successful criminal prosecution of one individual and seven matters that are pending adjudication. Two additional matters were resolved civilly by the Department of Justice.

Proactive prevention is also the goal of our Fraud Awareness Program. OIG investigators regularly make multimedia training presentations to Corporation employees, program officials and members. In addition, investigators conduct unannounced visits to program sites during their official travel. These visits assist Corporation management in determining if grantees are adhering to goals and objectives and give grantees the opportunity to give feedback on how effectively Corporation management is supporting their programs. The presentations also generate calls to our Fraud Hotline, as well as problems reported by briefing participants.

During this reporting period, OIG Investigations and Audit Sections jointly developed a risk assessment plan and conducted a review of all grantees receiving American Recovery and Reinstatement Act (ARRA) funding. We have prioritized proactive reviews of the higher-risk grantees we identified. These grantees will also be subject to random site visits and will be provided with Fraud Awareness Briefings that focus on the special provisions of the ARRA.

Consisting of an Assistant Inspector General for Investigations, six agents with full Federal Law Enforcement Authority and an investigative assistant, the Investigations Section met the challenge of pursuing wrongdoers in Corporation operations that include hundreds of grantees and subgrantees in all 50 states and U.S. territories. We were assisted in our work by 52 calls, letters and e-mails to our Fraud Hotline and by referrals from Corporation managers, employees and program participants.

## Significant Cases And Activity

### Misuse of AmeriCorps Members and Living Allowances

The OIG has identified a pattern of misuse of AmeriCorps members and living allowances paid to those members from Federal program funds. By not exercising their responsibilities to ensure their AmeriCorps members performed service in compliance with the grant provisions, several grantees placed Federal program funds in jeopardy. Several grantees also failed to ensure the payment of living allowances to members was proper and in accordance with the grant and OMB circulars. They included:

A director of a California AmeriCorps program misused AmeriCorps members by having them perform services that were not in compliance with the grant provisions. Our investigation found that AmeriCorps members, who were to have served as school tutors, performed such duties as personal assistant and chauffeur to a program official, in roles that supplanted school employees, and other non-grant related services. As a result of this misuse of the AmeriCorps members, we identified a loss of Federal funds totaling more than \$845,000, of which \$423,836 is to be recovered under the terms of the settlement.

A director of another California AmeriCorps program improperly charged the living allowances for 30 AmeriCorps members serving on one AmeriCorps grant to another, unrelated AmeriCorps grant, thus misapplying more than \$200,000 in living allowances and more than \$100,000 in education awards to

## *Investigations Section*

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ineligible AmeriCorps members. We are working with California Volunteers (State Commission) to recover the disallowed cost from the grantee.

A director of a District of Columbia AmeriCorps program misused AmeriCorps members, who were to have served as school tutors, by assigning them to supervise part-time staff employees. As a result of this member misuse, the Government suffered a loss of more than \$14,000 in taxpayer-funded living allowances and education awards. On July 27, 2009, this matter was referred to Corporation management for administrative action.

A director of a Puerto Rico AmeriCorps program overpaid eight AmeriCorps members \$1,500 each in living allowances. The members were paid a full year's living allowance when, in fact, they served less than the full year, causing a loss of Federal funds totaling \$12,000. The director also certified more than \$17,000 in education awards for AmeriCorps members who were ineligible for the benefit. On May 13, 2009, this matter was referred to Corporation management for administrative action.

A director of a Kentucky AmeriCorps program improperly prorated full living allowance payments to its AmeriCorps members over the period the members served. The action allowed the members to receive the full living allowance even though they had completed their terms of service in less than the 12-month period required to receive the full benefit. This action resulted in a recovery of \$46,809.44 in Federal program funds.

### **Proactive Review of AmeriCorps\*National Civilian Community Corps (NCCC)**

The OIG conducted proactive reviews of the AmeriCorps\*National Civilian Community Corps campuses, during which we provided Fraud Awareness Briefings to the NCCC staff. We also reviewed NCCC management's internal controls over procurement, property inventory, purchase card use, and member fines. As a result of our review, we identified one employee who violated ethics rules when he accepted funds from a local vendor and deposited the funds into his personal checking account. We further identified two employees who improperly allowed other employees to use their Government-issued purchase card. We also identified minor internal control weaknesses that were corrected on the spot.

We also followed up on previous NCCC campus visits that uncovered serious problems with inventory, equipment maintenance and physical and/or IT security. All areas showed remarkable improvement during our return visits.

### **Peer Review**

The Office of Inspector General, Railroad Retirement Board, conducted a peer review of our Investigations Section. It issued a favorable report, stating "the system of internal safeguards and management procedures for the investigative function of the CNCS OIG in effect for the year ended May 2009 is in full compliance with the quality standards established by the PCIE and the Attorney General Guidelines. The safeguards and procedures provide reasonable assurance that the CNCS OIG is conforming with professional standards in the conduct of its investigations."

<b>Summary Of Cases</b>	
<b>Opened and Closed</b>	
Cases Open at Beginning of Reporting Period	33
New Cases Opened	16
Cases Closed this Period With Significant Findings	12
Cases Closed this Period With No Significant Findings	9
Total Cases Closed	21
Cases Open at End of Reporting Period	28
<b>Referred</b>	
Cases Referred for Prosecution	1
Cases Accepted for Prosecution*	3
Cases Declined for Prosecution*	3
Cases Pending Prosecutorial Review	0
Cases Pending Adjudication	7
<b>Recommendations to Management</b>	
Investigative Recommendations Referred to Management	20
Investigative Recommendations Pending Management Action this Reporting Period	7
Investigative Recommendations Pending Management Action from Previous Reporting Periods	1
*This includes cases referred for prosecution during the previous reporting period.	

# Review Of Legislation And Regulations

*Section 4(a) of the Inspector General Act directs the Office of Inspector General to review and make recommendations about existing and proposed legislation and regulations relating to the Corporation's programs and operations. The OIG reviews legislation and regulations to determine their impact on the cost and efficiency of the Corporation's administration of its programs and operations. It also reviews and makes recommendations on the impact that legislation and regulations may have on efforts to prevent and detect fraud, waste and abuse. The OIG draws on its experience in audits and investigations as the basis for its recommendations.*



## **Reauthorization**

During the last reporting period, Congress introduced and passed the Edward M. Kennedy Serve America Act, (Serve America Act) which reauthorized the Corporation, and amended as well as added certain sections to the National and Community Service Trust Act of 1993. The Serve America Act was subsequently signed into law by President Obama, and its effective date was October 1, 2009.

To implement the time-sensitive changes brought about by the Serve America Act, the Corporation published in the September 10, 2009, edition of the Federal Register, without public comment, an interim final rule which amends and adds to existing Corporation regulations concerning the AmeriCorps State/National, Senior Corps, and Learn and Serve America programs.

Among the changes to the regulations necessitated by the new law, the final rule amends the current criminal background check rules to apply to all individuals receiving a Corporation financial benefit, rather than being limited to those with recurring access to vulnerable populations; prohibits AmeriCorps members from providing abortion services or referrals; permits AmeriCorps members to complete a term of service in less than nine months, rather than the nine months to one year stipulated under the old law; lowers the age of eligibility in the Senior Companion program from 60 to 55; and now disqualifies anyone convicted of murder from AmeriCorps or Senior Corps service.

The Corporation intends to engage in future rulemakings, presumably with public comment, to implement other numerous, but less time-sensitive, provisions of the Serve America Act. The OIG will be closely monitoring these developments.

## **Corporation Policy Council**

The OIG continued its active participation in the Corporation's Policy Council, which is charged with developing and amending internal policies covering all operations. During this period we commented on a number of proposed policies, including Funding Approval Procedures and Administrative Control of Funds. OIG comments on those policies were for the most part accepted by Corporation management and the policies were revised accordingly. An OIG observer participates in all Policy Council meetings.

# Statistical And Summary Tables

*The statistical and summary tables in this section are submitted in compliance with the requirements enumerated in the Inspector General Act.*





## I. Inspector General Act Reporting Requirements

This table cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages in the report where they are addressed.

Section	Requirement	Page
4 (a)(2)	Review of legislation and regulations	17
5 (a)(1)	Significant problems, abuses, and deficiencies related to the administration of Corporation programs and operations	Throughout
5 (a)(2)	Recommendations with respect to significant problems, abuses and deficiencies found in the administration of Corporation programs and operations	Throughout
5 (a)(3)	Prior significant recommendations on which corrective action has not been completed	25
5 (a)(4)	Matters referred to prosecutorial authorities	13
5 (a)(5)	Summary of instances where information was refused	None this period
5 (a)(6)	List of audit reports by subject matter showing dollar value of questioned costs, unsupported costs and the dollar value of recommendations that funds be put to better use	22
5 (a)(7)	Summary of significant reports	Throughout
5 (a)(8)	Statistical table showing number of reports and dollar value of questioned costs	23
5 (a)(9)	Statistical table showing number of reports and dollar value of recommendations that funds be put to better use	24
5 (a)(10)	Summary of each audit issued before this reporting period for which no management decision was made by end of reporting period	25
5 (a)(11)	Significant revised management decisions	None this period
5 (a)(12)	Significant management decisions with which the Inspector General disagrees	7

# Tables

## II. Audit List

April 1, 2009-September 30, 2009				
Report Number	Report Name	Dollars Questioned	Dollars Unsupported	Funds Put To Better Use
		(Dollars in thousands)		
09-10	<i>Agreed-Upon Procedures for Corporation for National and Community Service Education Award Program Grants to the College of New Jersey</i>	0	0	4
09-11	<i>Agreed-Upon Procedures for Corporation for National and Community Service Education Award Program Grants Awarded to the Research Foundation of the City University of New York</i>	773	730	0
09-11A	<i>Evaluation of Corporation for National and Community Service Grants Nos. 04EDHNY003 and 07EDHNY002</i>	0	0	45,100
09-12	<i>Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Volunteer New Hampshire</i>	235	174	1
09-13	<i>Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the Civic Ventures</i>	29	0	4
09-14	<i>Agreed-Upon Procedures for Corporation for National and Community Service Grants to Citizen Schools, Inc.</i>	24	0	14
09-15	<i>Audit of the Financial Management Survey Responses of New Grantees</i>	15	12	0
09-16	<i>Evaluation of the Fiscal Year 2008 Budget Process</i>	0	0	0
09-17	<i>Audit of the National Service Trust Fund Status Report for the Year Ended September 30, 2008</i>	0	0	0
<b>TOTAL</b>		<u>\$1,076</u>	<u>\$916</u>	<u>\$45,123</u>

**III. Reports With Questioned Costs**

<b>Federal Costs</b>			
<b>Report Category</b>	<b>Number</b>	<b>Questioned</b>	<b>Unsupported</b>
(Dollars in thousands)			
A. Reports for which no management decision had been made by the commencement of the reporting period	8	\$189	\$61
B. Reports issued during the reporting period	<u>5</u>	<u>\$1,076</u>	<u>\$916</u>
C. Total Reports (A + B)	13	\$1,265	\$977
D. Reports for which a management decision was made during the reporting period	8	\$189	\$61
I. Value of disallowed costs		\$57	\$14
II. Value of costs not disallowed		<u>\$132</u>	<u>\$47</u>
E. Reports for which no management decision had been made at the end of the reporting period (C minus D)	<u>5</u>	<u>\$1,076</u>	<u>\$916</u>
F. Reports with questioned costs for which no management decision or proposed management decision was made within six months of issuance	0	\$0	\$0

**IV. Reports With Recommendations That Funds Be Put To Better Use**

Report Category	Number	Dollar Value
		<i>(Dollars in thousands)</i>
A. Reports for which no management decision had been made by the commencement of the reporting period	7	\$615
B. Reports issued during the reporting period	5	\$45,122
C. Total Reports (A+B)	12	\$45,737
D. Reports for which a management decision was made during the reporting period	8	\$618
i. Value of recommendations agreed to by management		\$105
ii. Value of recommendations not agreed to by management		\$513
E. Reports for which no management decision had been made by the end of the reporting period	4	\$45,119
F. Reports with recommendations that funds be put to better use for which no management decision or proposed management decision was made within six months of issuance	0	\$0

**V. Summary Of Audits With Overdue Management Decisions**

Report Number	Title	Federal Dollars Questioned	Mgmt. Decision Due	Status at End of Reporting Period (09/30/09)
<i>(Dollars in thousands)</i>				
		None		
	Total	<u>\$0</u>		

**VI. Reports Described In Prior Semiannual Reports Without Final Action**

Report Number	Title	Date Issued	Final Action Due
None			

# Fiscal Year 2009 Performance Information

*The section summarizes the Office of Inspector General's accomplishments and performance measures in support of OIG strategic goals and provides a comparison to previous reporting periods.*



<b>Quantitative Audit Performance Information</b>						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Number of reports issued	23	21	40	20	23	19
Number of reports issued linked to improving Corporation management ( <i>OIG Goal One</i> )	6	3	12	7	7	7
Number of recommendations linked to improving Corporation management ( <i>OIG Goal One</i> )	45	40	139	24	22	51
Number of reports issued linked to protecting the integrity of Corporation programs, operations, and financial management ( <i>OIG Goal One</i> )	22	18	30	16	16	12
Number of recommendations linked to protecting the integrity of Corporation programs, operations, and financial management ( <i>OIG Goal One</i> )	139	142	179	164	194	126
Total number of audit recommendations	139	169	316	182	216	176
Percent of recommendations accepted by the Corporation	99%	99%	100%	92%	93%	86%

### Strategic Goals

The Office of Inspector General operates independently from the Corporation and seeks to achieve a separate, but related, set of strategic goals. The OIG's strategic goals are designed to promote economy, efficiency, and effectiveness, and to prevent and detect fraud, waste and abuse, and mismanagement in Corporation programs and operations. The general purpose of these goals is to improve the Corporation's ability to meet its responsibilities and achieve its mission.

**Goal One:** Ensure that OIG activities support the Corporation's mission by emphasizing examinations of critical programs and operations.

**Goal Two:** Communicate effectively with the Corporation Board of Directors, senior management and staff, grantees and sub-grantees, the public, Congress, and other parties as appropriate.

**Goal Three:** Strengthen the OIG's ability and readiness to have maximum impact on the most significant issues facing the Corporation and its programs.

## Performance Information

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<b>Investigations Performance Information</b>					
<b>Fiscal Year</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
Investigative actions opened	57	58	62	41	40
Investigative actions resolved and closed	53	60	55	51	43
Average monthly caseload	37	38	44	38	32
Investigative matters resolved without opening a separate investigative action	45	40	54	68	40
Referrals for prosecution	20	12	16	8	3
Investigative recoveries	\$234,691	\$268,839	\$838,569	\$947,540	\$1,317,227
Cost avoidance	\$2,363	\$74,586	\$418,900	\$81,731	\$300,000
Administrative or management actions taken	24	20	35	29	16



**CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE**

**OFFICE OF INSPECTOR GENERAL**

**Hotline**



**We Want You to  
Report Fraud, Waste  
and Abuse!**

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- ◆ You may remain anonymous.

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[hotline@cncsoig.gov](mailto:hotline@cncsoig.gov)

Visit our web page:  
[www.cncsoig.gov](http://www.cncsoig.gov)

Or write:

**OIG HOTLINE**  
**Corporation for National and Community Service**  
**1201 New York Avenue NW, Suite 830**  
**Washington, DC 20525**



November 30, 2009

The Honorable Joseph R. Biden, Jr.  
President of the Senate  
Washington, DC 20510

Dear Mr. President:

Enclosed is the Inspector General's Semi-Annual Report to the Congress along with the Corporation's Report on Final Action, as required under Section 5 of the Inspector General Act. These reports cover the six-month period from April 1, 2009 through September 30, 2009. During this period, the Corporation made management decisions on 12 audits and completed final action on or closed 13 audits. Subsequent to the end of this period, the Corporation completed final action on one additional audit.

As noted in the report, there have been a few situations in which the OIG disagrees with the Corporation's management decisions on audits. We have addressed these issues in previous reports and will continue to work with OIG to reach agreement to the fullest extent possible.

We are sending copies of this semi-annual report to interested Congressional committees, the Office of Management and Budget, and the Corporation's Board of Directors. We will also make copies available to others on request.

If you have any questions concerning these reports, please contact me on (202) 606-6676 or the Corporation's Acting Inspector General, Ken Bach, on (202) 606-9377.

Sincerely,

Nicola Goren  
Acting Chief Executive Officer

Enclosures

*Semiannual Report to Congress: April 1, 2009 – September 30, 2009*

Table I

Table II

Table III

Distribution List

Response to Semi-Annual Report

**TABLE I**

**ACTION TAKEN ON AUDIT REPORTS  
(for the Period April 1, 2009 through September 30, 2009)**

	<u>Number of Reports</u>	<u>Disallowed Costs (\$000)</u>
A. Audit reports with final action was not taken by the commencement of the reporting period.	17	\$23
B. Audit reports issued by the OIG during the reporting period	9	0
C. Audit reports for which final action was taken during the reporting period	13	\$99
1. Recoveries <sup>1</sup>		
(a) Collections and offsets	8	\$70
(b) Property in lieu of cash		
(c) Other (reduction of questioned costs)		
2. Write-offs	0	
3. Audits with no disallowed costs	7	0
D. Audit reports for which final action was not taken by the end of the reporting period. <sup>2</sup>	13	\$63
E. <hr/> Audit reports for which management decisions were made during or prior to the six-month reporting period and for which final action is underway.	5	\$63

<sup>1</sup> Recoveries include audits for which final action was taken in prior reporting periods.

<sup>2</sup> This includes 13 audits issued this period and those from the previous periods for which final action is not overdue.

**TABLE II**  
**REPORTS WITH RECOMMENDATIONS THAT**  
**FUNDS BE PUT TO BETTER USE**  
**(for the period April 1, 2009 through September 30, 2009)**

	<u>Number of Audit Reports</u>	<u>Dollar value (\$000s)</u>
A. Reports for which final action had not been taken by the commencement of the reporting period	9	\$ 891
B. Reports for which management decisions were made during the reporting period	9	\$ 99
C. Reports for which final actions was taken during the reporting period	7	\$ 567
i. Dollar value of recommendations completed		\$ 75
ii. Dollar value of recommendations that management has concluded should not or could not be implemented		\$ 492
D. Reports for which no final action had been taken by the end of the reporting period	4	\$45,119

**Table III**  
**Reports Described in Prior Semiannual Reports Without Final Action**

<b>Audit Number</b>	<b>Title</b>	<b>Date Issued</b>	<b>Date Due</b>	<b>Disallowed Cost</b>	<b>Status of Action/Reason No Final Action was Taken</b>
	None				