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

**Review of the
Corporation for National and Community Service
Action Plan**

**OIG Audit Report Number 00-13
October 8, 1999**

This report was issued to Corporation management on December 1, 1999. Under the laws and regulations governing audit follow up, the Corporation must make final management decisions on the report's findings and recommendations no later than May 30, 2000, and complete its corrective actions by December 1, 2000. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

December 1, 1999

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Capitol Building
Washington, D.C. 20510-6025

The Honorable C. W. Bill Young
Chairman
Committee on Appropriations
U.S. House of Representatives
H-218 Capitol Building
Washington, D.C. 20515-6015

Dear Mr. Chairmen:

This is our sixth and final report in compliance with requirements established in the House of Representatives Conference Committee Report accompanying PL 105-276 to review and comment on the Corporation's plan and progress in regard to the expenditure of the \$3,000,000 in funds earmarked for financial management reforms and urgent program administration needs.

The Corporation responded to the Committee Report's requirements by establishing an Action Plan for financial management improvements. OIG's initial review revealed that most of the planned tasks to achieve financial management improvement were not scheduled to be completed until the second half of fiscal year 1999. We concluded that it would not be possible to provide the Conferees with a meaningful assessment of progress until the final quarter of the fiscal year. Therefore, we engaged KPMG to review the Corporation's progress in implementing the Action Plan and related expenditures as of August 21, 1999. The enclosed report presents the results of KPMG's review. We have reviewed the report and the work papers supporting its conclusions and agree with the findings and recommendations.

KPMG reports that several significant tasks have been achieved, such as the conversion to a new accounting system (Momentum) and the implementation of a document imaging capability for the National Service Trust. However, KPMG also identifies several areas where the Corporation needs to improve its planned corrective actions. The most significant of these include:


- The Corporation lacks a cost accounting system to track actual expenditures against the funds allocated to Action Plan activities in accordance with the Corporation's fiscal year 1999 appropriation. A cost accounting system would also be beneficial to the Corporation in producing meaningful financial statements and to report on its performance by program activity as required under the Government Performance and Results Act.

- The system and users documentation for the National Service Trust imaging system is insufficient to enable the Corporation to effectively maximize the use of the imaging capability of the Trust.
- The documentation maintained by the Corporation for management accountability and control events, such as decisions made and actions taken to complete Action Plan tasks, is not always adequate to support task completion.
- A comprehensive set of Corporation-wide policies and procedures needs to be completed in order for Corporation personnel to effectively and efficiently perform their duties in accordance with management directives.
- The self-assessment component of the Corporation's management control plan needs to be more comprehensive and to be performed for all assessable units.
- A Chief Information Officer needs to be added to the Corporation management team to provide leadership in assessing Information Technology issues.
- Follow-up with the contractor who issued the Corporation's Independent Validation and Verification report for Year 2000 compliance is required to clarify the completeness and accuracy of certain reported matters.

We provided a draft of this report to the Corporation for comment. In its response (Appendix A) the Corporation cites several of the report's findings and indicates general agreement with them. However, with respect to the report's recommendations, the Corporation responded:

"The draft report makes several recommendations, some of which have been previously identified in other audit reports. We agree with many of these recommendations, and disagree with others. In the FY 2000 Action Plan and as part of the audit resolution process, we will address those recommendations we agree with, and provide the Office of the Inspector General our rationale for those recommendations with which we disagree."

This OIG report is being sent to all members of the Senate and House Appropriations Committees, Corporation for National and Community Service management, and congressional committee staff. We will make copies available to others upon request. If you have any questions, or wish to discuss these matters, please call William L. Anderson, Assistant Inspector General for Audit at (202) 606-5000 extension 390.


Luise S. Jordan
Inspector General



2001 M Street, N.W.
Washington, D.C. 20036

October 8, 1999

Inspector General
Corporation for National and Community Service:

KPMG LLP has reviewed the Corporation for National Service's progress in implementing its Action Plan for financial management improvements and related expenditures as of August 21, 1999. The procedures we performed, the results of our work, and our comments and recommendations are summarized in this letter and described in detail in Exhibits A and B.

Background

The National and Community Service Trust Act of 1993 established the Corporation for National and Community Service as a Government Corporation subject to the requirements of the Government Corporation Control Act. The Corporation receives an annual appropriation to support its mission of awarding grants and cooperative agreements to state commissions and nonprofit entities to assist in the creation of full and part-time national and community service programs.

Since its inception in 1994, the Corporation has experienced a variety of financial management problems that have been the subject of numerous OIG reports and of congressional scrutiny. Additionally, the Corporation's financial statements have not been fully auditable due, in part, to material weaknesses in internal controls.

To assist the Corporation in its efforts to improve financial management, Congress mandated that \$1.5 million be redirected from the Corporation's annual appropriation to fund financial management reforms, and approved an additional \$1.5 million in fiscal year 1999 appropriations earmarked for the same purpose. The House of Representatives Conference Committee Report accompanying PL 105-276 indicated that "the conferees intend that the Corporation will submit to the House and Senate Committees on Appropriations within 60 days of the enactment of this Act a detailed plan for the expenditure of the \$3,000,000 in funds reserved to meet urgent program administration needs. Further the Corporation will provide regular updates to the House and Senate Committees on Appropriations every 60 days on the use of these funds in accordance with that plan." Urgent program administration needs were defined as "financial management, database and related financial systems development, and Year 2000 computer problems."

The Conference Report also required that the Corporation Office of Inspector General independently review and comment upon the Corporation's Plan and each update within 30



calendar days of their submission to the Congress during fiscal year 1999. The OIG issued five reports during fiscal year 1999 in fulfillment of this requirement.¹ This report will complete the OIG's review requirement.

Summary of Results

Based on our review of the status of the Action Plan implementation, the following significant accomplishments have been made:

- The Corporation's accounting operations have been converted to a new accounting system – Momentum;
- A CFO has been confirmed;²
- A functional document imaging capability has been implemented for the National Service Trust;
- A management control plan has been developed;
- An operational VISTA Management System cost sharing billing module system has been implemented; and
- A tracking mechanism to monitor status of corrective actions addressing audit findings has been developed.

The overall requirements for this work and the results were, as follows:

1. *Examine and report on the costs reported (both actual and estimated) by the Corporation to accomplish the Action Plan. As part of this evaluation, determine if the costs are charged to the correct appropriation accounts (fiscal year 1999 administrative funds), are supported by adequate documentation and, if not, which costs have been reasonably estimated.*

The Corporation developed a budget for planned expenditures of the fiscal year 1999 allocated appropriation subsequent to the submission of the December 21, 1998 Action Plan status report to Congress. No revisions have been made to the initial estimates since the budget was initially developed for planned expenditures. Of the \$3 million in planned expenditures to implement the Action Plan, approximately \$1.7 million was for ongoing financial operations and training, and approximately \$1.3 million was for special projects and conferences. Corporation management has stated that it considers the expenditures as planned to be within the intended definition of expenditures in the Conferees' report.

The Corporation does not have a cost accounting system to track actual expenditures of the allocated appropriation related to the Action Plan. In general, the "actual costs" identified in the periodic reports to Congress are comprised of 100 percent of personnel costs (such as

¹ Report Number 99-17, *Review of the Corporation's Action Plan*, dated January 13, 1999; Report Number 99-23, *Review of the Corporation's February 19, 1999 Action Plan Progress Report*, dated March 19, 1999; Report Number 99-25, *Review of the Corporation's April 21, 1999 Action Plan Progress Report*, dated May 19, 1999; Report Number 99-30, *Review of the Corporation's June 21, 1999 Action Plan Progress Report*, dated July 21, 1999; Report Number 99-38, *Review of the Corporation's August 21, 1999 Action Plan Progress Report*, dated September 20, 1999.

² Anthony Musick was confirmed as the Corporation's CFO by the Senate on November 19, 1999.

salaries and benefits) for certain Corporation staff considered to be working on the Action Plan full time, estimated allocations of personnel costs for other Corporation staff (based on the extent of involvement in particular tasks), costs of conference attendance and training, telephone coverage through an outside vendor, financial statement preparation, data clean-up, and other related activities.

We reviewed the supporting documentation for the Corporation's identified actual costs in relation to the Action Plan. We verified the payroll expenses for the 100 percent allocated and one 50 percent allocated personnel. The Corporation currently does not track time charged by personnel on an individual project basis. However, the Corporation represented to us that the daily duties of the 100 percent allocated personnel were focused solely on the completion of tasks required to implement the Action Plan. We also reviewed the estimated personnel time that was allocated in relation to attending conferences and addressing particular task needs. These estimates appeared reasonable. The Corporation also provided supporting documentation for all other nonpersonnel costs reported on the actual expenditure detail report.

During our review of the supporting documentation, we noted two instances where, in the aggregate, the travel costs reported on the expenditure schedule were overstated by approximately \$11,000. We also noted a transposition error in calculated personnel costs, which resulted in an overstatement of approximately \$60,000.

The Corporation implemented a new accounting system, Momentum. However, the optional cost accounting module was not purchased. The Corporation stated that it was not aware of any cost reporting requirement. Sound management practices and the requirement to produce meaningful financial statements establish the need to report the costs of the Corporation's project and program expenses.

We recommend that the Corporation develop a cost accounting system which could be used to track actual expenditures related to the current Action Plan, as well as other project and program expenses. Such a cost accounting system would facilitate timely identification of cost over-runs, inefficient use of resources, etc., for Corporation management to take appropriate action. In addition, personnel should track their time by individual projects to identify specific expenditures related to tasks in the Action Plan.

We also recommend that the expenditure detail be adjusted to correct the exceptions we identified regarding costs reported that did not match the supporting documentation.

2. *Verify the number of goals, objectives and tasks the Corporation is reporting on. Document and report on new or revised goals, objectives and tasks in the Action Plan.*

The Action Plan outlines the Corporation's goals, objectives, and individual action steps intended to correct financial management weaknesses, strengthen Corporation management, increase the use of technology, and improve stewardship over Federal funds. The Action Plan was developed in part, to address recent auditability surveys, operational reviews (including procurement operations) and the 1997 and 1998 financial statement audits. It also includes those tasks the Corporation deemed necessary to improve financial management and

operation of the Corporation resulting from its self-assessment process and other recommendations from management. The Corporation has made revisions to the goals, objectives, and tasks, including revisions to planned completion dates, when it has determined changes to the Plan are needed. (Exhibit B – Task Status Matrix lists each goal, objective and task in the Action Plan).

The initial Action Plan was dated December 21, 1998, included 8 goals, 37 objectives, and 165 related tasks. In the December 21, 1998 Action Plan, the Corporation anticipated that 149 tasks would be completed by September 30, 1999. The August 21, 1999 Action Plan update included 9 goals, 46 objectives, and 260 tasks. Of these, no goals have been completed, 11 objectives have been completed and 168 tasks have been completed. The Corporation also revised (changed estimated completion date, redefined nature of task, etc.) or deleted tasks 152 times.

3. *Document and report on the following for each objective in the Action Plan:*

- *Whether an objective is on schedule with its original due date as stated in the December 1998 Action Plan (if an objective was added subsequent to the December 1998 Action Plan, as established in the Action Plan iteration the objective first appeared in).*
- *Whether the objective is behind schedule or has a revised due date.*
- *Whether the Corporation has adequate documentation to support the status or completion of the objective included in the Action Plan. If adequate support is not available, identify what additional support should be maintained by the Corporation to document the status or completion of the objective. If adequate support is available, evaluate whether the documentation supports the status or completion of the objectives as stated in the Action Plan.*

A summary of our significant findings is as follows:

National Service Trust – The Corporation implemented a functional document imaging capability. However, the file document imaging capability is not supplemented by a user's manual and relevant system documentation. Additionally, it does not have all the necessary documentation that references the back-file conversion efforts (e.g., number of compact discs or CDs, CD labels, year of the images, and how many images in each CD) performed by the contractor. This documentation is necessary to enable the Corporation to effectively maximize the use of the imaging capability of the Trust.

The Corporation does not have documented investment policies and procedures. Thus, in the absence of the normally assigned personnel performing investment procedures, there are no guidelines for another person to follow.

The Corporation inputs each investment transaction in its general ledger as well as in a subsidiary ledger that does not interface with the general ledger, resulting in an unnecessary duplication of records and effort.

Documentation of Management Actions – Corporation management does not always adequately document certain significant management accountability and control events. We found instances where decisions made, and actions taken, to implement Action Plan tasks, could not be supported by management with formal documentation. For example, evidence of written notification to management to support task completion, postponement or revision was not always available. Adequate documentation is necessary and must be clear and readily available to provide reasonable assurance that, among other things, significant decisions and events are documented for future reference, and approvals obtained from officials with authority are properly on file.

General Control Environment – The Corporation does not have comprehensive policies and procedures. A comprehensive set of policies and procedures needs to be issued in order for Corporation personnel to effectively and efficiently perform their duties in accordance with management directives and relevant industry standards, and in compliance with applicable laws and regulations.

The Corporation implemented a management control plan. However, the self-assessment component needs to be more comprehensive. All assessable units need to be initially surveyed, grants management needs to be surveyed annually and information technology (IT) controls need to be included in the self-assessment survey. Additionally, the Office of the Chief Operating Officer tracks and validates corrective actions addressing weaknesses resulting from various audits, primarily through review of relevant documentation, while the primary method used by the Chief Operating Officer to track lower-level weaknesses is discussion at weekly staff meetings until agreement is attained that the weakness has been corrected.

To ensure proper disposition of weaknesses, we recommend an independent validation function for verifying corrective actions should be initiated.

A Chief Information Officer (CIO) needs to be added to the Corporation management team to strengthen its overall infrastructure. The CIO would provide needed leadership in addressing IT issues such as development of critical systems and strategic planning to attain IT goals.

Independent Validation and Verification Report – Follow-up with the contractor who issued the Corporation's Independent Validation and Verification report for Year 2000 compliance is required to clarify the completeness and accuracy of certain reported matters.

Exhibit A presents our findings and recommendations related to the status of each Action Plan objective in greater detail. In addition, we have made specific recommendations, which are included in Exhibit B.

4. *Provide suggestions to improve the Action Plan based on the work performed.*

We have the following general recommendations for Action Plan improvements.

A. Reemphasize Goals and Objectives – Although the Action Plan is considered a dynamic tool to guide the Corporation in all aspects of its financial management improvement efforts, certain of the goals and objectives should receive priority attention in their achievement. At the current point of the Action Plan's life cycle, we believe the completion of the following tasks and objectives should receive the highest priority attention in order for the Corporation to function more efficiently and better achieve its mission:

- Ensure that the recently implemented accounting system, Momentum, is fully functional and operating as intended;
- Hire a Chief Information Officer;
- Implement a functional grants management system;
- Issue a comprehensive set of policies and procedures; and
- Resolve differences reported in the U.S. Treasury Statement of Differences report, and post necessary adjustments to the general ledger, in order to facilitate timely completion of the fiscal year 1999 financial statement audit.

B. Establish realistic completion dates – Completion dates for certain tasks were either not met, or are not expected to be met, based on their current status. We also noted that some task completion dates have been revised several times. Establishing realistic milestones provides reasonable assurance that tasks will be completed on time and resources are properly allocated.

C. Establish criteria to measure results and completion of tasks – Certain tasks require additional follow-up in order to determine whether the objectives they relate to have been met. Additionally, the wording of certain tasks is ambiguous as to when they should be considered complete. Establishing specific criteria to define at what point tasks should be considered complete, and how the results of the tasks will be measured, will help the Corporation demonstrate meaningful progress in achieving its goals for improved financial management.

D. Objectives need to be more specific relative to the tasks – Certain objectives were broadly written relative to the corresponding tasks. We noted objectives that were universal in theme, or mission-oriented in nature but the corresponding tasks were related to very specific Corporation operations. The tasks should be revised to ensure the accomplishment of the objectives. Tasks that are aligned with objectives enable management to effectively focus its efforts and resources.

5. *For those Action Plan objectives identified in Appendix 1 accompanying the task order statement of work, perform the specific procedures listed, including assessing the status of each objective in the Action Plan³, to test and report on the Corporation's progress in implementing the objectives.*

See Exhibit B, Task Status Matrix, which lists each goal, objective and task in the Action Plan and results of our review procedures.

Objectives, Scope, and Methodology

As noted above, we were engaged by the OIG to assess the Corporation's progress in implementing its Action Plan. We conducted our review in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our objectives were to assess the following:

- (1) The adequacy of tasks and objectives to accomplish the Action Plan goals, and the Corporation's ability to recognize incremental improvements before completion of all tasks related to specific objectives;
- (2) The number of goals, objectives, and tasks the Corporation reported on;
- (3) Whether the objectives are on schedule and whether the Corporation has established realistic milestones;
- (4) Whether the Corporation has adequate documentation to support the status or completion of the objectives;
- (5) Whether the costs reported (both actual and estimated) by the Corporation are supported by proper documentation and the correct appropriation account was charged; and
- (6) The adequacy of the Corporation's methodology to track and report the costs of the Action Plan.

We also performed specific procedures requested by the OIG to determine the status of specific objectives. See Exhibit B for details of our review. These procedure included the following procedures:

- Reviewing the Action Plan reports submitted to Congress by the Corporation, the related comments prepared by the Corporation OIG, and the relevant Corporation OIG working papers supporting these comments;
- Obtaining an understanding of the Corporation's progress relative to the Action Plan by interviewing Corporation staff;

³ The procedures for assessing the status of each objective were:

1. Obtain documentation on the status of the objective.
2. Review documentation on the status and compare this to the status reported in the August 21, 1999 Action Plan Update.
3. Conclude as to the status of the objective, and whether the status or progress reported is adequately documented.
4. Follow-up with inquiries to appropriate Corporation personnel if the status is not adequately documented.

- Performing walkthroughs of Corporation operations;
- Inspecting documentation supporting the accomplishment of the objectives and tasks;
- Preparing write-ups and flowcharts of the results as appropriate;
- Reviewing support documentation for the cost of implementing the Action Plan;
- Performing and documenting agreed-upon procedures for specific objectives listed in the appendix to the task order; and
- Providing suggestions, as necessary, to improve the Plan based on our review.

Response to Draft Report

We provided a draft of this report to the Corporation for comment. In its response (Appendix A) the Corporation cites several of the report's findings and indicates general agreement with them. However, with respect to the report's recommendations, the Corporation responded:

“The draft report makes several recommendations, some of which have been previously identified in other audit reports. We agree with many of these recommendations, and disagree with others. In the FY 2000 Action Plan and as part of the audit resolution process, we will address those recommendations we agree with, and provide the Office of the Inspector General our rationale for those recommendations with which we disagree.”

* * * *

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of United States Congress, the management of the Corporation for National and Community Service and the Office of the Inspector General and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

FINDINGS AND RECOMMENDATIONS

Completion Dates

The Corporation establishes completion milestones for each individual task within the objectives of the goals. Establishing realistic milestones provides reasonable assurance that resources are properly allocated and tasks will be completed on time.

We reviewed the status of individual tasks within the August 21, 1999 Action Plan status report to determine progress to date and whether established milestones were likely to be met. Based on our review of supporting documentation and/or inquiry of Corporation management, completion dates for 22 tasks have been missed or are not likely to be met.

Some of the significant tasks with delinquent completion dates are:

- Goal 2, Objective 1, Task 2 - Analyze National Service Trust historical files electronically to determine where records could be improved and develop implementation plan;
- Goal 3, Objective 1, Task 5 - Review Statement of Differences and identify adjustments by end of every month; and
- Goal 1, Objective 3, Task 8 - Approve updated delegations of authority.

The remaining tasks where completion dates have been missed or are not likely to be met are described in the Task Status Matrix in Exhibit B.

We also noted that some task completion dates have been revised several times by the Corporation. If established tasks are not completed timely, or completion dates are consistently revised, regardless of the underlying reason for the delay, it is difficult for the Corporation to demonstrate improvement in controls over financial management.

Recommendation

We recommend that the Corporation establish and adhere to realistic due dates for all Action Plan tasks.

FINDINGS AND RECOMMENDATIONS, Continued***Establish Criteria to Measure Results and Completion of Tasks****Measurement of Results*

The completion of established Action Plan goals and objectives is dependent on the successful accomplishment of individual tasks within each objective. In assessing the status of the Action Plan, we identified ten tasks that require follow-up tasks to demonstrate achievement of the related objective. For example, the objective to “improve staff competencies through training” includes a task to “provide training on financial accounting and reporting requirements to appropriate accounting staff.” This task should be expanded or supplemented by an additional follow-up task to determine whether training resulted in an increased level of competencies as required by the objective.

Recommendation

We recommend that the Corporation expand or supplement the relevant tasks in the Action Plan to ensure that all necessary procedures are identified that will lead to full accomplishment of an objective.

Determining the Successful Accomplishment of Tasks

Establishing specific criteria to determine the completeness of a task ensures that the task is measurable upon completion. We identified four tasks that contained ambiguous criteria for determining their completion. For example, the objective to “make payments via Electronic Funds Transfer (EFT)” includes a task to “throughout year, monitor progress in converting recipients to EFT.” This task does not specify what steps need to be taken to monitor the progress nor at what point the task can be considered complete.

Recommendation

We recommend that the Corporation specify and incorporate within the task the criteria to be used to measure when the task should be considered complete.

FINDINGS AND RECOMMENDATIONS, Continued*National Service Trust**Document Imaging Project*

The Action Plan status report includes a task to “electronically capture through imaging technology all existing Trust file documents.” However, the Trust file document-imaging project is not supplemented by a users manual and relevant system documentation. Additionally, it does not have all the necessary documentation that references the back-file conversion efforts (e.g., number of compact discs or CDs, CD labels, year of the images such as 1994 and 1995, how many images in CD, etc.). This documentation is necessary to enable the Corporation to effectively maximize the use of the imaging system capabilities. We also noted that there is no formal documentation from the contractor to confirm that the project is complete.

OMB Circular A-123, *Management Accountability and Control*, Section II, Standards for Management Control, states that in relation to recording and documentation, “the documentation for transactions, management controls, and other significant events must be clear and readily available for examination.”

Recommendations

We recommend that the Corporation obtain documentation that references the back file conversion efforts and written confirmation from its contractor as to the completion of the file-imaging task.

Investment Policies and Procedures

Adequate documentation of accounting policies and procedures should be maintained to establish guidelines, define responsibilities, and provide internal accountability. Currently, the Corporation does not have formal documentation of investment policies and procedures. Thus, in the absence of the normally assigned personnel performing investment procedures, there are no guidelines for another person to follow.

Recommendation

We recommend the Corporation review the informal investment management guidelines currently in use to determine their adequacy, and develop formal written policies and procedures to guide investment management activities in the future. Once developed, the policies and procedures should be reviewed at least annually to ensure their continuing appropriateness in light of the current economic environment.

FINDINGS AND RECOMMENDATIONS, Continued*General Ledger*

The Corporation tracks each individual investment in its general ledger system as well as in a subsidiary ledger (Quickbooks) that does not interface with the general ledger. This procedure is an inefficient use of Corporation resources and results in data being entered twice and increases the potential for errors.

Recommendation

We recommend that the Corporation consider eliminating the detail investment information maintained in the general ledger and only include control totals. The Corporation should continue to maintain detail investment information to support the general ledger totals in the subsidiary ledger, and should implement procedures to reconcile the subsidiary to the general ledger control total on a monthly basis to ensure proper reporting.

Documentation of Management Actions

Corporation management is not properly documenting certain significant management accountability and control events. We found eight instances where management had made decisions about major departmental projects but kept no record of decisions that were made. In these instances, no written notification to management occurred when projects were completed, or had been postponed or revised. Documentation provided, if any, was limited to electronic mail that mentioned the fact that milestones were being met. Examples of events for which no meaningful documentation exists are:

- Goal 3, Objective 2, Task 1 – Procurement and accounting office heads jointly develop contract data clean up plan and define criteria for contract close out.
- Goal 7, Objective, Task 4 – Assure internal mail system is compliant.
- Goal 8, Objective 3, Task 1 – Design interim DVSA grants system to replace Federal Success grant modules for award generation.

As a result of not documenting significant decisions, management may not be able to support that certain events occurred or report details of events that were purported to have occurred. Management decisions should be promptly recorded and documentation maintained.

Recommendation

We recommend that Corporation senior management formally document significant decisions and events and emphasize the importance of such documentation to all Corporation personnel. They should also provide a working definition of “significant” in the context of the

FINDINGS AND RECOMMENDATIONS, Continued

Corporation's control environment and issues, and the preferred method for recordation and filing.

General Control Environment

The following elements of a strong general control environment continue to require management attention: (1) issuance of comprehensive policies and procedures, (2) enhancements to make the self-assessment process of management controls more comprehensive, and (3) addition of a Chief Information Officer position to address information technology issues.

Issuance of Comprehensive Policies and Procedures

During our review of the proposed tasks relating to issuing a comprehensive set of Corporation policies and procedures, we noted that the tasks related only to "critical" policies and procedures. "Critical" policies and procedures, as defined by the Corporation, are those that need to be issued as a priority as a result of one of the following issues: (1) the authority of ACTION (policies and procedures used prior to inception of the Corporation) has expired, (2) the existing policies and procedures are inaccurate for the current operations of the Corporation, or (3) implementation of current policies and procedures have generated numerous questions from Corporation personnel. The Corporation identified 11 such "critical" policies and procedures to be addressed in fiscal year 1999. Although the Corporation intends to address other policies and procedures, the current task is not sufficiently comprehensive in nature.

The Corporation has identified a comprehensive list of policies and procedures which need to be issued, and has developed the methodology to do so. However, it has encountered delays in issuing the "critical" policies and procedures due to time required for the review and clearance processes and, to some extent, difficulties encountered in implementing Momentum.

FINDINGS AND RECOMMENDATIONS, Continued*Recommendation*

The Corporation should accelerate its efforts to develop and implement a comprehensive set of policies and procedures. Additionally, we recommend that specific issue dates for all policies and procedures, as well as training dates for the related policy writing training, be established and managers be held accountable for timely completion of the tasks.

Management Control Plan

Our review of the task on establishing a formal management control plan revealed the following matters which preclude the Corporation from implementing a comprehensive self-assessment process:

- Grants management, which is a significant process for the Corporation, will conduct a self-assessment on a rotational basis with the frequency still to be determined;
- Information Technology general controls such as disaster recovery and access controls are not included in the self-assessment survey; and
- Not all assessable units will conduct self-assessments for fiscal year 1999.

We also noted that the Office of the Chief Operating Officer tracks and validates corrective actions resulting from various audits. Additionally, the primary method used by the Chief Operating Officer to track lower-level weaknesses is discussion at weekly staff meetings until agreement is attained that the weakness has been corrected. There is no independent validation function for verifying corrective actions.

OMB Circular A-123, *Management Accountability and Control*, states that management controls are the organization's policies, and procedures used to reasonably ensure that 1) programs achieve their intended results, 2) resources are used consistent with agency mission, 3) programs and resources are protected from waste, fraud, and mismanagement, 4) laws and regulations are followed, and 5) reliable and timely information is obtained, maintained, reported and used for decision making.

The lack of a comprehensive self-assessment process may prevent the Corporation from detecting weaknesses in internal controls in a timely manner.

Recommendation

The Corporation should include the information technology general control environment in the management control plan self-assessment survey. Grants management, a significant process for the Corporation, should be assessed annually. All assessable units should be initially surveyed and, based on the results, the frequency of future assessments determined. Also, the Corporation

FINDINGS AND RECOMMENDATIONS, Continued

should implement an independent verification process as deficiencies are corrected to ensure proper correction of weaknesses in internal controls.

Chief Information Officer

The Corporation management infrastructure does not include a Chief Information Officer (CIO). However, the Action Plan has as one of its goals to “use Information Technology to make Corporation work processes more efficient and to better access data for policy and decision making.” The Director of the Office of Information Technology, who has maintained information technology (IT) operations (activities such as management of systems maintenance and development projects), does not have access to the strategic decision making level in the Corporation.

Additionally, the Corporation has been in the midst of implementing a major new accounting system, and has experienced a series of technical difficulties. In light of these difficulties, we believe that it is even more critically important that a CIO be identified and hired to provide focused oversight and lead the Corporation in achieving its current commitments in the identification, selection, and implementation of technology solutions to information technology needs.

The CIO should function as an integral part of the senior management team to ensure that both business and technical needs are adequately addressed. The CIO should be responsible for obtaining the resources for designing and implementing a sound IT internal control environment. Also, the CIO should participate in setting the Corporation’s strategic performance goals. The objective of this participation is to provide candid and objective assessments of the limitations and opportunities of IT in attaining corporate goals.

Recommendation

The Corporation should place a high priority on completing its search for a CIO.

Independent Validation and Verification Report

Our review of the Corporation’s Independent Validation and Verification (IV&V) report for Year 2000 compliance, prepared by an outside contractor, indicated that it may not be accurate and complete in all respects. The IV&V report should provide management with an independent conclusion as to whether the Corporation’s Year 2000 remediation efforts have been performed adequately. Sufficient details should be included in the report to support the conclusions reached.

We reviewed the report dated August 31, 1999, supplied to the Corporation by its contractor. Our review of the report was performed to determine whether certain facts characteristic of a

FINDINGS AND RECOMMENDATIONS, Continued

thorough Year 2000 compliance IV&V report were present. We used a limited application of KPMG's Year 2000 Quality Assurance methodology used for evaluating Year 2000 compliance efforts. We were not able to conclude whether all necessary tasks related to the report were completed without reviewing the work of the contractor. However we did note the following:

- No specific identification was evident in the report of the separate test environment where the testing occurred. We found that the test regions were addressed but no system designators were identified. Readers would be unable to determine if the correct environment was used or whether the region used has peculiarities that would nullify Year 2000 testing, such as updated utilities not remediated in the production region.
- The report did not identify the universe of infrastructure within which items were identified for testing. Additionally, the untested portion of the infrastructure was not identified as compliant before the testing was performed (e.g., PC's, mid-tiers, mainframes, and networks).
- We could not determine whether the system clock was advanced to test interdependencies such as applications and utilities. Advancing the clock can detect failed interdependencies such as those between applications and utilities. We noted only the processing of test data with dates beyond the year-end date.
- The report did not discuss testing the applications with other high-risk dates. For example, leap year dates (2/29/2000) are sometimes accommodated using special sub-routines that could be overlooked by a test scenario that does not introduce leap year dates for processing. We did note that the server and workstation BIOS had the benefit of leap year testing.
- The functions of input, processing, and output were tested, but not all functionality was identified to conclude that the whole application was tested (e.g., seldom used utilities and features).
- The interfaces tested were not completely explained concerning agreements with the data exchange partners. For example, we could not determine whether two-digit dates were acceptable to the receiving party. Also, the compliance method of converting the two-digit date by the receiving entity was not evident. If the receiving entity has a different method of converting two-digit dates, errors could occur.
- Some results indicated that the system was not compliant, but conclusions were made that the item was compliant. For example, the test scenarios for VISTA Management System indicated that the input screens accept only two-digit dates, returning 99 as 0099 in the database. This would be an indicator that VMS is not Year 2000 compliant. However, this area was reported as compliant.

FINDINGS AND RECOMMENDATIONS, Continued

The items discussed above are important for the Corporation to have reasonable assurance that Year 2000 remediation efforts have reduced the risk of operational stoppages and service failures as a result of system outages due to improper handling of cross-century transactions.

Recommendation

We recommend that the Corporation discuss the above observations with the contractor and obtain suitable explanations. The report should be revised to include the information developed to support the conclusions reached during the testing. Explanations should be entered where the testing did not develop results that clearly show the applications will successfully process the high risk dates (i.e., "Compliant with Recommendations").

**Corporation for National Service
Task Status Matrix
Action Plan Status Report - August 21, 1999**

Introduction

The following Task Status Matrix outlines the procedures applied to assess the status of each task in accordance with the task order. These procedures included the following procedures for assessing the status (the status assessment) of each objective:

1. Obtain documentation on the status of the objective.
2. Review documentation on the status and compare this to the status reported in the Action Plan Update.
3. Conclude as to the status of the objective, and whether the status or progress reported is adequately documented.
4. Follow-up with inquiries to appropriate Corporation personnel if the status is not adequately documented.

For certain objectives, additional procedures were applied as specified in Appendix 1 to the Task Order statement of work. Specific procedures performed and the related results are detailed on the matrix.

Due to the nature of the procedures, our comments are based on review of relevant documentation, interviews with Corporation personnel, and walkthroughs of processes, when applicable. Unless otherwise noted, the Corporation provided, and we reviewed, documentation to support the completion of the task as noted.

In accordance with the task order, certain tasks were excluded from the scope of our work as they will either be covered in future OIG audits or the time frame for completing the tasks has passed (e.g., tasks related to issuing fiscal year 1998 financial statements). These tasks are captioned "not included in the review" on the matrix.

**Corporation for National Service
Task Status Matrix
Action Plan Status Report - August 21, 1999**

Task #	Task Description	Procedures	Task Status/Observations
Goal 1: Establish a strong and effective general control environment, including a commitment to excellence, organizational structure, and assignment of authority and responsibility.			
Goal 1 - Objective 1: Obtain an unqualified opinion on the Corporation's financial statements.			
1	Develop a comprehensive plan to correct material weaknesses and other reportable conditions	Not included in the review because the outcome was already known. See observation.	Objective was not achieved. However, all the tasks were completed as proposed. The audit of the fiscal year 1998 financial statements resulted in an unqualified opinion on the Statement of Financial Position and a disclaimer of opinion on the related Statement of Operations and Changes in Net Position and the Statement of Cash Flows.
2	Monitor progress (formal report to Congress every 60 days)		
3	Prepare draft FY 1998 financial statements		
4	Inspector General issues audit of FY 1998 financial statements		
5	Corporation issues audited FY 1998 financial statements and Annual Report		

Task #	Task Description	Procedures	Task Status/Observations
Goal 1 – Objective 2: Issue a comprehensive set of Corporation policies and procedures.			
1	Contact responsible officials to assess existing policies and determine appropriate action (eliminate or revise/reissue)	The status assessment.	Task was completed as proposed.
2	Receive feed back from responsible officials, including which new policies need to be written		Task was completed as proposed.
3	Develop schedule, format, clearance process for issuance of Corporation policies and procedures		Task was completed as proposed.
4	Conduct training in policy writing		Task was completed as proposed. However, training has been developed for the “critical” procedures only, which does not include all policies and procedures that will eventually be issued. We recommend that the task actions and completion dates be revised to reflect the expected date of completion of all policies and procedures that need to be issued. Managers should also be held accountable for ensuring that the relevant personnel attend training at the time assigned.
5	Critical new procedures issued		Based on the task status it does not appear that the current completion date of September 30, 1999 will be met. The due date needs to be revised. Upon completion of task 1, the Corporation identified 11 policies as critical that needed to be addressed during fiscal year 1999; eight have been issued as

Task #	Task Description	Procedures	Task Status/Observations
			<p>of the date of our review. “Critical” policies were defined by the Corporation as those policies that need to be issued as a priority because the authority of ACTION (policies and procedures used prior to inception of the Corporation) has expired, are inaccurate for the Corporation, and have generated numerous questions from Corporation personnel. An additional 86 policies have been identified for issuance at a later date.</p> <p>The Action Plan does not include a date for the issuance of a comprehensive set of Corporation policies and procedures. We recommend the Corporation establish a task or revise the existing tasks that will lead to the issuance of a complete and comprehensive set of policies and procedures and hold managers accountable for ensuring timely completion of their tasks relative to issuing policies and procedures.</p>
Goal 1 – Objective 3: Improve Corporation Infrastructure.			
1	Implement NAPA recommendation regarding appointment of a Chief Operating Officer	The status assessment.	Task was completed as proposed.
2	Establish and implement new management team		Task was completed as proposed.

Task #	Task Description	Procedures	Task Status/Observations
3	Revise and implement new organization structure	The status assessment.	Task was completed as proposed. However, the organizational chart does not reflect the CIO's position. Also, a follow up task to assess the effectiveness of the new management team is needed.
4	Establish Executive Secretariat		Task was completed as proposed.
5	Allocate FY 99 program administration funds in support of urgent management needs		Task was completed as proposed. Planned completion date was January 8, 1999; task was completed on January 22, 1999.
6	Appoint Chief Information Officer		Task is in process. Planned completion date of October 31, 1999 seems aggressive based on current task status. Original completion date was February 28, 1999.
7	Reorganize and establish Executive Officers for improved budget and management control		Reorganization and establishment of Executive Officers was completed as proposed. Planned completion date was March 15, 1999; task was completed on July 16, 1999. We were unable to determine whether improved budget and management control has, or will be, achieved because sufficient time to assess results has not elapsed. A follow up task to assess effectiveness is needed.
8	Review and update Corporation delegations of authority		Task has not been completed as proposed. Planned completion date was April 30, 1999.

Task #	Task Description	Procedures	Task Status/Observations
9	CEO approval of updated delegations	The status assessment.	Revised task completion date of August 25, 1999, has expired and should be revised. Planned completion date was May 28, 1999. Task completion depends on completion of previous task to "Review and update Corporation delegations of authority."
10	President announces intent to nominate CFO		Task was completed as proposed.
11	President nominates CFO		Task was completed as proposed.
12	Senate confirms CFO		Task was completed as proposed.
<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's alignment of functions between headquarters, service centers and state offices (referred to as infrastructure) through interviews with Corporate staff and reviewing Corporation documents, walkthroughs, and preparing write ups and flow charts of the results as appropriate. 2. Review CIO selectee qualifications, compare it to the requirement in the job announcement, and conclude whether the selectee is qualified for the position. 3. Interview the Corporation's Senior Management Team, established June 22, 1998, to identify changes made to the Corporate infrastructure and perceived improvements. 4. Comment on revisions in Corporation infrastructure. 		<p>Results:</p> <p>In general, the revisions in Corporation infrastructure to date should strengthen the Corporation's infrastructure if effectively deployed. However, the Corporation lacks a CIO. Additionally, we recommend that the reporting alignment of the CFO directly to the COO be reconsidered. Due to the size and nature of the Corporation operations, a more effective alignment might be for both the CFO and COO to report directly to the CEO.</p> <p>We were not able to review the CIO selectee qualifications, compare them to the requirement in the job announcement, and conclude whether the selectee is qualified for the position. As of the date of our review, the Corporation selected candidate declined acceptance of the position and the process is continuing with a new announcement.</p> <p>We also recommend that follow-up tasks be established to assess whether the overall objective has been met and/or determine whether further revisions are necessary.</p>	

Task #	Task Description	Procedures	Task Status/Observations
Goal 1 - Objective 4: Implement an effective performance management system.			
1	Develop Corporation-wide Annual Plan	Not included in the review.	The Corporation reported these tasks as complete. Implementation will be tested in future OIG work.
2	Obtain approval of Board of Directors		
3	Draft FY 2000 GPRA Performance Plan		
4	Include key financial management goals in FY 2000 performance plan		
5	Transmit FY 2000 GPRA Performance Plan to Congress		
6	Prepare report on review of performance indicators		
7	Submit proposed unified plan and budget for FY 2001 to OMB		
Goal 1 - Objective 5: Improve staff competencies through training.			
1	Establish training initiatives group	The status assessment.	Task was completed as proposed.
2	Identify FY 99 corporate training needs (most critical areas)		Task was completed as proposed.
3	Develop implementation plan and training schedule for FY 99		Task was completed as proposed.
4	Develop implementation plan for FY 00		Task was completed as proposed. Planned completion date was June 30, 1999. Task was completed on August 31, 1999.

Task #	Task Description	Procedures	Task Status/Observations
5	Throughout year, conduct training for specific areas, e.g. AmeriCorps grant monitoring, travel, etc.	The status assessment.	Areas identified as key by the Corporation, such as grants monitoring and appropriations law training were not conducted by the planned completion date of September 30, 1999. Currently, training is scheduled for fiscal year 2000. The completion date needs to be revised.
6	Provide training on financial accounting and reporting requirements to appropriate accounting staff		The current completion date of October 15, 1999 will not be met, and needs to be revised. An outside contractor is scheduled to conduct training for accounting staff in fiscal year 2000. Overall, we recommend that follow up tasks be established to determine whether training resulted in an increased level of competencies as required by the objective.

Goal 1 - Objective 6: Consider business process re-engineering recommendations made in NAPA study.

1	Set up task forces to review NAPA recommendations	Not included in the review. All planned tasks for this objective are completed and the Corporation issued its response to the NAPA report in January 1999.	The Corporation reported these tasks as complete.
2	Draft reports from task forces to CEO for review		
3	Issue response to NAPA recommendations		

Task #	Task Description	Procedures	Task Status/Observations
Goal 1 - Objective 7: Establish procedures to assess and report on Corporation management controls.			
1	For FY 98, obtain assurances from managers of selected units that assess management controls and identify weaknesses	The status assessment.	Task was completed as proposed. Planned completion date was January 31, 1999. Task was completed on February 8, 1999.
2	Management determines Corporation-level weaknesses		Task was completed as proposed.
2.1	Chief Operating Officer follow-up with respondents on lower-level weaknesses		Task was completed as proposed.
3	Issue FY98 management control report with financial statements		Task was completed as proposed.
4	Establish formal management control plan		Task was completed as proposed.
5	Conduct training on management controls for offices conducting assessments for FY 99		Task was completed as proposed.
6	Receive management control reports from managers of six offices		Task was completed as proposed.
7	Receive management control reports from managers of 10 more offices		Task is in process.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's procedures for assessing and reporting on management controls by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flow charts of the results as appropriate. 2. Review and comment on the usefulness of the management control self-assessments in improving management controls, and the status of additional management control self-assessments. 3. Review and comment on management's procedures for identifying and resolving control weaknesses. 4. Determine the extent of Chief Operating Officer follow-up on lower-level weaknesses, as specified in the Action Plan. 	<p>Results:</p> <p>The Corporation implemented a management control plan. The Corporation has developed surveys as a key tool to be used in its self-assessment of management controls. A total of 31 assessable units were identified by management and, except for 6 units, which will be assessed annually, a rotating schedule for completion of the surveys by the units will be established. For fiscal year 1999, only 16 of the 31 assessable units were surveyed and reported on in the Action Plan. We recommend that all assessable units be surveyed as soon as possible and the results used as the base line data. The Corporation should use the results as a basis for determining the frequency of future surveys of the respective units. Additionally, we recommend that the Grants Management unit be surveyed annually because of its significance to the Corporation's operations.</p> <p>Further, the surveys do not include an assessment of disaster recovery, access controls, and change control processes, which should be part of a general control environment for Information Technology (IT). We recommend that IT related controls be included in the survey to provide reasonable assurance of detecting such control issues timely.</p> <p>The primary method used by the Chief Operating Officer to track lower-level weaknesses is discussion at weekly staff meetings until agreement is attained that the weakness has been corrected.</p> <p>We recommend that an independent validation function for verifying corrective actions be initiated.</p>	

Task #	Task Description	Procedures	Task Status/Observations
Goal 1 - Objective 8: Improve the audit resolution process.			
1	Revise and implement effective audit resolution procedures	The status assessment.	Revised audit resolution procedures were implemented. The effectiveness of these procedures will be assessed as part of the Fiscal Year 1999 financial statement audit and other OIG audit procedures.
2	Monitor timeliness of audit resolution and completion of corrective action		Task is in process. Planned completion date is revised periodically to reflect the next meeting date to review resolutions and corrective actions.
3	Establish a position in the Grants Office dedicated to resolution of grantee audits; recruit and select qualified candidates		Task was partially completed with the establishment of the noted position. The Corporation considers this task completed with the establishment of task 4.
4	Re-advertise position		Task was completed as proposed. A follow-up task is required to measure achievement of open portion of Task 3.
Goal 1 - Objective 9: Implement effective employee performance management system.			
1	Issue guidance to supervisors to hold performance reviews	The status assessment.	Task was completed as proposed.
2	Issue instructions and procedures for 98-99 performance evaluations and 99-00 performance agreements		Task was completed as proposed.
3	Compensation Board decisions		Task is in process.
4	Report to COO on completion of performance appraisal process		Task is in process.

Task #	Task Description	Procedures	Task Status/Observations
Goal 2: Ensure the integrity of the National Service Trust, accurately recording member information and service award liability, and efficiently processing transactions related to enrollment and award processing.			
Goal 2 - Objective 1: Improve the quality of historic records in the Trust			
1	Electronically capture through imaging technology all existing Trust file documents.	The status assessment.	Task was completed as proposed. Planned completion date was March 31, 1999. Task was completed on August 9, 1999.
2	Analyze historical files electronically to determine where records could be improved and develop implementation plan		Task is in process. Planned completion date was June 30, 1999. An exact date for the task completion has not been determined. The Corporation needs to revise the completion date of the task.
3	Improve the historic files		Task has not begun, because it is dependent on the completion of Task 2. Based on the current status of Task 2, the completion date for task 3 of December 31, 1999, will likely not be met and should be revised.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's procedures for electronically capturing and analyzing Trust file documents by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flow charts for the results as appropriate. 2. Review and comment on the historical analysis performed under the Action Plan and the related recommendations. Determine the extent of improvements (actual or projected) in historical Trust files resulting from the Action Plan. 	<p>Results:</p> <p>The task to electronically capture Trust file documents was subcontracted to an outside contractor. We recommend that the Corporation supplement the document imaging technology with a user's manual and relevant system documentation. Additionally the Corporation should obtain documentation that references the back file conversion efforts as well as written confirmation from the subcontractor as to the completion of the task.</p> <p>Since the Corporation is still in the process of completing an analysis of historical files, we were unable to review and comment on the results of the historical analysis.</p>	
<p>Goal 2 - Objective 2: Improve the timeliness and quality of the Trust's service to AmeriCorps members.</p>			
1	Provide phone coverage services through an outside vendor	The status assessment.	Task was completed as proposed.
2	Provide data verification services through GSA schedule temporary services firm		Task was completed as proposed. Planned completion date was January 5, 1999. Task was completed on March 1, 1999.
3.1	Begin to image enrollment forms and end-of term forms		Task was completed as proposed. Planned completion date was February 28, 1999. Task was completed on March 22, 1999.
3.2	Begin to image all the remaining forms		Task was completed as proposed. Planned completion date was February 28, 1999. Task was completed on July 15, 1999.

Task #	Task Description	Procedures	Task Status/Observations
4.1	Be able to retrieve enrollment forms and end-of-term forms electronically	The status assessment.	Task was completed as proposed.
4.2	Be able to retrieve all other forms electronically		Task was completed as proposed. Planned completion date was March 15, 1999. Task was completed on July 15, 1999.
5	Utilize electronic workflow software for Trust processing and workload management		Task was completed as proposed.
6	Recruit and select FTE for data verification.		Task was completed as proposed.
7	Develop management reports using new imaging workflow software		Task was completed as proposed.

Goal 2 - Objective 3 Improve the quality and timeliness of Trust data.

1	Reorganize Trust staff to align individuals responsible for data quality with a defined set of programs	The status assessment.	Task was completed as proposed.
2	Begin to provide rosters quarterly to state commissions by mail, and to programs by fax		Task was completed as proposed. Planned completion date was April 30, 1999. Task was completed on May 21, 1999.
3	Monitor receipt of corrected rosters from States to Corporation		Task is considered completed as proposed, due to establishment of ongoing process.
4	Follow-up calls on delinquent rosters		Task is considered completed as proposed, due to establishment of ongoing process.
5	Complete review of rosters and input corrections in system		Task is considered completed as proposed, due to establishment of ongoing process.

Task #	Task Description	Procedures	Task Status/Observations
6	Begin to send letters to all new enrollees to verify data in the Trust database	The status assessment.	Task was completed as proposed.
7	Systematically resolve past year open data (including those members from program years 94 and 95)		Task is in process.
8	Upon availability of requested FY 2000 appropriations, initiate efforts to enhance Trust system edit checks		<p>Task is dependent on appropriation receipt. Therefore, the established completion date of October 1, 1999, cannot be met, and should be revised.</p> <p>The Trust has edit checks. However, the development of additional edit checks is dependent on fiscal year 2000 appropriations.</p>
9	Distribute quarterly rosters		<p>Task is considered completed as proposed, due to the establishment of an ongoing process.</p> <p>We noted that no further tasks have been identified to ensure proper follow up similar to the previous mailing of the roster. The Corporation needs to ensure that procedures are in place to monitor the receipt and the follow up on delinquent rosters related to the quarterly mailings.</p>

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's procedures for maintaining the Trust database by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flow charts of the results as appropriate. 2. Determine from data maintained in the Trust fund Database, the response rate for letters sent to enrollees for verifying Trust data during fiscal year 1999. 3. Evaluate the effectiveness of the letters in validating the Trust database by comparing a sample of responses to the related database records. 4. Determine if the Corporation uses statistics from the database to monitor error rates (i.e. by program site, type of exception – incorrect enrollment date, completion date) and correct conditions identified, and comment on the accuracy and validity of any such activities. 5. Determine the status of Corporation efforts to resolve errors related to members who are listed in the database as continuing to earn awards, yet for whom the period for service completion has lapsed and an end of term form, or other notice of service termination, has not been received. 		<p>Results:</p> <p>The Corporation does not use statistics from the database to monitor error rates. Currently all forms are scanned into the database. The system has edit checks to identify forms with errors. The forms that are flagged are routed to Trust staff for follow-up. The Trust Director reviews a report that reflects manual changes made to the system as a result of the staff follow-up.</p> <p>The Trust database has a feature to automatically send verification forms to new enrollees. New enrollees are not required to respond to the Corporation unless they have changes.</p> <p>We were unable to determine the effectiveness of the letters for validating the Trust database. We recommend the Corporation consider the benefits of tracking the nature and rate of member responses as an effective performance measure.</p> <p>Based on our review of the Corporation's error resolution process, we noted the majority of the open data from fiscal years 1994 and 1995 has been dispositioned in the system. For the remaining prior year data, for which the Corporation has determined that further follow up cannot be performed, a decision on appropriate disposition needs to be made.</p>

Task #	Task Description	Procedures	Task Status/Observations
Goal 2 - Objective 4: Improve the quality and timeliness of Trust data coming from state commission programs.			
1	Continue work on a system utilizing the Internet (a Web Based Reporting System - WBRS, version 1.5) for state commission programs to manage member participation and, through edit controls, ensure accurate information is captured upon enrollment	The status assessment.	Task was completed as proposed.
2	Pilot the use of WBRS in a limited number of states		Task was completed as proposed.
3	Pilot the transfer of enrollment data from WBRS to the trust system electronically		Task was completed as proposed.
4	Increase the number of state commissions using WBRS and transferring data electronically until all state commissions are participating		<p>Task is in process. However, the completion date of October 1, 1999 for participation of all state commissions is not realistic and should be revised.</p> <p>The Corporation anticipates that by the end of November, all state commissions, except for Oregon, and all National Directs will be using WBRS. We recommend the Corporation define what actions need to be specifically accomplished for this task to be considered complete.</p>

Task #	Task Description	Procedures	Task Status/Observations
5	Add the electronic transfer of changed data and end of term information to the Trust database	The status assessment.	Task is in process. End-of-term forms are in the database. Currently, there is no electronic interface for change-of-status forms entered into WBRS to automatically transfer data to the Trust database. The Corporation is in process of developing such an interface.
6	Assess the implementation of WBRS in selected pilot states, including on-site review of selected program sites		Task is in process. The two initial pilot states were assessed to determine any glitches in the WBRS system before the Corporation decided to deploy WBRS . This task relates to re-evaluating those two sites as well as the additional eight added as pilot sites. The preparation of a draft report is in process.

Goal 2 - Objective 5: Examine and strengthen procedures for AmeriCorps service hour reporting.

1	Conduct training sessions for commission staff and national non-profit grantees on reporting standards and procedures	The status assessment.	Task was completed as proposed.
2	Issue proposed regulations related to consistency of treatment of AmeriCorps members released for “compelling personal circumstances”		Task was completed as proposed. Planned completion date was February 28, 1999. Task was completed on April 9, 1999.
3	Issue final regulations on “compelling personal circumstances”		Task was completed as proposed.
4	Eliminate the 95% rule (members who complete 95% of their service are eligible for a full education award)		Task was completed as proposed.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the corrective actions proposed/taken by the Corporation in response to OIG report, 98-19, <i>Assessment of AmeriCorps Service Hour Reporting</i> by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flowcharts of the results as appropriate. 2. Determine if the actions taken adequately address the reported deficiencies. 	<p>Results:</p> <p>We determined that the corrective actions proposed/taken by the Corporation in response to OIG report 98-19, <i>Assessment of AmeriCorps Service Hour Reporting</i> should adequately address the noted deficiencies, if AmeriCorps staff and members comply with stated policies and procedures.</p>	
<p>Goal 2 - Objective 6: Improve the management of Trust investments.</p>			
1	Update outside expert advice obtained at Trust's inception on investment strategy and procedures	<p>The status assessment.</p>	Task was completed as proposed.
2	Prepare an annual plan of Trust investments and monitor progress quarterly		Task is considered completed as proposed, due to establishment of an ongoing process.
3	Throughout year, periodically update investment policies and procedures and publish on Corporation Intranet site		This task will not meet its completion date of September 30, 1999, and should be revised.
4	Prepare options paper and proposed language for OMB review		Task was completed as proposed.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's procedures for managing the Trust investments by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flowcharts of the results as appropriate. 2. Review the annual investment plan and quarterly progress reports, assess whether the Corporation's investments maximize Trust fund earnings and maintain adequate cash flow to make timely payments from the Trust. 3. Review and comment on the adequacy of the investment policies and procedures. 4. Review and comment on the options paper and proposed language prepared for OMB. 		<p>Results:</p> <p>Formal investment policies and procedures are not documented. The Corporation should review the informal policies developed by the investment manager and determine whether to adopt them as formal policies.</p> <p>The Corporation tracks each individual investment in its general ledger system (GL) as well as in a subsidiary ledger that does not interface with the GL. The Corporation should consider eliminating the detail investment information in the GL and only include control totals. The Corporation should continue to maintain detail investment information to support the GL control totals, in the subsidiary ledger. Procedures to reconcile the subsidiary to the GL control total on a monthly basis should be implemented.</p> <p>To date, the Trust has maintained adequate cash flow to make timely payments from the Trust. However, the Trust may not be maximizing investment earnings, as the portfolio manager is not a professional investment manager. The Trust should consider obtaining professional investment advice to provide additional assurance that investment earnings are maximized.</p> <p>If OMB does not concur with the Corporation on the Options paper, which proposes to use Trust funds to obtain professional investment advice, the cost of obtaining investment advice should be funded through program administration funds, to the extent investment yield is sufficient to cover the costs incurred.</p>

Task #	Task Description	Procedures	Task Status/Observations
Goal 3: Improve stewardship of federal funds and accuracy of Corporation accounting records through use of electronic media.			
Goal 3 - Objective 1: Reconcile fund balance with Treasury.			
1	Initiate review of monthly report to Treasury by Team Leader	The status assessment.	Task was completed as proposed.
2	Start written notification by Trust Fund to Accounting on investments with Treasury		Task was completed as proposed.
3	Issue schedule for timely preparation and submission of monthly Statement of Transactions to Treasury		Task was completed as proposed.
4	Determine cash adjustments to be made based on the first SF-224 produced from Momentum and report on SF-224 to Treasury		Task is in process. Planned completion date was July 8, 1999. Revised completion date of October 8, 1999, is likely not to be met, and should be revised again.
5	Throughout year, review Statement of Differences and identify adjustments by end of every month		Based on the current status of the task it is unlikely that this task will meet its current completion date October 15, 1999. The Corporation should revise the date.
6	Throughout year, report monthly to Treasury on cash adjustments resulting from data cleanup activities		Based on the current status of the task the completion date of September 30, 1999 should be revised. The Corporation also needs to determine what specific action needs to be completed in order to consider this task complete.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's procedures for reconciling Fund Balance with Treasury by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flowcharts of the results as appropriate. 2. Confirm that the following are being prepared in accordance with the Plan: <ul style="list-style-type: none"> • Notification by Trust Fund to Accounting on investments with Treasury; • Schedule for preparation and submission of monthly statement of transactions to Treasury; • Cash adjustments based on first Momentum and reported on July SF-224 to Treasury; • Monthly Statement of Differences; and • Monthly report to Treasury on cash adjustments. 3. Verify that the adjustments to reconcile Fund Balance with Treasury determined as part of the data clean up project are posted to the general ledger. 		<p>Results:</p> <p>Written notifications that were sent from Trust Fund personnel to Accounting in order to inform them of investment activity appear to be in accordance with the Plan.</p> <p>The Corporation's schedule of submission and reconciliation dates for the monthly Statement of Transaction reports appears to have been completed in accordance with the Plan.</p> <p>The new financial management system (Momentum) went live on September 13, 1999. As of September 1999, no SF-224 reports were prepared based on information stored in Momentum; however, the Corporation intends to submit a Momentum based SF-224 report to Treasury by the 10/08/99 deadline. We cannot determine whether the Corporation will meet this due to the timing of our review.</p> <p>The Corporation has been unable to identify differences reported on its Statement of Differences report. In March 1999, the Corporation's Appropriation Location Code (ALC) changed. Necessary adjustments were not made in Federal Success to report grant transactions using the new ALC. We reviewed letters submitted to Treasury by the Corporation requesting that all transactions be transferred from the old to the new ALC, or at a minimum, information needed to resolve differences reported on the Statement of Differences be provided to them. The Corporation is still awaiting a response from Treasury.</p> <p>The Corporation will not be able to send monthly reports to Treasury on cash adjustments by 09/30/99 because its primary focus has been to populate Momentum with the appropriate data during September.</p>

Task #	Task Description	Procedures	Task Status/Observations
			<p>During May 1999, the Corporation began preparing monthly Fund Balance with Treasury cash reconciliations. We reviewed the adjustments that were identified on the Corporation's monthly Fund Balance with Treasury cash reconciliations for the months of January 1999 to July 1999. We were able to verify that some adjustments were posted to the general ledger, yet a few adjustments still remained outstanding on the reconciliations. As previously noted, the Corporation has been unable to identify adjustments on the monthly Statement of Differences report because of the problems with posting transactions to the old ALC number. Because the Corporation has been unable to resolve these differences, it has also been unable to post necessary adjustments to the general ledger.</p>
<p>Goal 3 – Objective 2: Perform data clean up in preparation for conversion to new accounting system.</p>			
1	Procurement and Accounting Office Heads jointly develop contract data clean-up plan and define criteria for contract closeout	The status assessment.	The Corporation considered the task completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion.
2	Reconcile and initiate adjustments to contract data prior to implementation		Overtaken by task 2.1 and 2.2 below. Planned completion date was April 16, 1999.
2.1	Reconcile approximately 25% of contracts totaling \$15.7 million prior to implementation		Task was completed as proposed.
2.2	Reconcile smaller contract amounts to new financial system		Task is in process.

Task #	Task Description	Procedures	Task Status/Observations	
3	Grants and Accounting offices jointly develop grant data clean up plan and establish criteria for financial closeout	The status assessment.	The Corporation considered the task completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion. Planned completion date was January 11, 1999. Task was completed on February 16, 1999.	
4	Reconcile and adjust grant data prior to implementation		Overtaken by task 6 below. Planned completion date was April 16, 1999.	
5	Make adjustments to accounting records based on analysis		Overtaken by task 6 below. Planned completion date was May 14, 1999.	
6	Perform reconciliation of grants in HHS-PMS system with accounting system		Task is in process. Planned completion date was May 21, 1999; revised completion date is December 31, 1999.	
7	Perform first monthly reconciliation with Trust and VMS; identify discrepancies and track to ensure resolution completed		Task is in process.	
8	Prepare first monthly status report to Accounting Director on issues identified with Momentum implementation, recommend solutions, dates for completion, etc.		Task is in process.	
Goal 3 – Objective 3: Make payments via Electronic Funds Transfer (EFT)				
1	Inform VISTA volunteers of ability to convert to EFT		The status assessment.	Task was completed as proposed.
2	Send follow up notifications to VISTA volunteers not responding	Task was completed as proposed.		
3	Second follow up to non-respondents	Task was completed as proposed.		
4	Notify Corporation vendors, contractors and grantees of EFT requirements	Task was completed as proposed.		
5	Revise PSO training agenda to include emphasis on EFT	Task was completed as proposed.		

Task #	Task Description	Procedures	Task Status/Observations
6	Throughout year, monitor progress in converting recipients to EFT	The status assessment.	Task was completed as proposed. However, we recommend the Corporation define what actually needs to be completed in order for the task to be considered complete.
<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and documents an understanding of the Corporation's procedures for EFT by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flowcharts of the results as appropriate. 2. Determine the level of EFT payments and compare to the Corporation's goals for converting payees to EFT. 		<p>Results:</p> <p>The Corporation attempted to comply with Treasury's EFT conversion goals. However, because many contracts were executed prior to October 1998, it has been difficult to comply fully with Treasury's initial goals. However, the Corporation has been tracking the total number of EFT disbursements made on a monthly basis. Per review of the Corporation's EFT payment schedule, grant disbursements made with EFT increased 85% from October 1998 through July 1999. The number of non-grant EFT disbursements increased approximately 50% from October 1998 to July 1999.</p>	
<p>Goal 3 – Objective 4: Improve cash management</p>			
1	Publish proposed Debt Collection regulations	The status assessment.	Task was completed as proposed.
2	Finalize debt servicing agreement with Treasury		Task was completed as proposed.
3	Update internal debt collection procedures		Task was completed as proposed.
4	Develop procedures for direct deposit and convenience checking in lieu of Imprest Fund		Task was completed as proposed.
5	Based on new debt collection procedures, send dunning letters to delinquent debtors advising that debt is due		Task was completed as proposed.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's procedures for cash management by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flowcharts of the results as appropriate. 2. Review and comment on the adequacy of the debt servicing agreement with Treasury. 3. Determine that letters are being sent delinquent debtors. 4. Review and comment on the adequacy of Corporation's procedures for analyzing and controlling receivables. 		<p>Results:</p> <p>The Corporation's notification letter to delinquent debtors follows the FMS format. In addition, the Corporation may want to forward some delinquent debts to another collection agency, as well as to T-FMS. This will help the Corporation more accurately gauge the potential collection rate for its delinquent debt. The monthly FMS status reports, which provides collection activities and accounting for charges and fees, will also aid the Corporation in its estimation of the allowance for doubtful account balance.</p> <p>We scanned the files for delinquent debts located in the AFMS office. We reviewed demand letters that were sent to debtors because of service award overpayments, outstanding grant advances, and Cost Share reimbursement debts. Based on the review of the files, it appears that letters are being sent to delinquent debtors.</p> <p>We reviewed the adequacy of the Corporation's procedures for analyzing and controlling receivables. If Momentum does not allow grants to be monitored appropriately, Grants Officers should be required to submit status reports of open grants. This will allow the Corporation to take appropriate action timely to collect on outstanding balances of grants with changed or unusual balances.</p>

Task #	Task Description	Procedures	Task Status/Observations
Goal 3 – Objective 5: Implement certification of monthly fund balance reviews.			
1	Budget holder review and certify unliquidated balances on a monthly basis beginning with FY 2000	Not included in the review.	The Corporation considers these tasks in-process. Implementation will be tested in future OIG work.
2	Perform first monthly closeout of obligations; generate special reports of possible transactions for closeout by budget holders and advise top management of progress or problems		
3	Generate first quarterly report of obligations and perform analysis on data to detect unnecessary outstanding unliquidated balances and take actions to reduce such balances as appropriate		
Goal 4: Create a single grants management program—from application through evaluation, award, administration and close-out—that provides stewardship over Federal funds in a cost effective manner.			
Goal 4 – Objective 1: Re-engineer the Corporation’s grants processes to achieve workload efficiencies and improve customer service.			
1	Review NAPA report and prepare recommendations for CEO on grants processes and policies	The status assessment.	Task was completed as proposed. Planned completion date was December 12, 1998. Task was completed on January 28, 1999.
2	“Map” the Corporation’s current grant processes for VISTA and NSSC		Task was completed as proposed.
3	“Map” the Corporation’s current grant processes for NCSA grants		Task was completed as proposed. Planned completion date was January 15, 1999. Task was completed on February 1, 1999.

Task #	Task Description	Procedures	Task Status/Observations
4	Review current processes based on the "map," identify redundancies, inefficiencies and gaps, and prepare recommendations for change	The status assessment.	Task is not completed as planned due to delays with senior management review. The planned completion date of May 15, 1999 and the revised completion date of September 30, 1999, were missed. A new completion date should be established.
5	Examine the AmeriCorps grants process for formula programs and make recommendations for improvement/simplification		Task was completed as proposed. We recommend a follow-up task to determine disposition of the recommendations and, to the extent that recommendations are implemented, determine if improvement/simplification was achieved.
6	Implement fixed grant award policies for AmeriCorps Promise Fellows		Task was completed as proposed.
7	Revise the process for review and award of 1999 commission administrative funds, PDAT & disability grants to improve efficiency		Task was completed as proposed. Planned completion date was January 31, 1999. Task was completed on March 15, 1999. A follow-up task should be established to determine whether goal of making awards within 30 days of receipt of application has been achieved.
8	Issue final regulations for three Senior Corps programs		Task was completed as proposed.
Goal 4 – Objective 2: Award NCSA grants earlier in the year to improve grantee and program management.			
1	Establish a timeline for issuing FY 99 program awards on an earlier schedule	The status assessment.	Task was completed as proposed.
2	Throughout year, regularly monitor comprehensive timeline		Task was completed as proposed.
3	Develop an executive reporting system for grant awards		Task was completed as proposed.

Task #	Task Description	Procedures	Task Status/Observations
4	Develop a consolidated timeline for FY00 NCSA grant cycle that supports earlier award processes	The status assessment.	Task was completed as proposed. We recommend that a follow-up task be established to determine if the revised timeline resulted in earlier award processes.
5	Complete the revision of grant application guidelines for FY 00 program year		Task was completed as proposed. Planned completion date was July 1, 1999. Task was completed on September 24, 1999.
Goal 4 – Objective 3: Enhance monitoring activities.			
1	Conduct training program for NCSA grantees on program and financial administration	The status assessment.	Task was completed as proposed.
2	Identify NCSA site visits based on defined risk assessment criteria		Task was completed as proposed.
3	Develop and implement A-133 (Single Audit) procedures for Corporation grant programs		Task is in process. Planned completion date was May 15, 1999.
4	Conduct assessment of two state commissions		Task was completed as proposed.
5	Conduct on-site assessment of four additional state commissions		Task was completed as proposed.
6	Evaluate and modify draft administrative standards as necessary based on six state assessments		Task is in process.
7	Develop FY 00 monitoring plans for AmeriCorps and Learn and Serve grants project, subject to FY 00 appropriations		Task is in process.

Task #	Task Description	Procedures	Task Status/Observations
8	Throughout year, monitor implementation of new policy requiring a compliance monitoring site visit once every three years for 1200 Senior Corps grants	The status assessment.	Task is in process.
Goal 4 – Objective 4: Develop and implement closeout procedures for grants and cooperative agreements.			
1	Discuss with current grantees policies and strategies to end current awards	The status assessment.	Task was completed as proposed.
2	Draft, coordinate with Accounting, and issue interim policies and procedures for close out of NCSA grants		Task was completed as proposed. Planned completion date was February 28, 1999. Task was completed on March 31, 1999.
3	Close out Commission on National and Community Service (Subtitle C & D grants)		Task was completed as proposed. Planned completion date was March 31, 1999. Task was completed on June 1, 1999. For purposes of grants operations this task is complete. However, there are three grants that are pending final closeout as grants management is awaiting final resolution.
4	Complete close out of remaining Commission on National and Community Service grants (Subtitle B)		Task is in process. Planned completion date was June 30, 1999. Revised completion date is November 30, 1999.
5	Complete the close out of expired NCSA awards (except for open awards due to audits or investigations)		Task is in process. Planned completion date was June 30, 1999. Based on the status of the task the revised completion date of September 30, 1999 should also be revised.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain and document an understanding of the Corporation's procedures for closing out grants and cooperative agreements by interviewing Corporation staff, reviewing Corporation documents, performing walkthroughs, and preparing write ups and flow charts of the results as appropriate. 2. Review and comment on the status of required close-outs for the following Corporation programs: <ul style="list-style-type: none"> • Subtitle C and D grants; • Commission on National and Community Service (Subtitle B) grants; and • Expired NCSA awards. 	<p>Results:</p> <p>Currently, the closeout procedures are only guidelines. We recommend that the Corporation codify the guidelines as policies and procedures as soon possible.</p> <p>Subtitle C and D grants closeout has been completed with three grants pending final close out resolution. There were approximately 200 CNCS grants comprising Subtitle B, E and Summer of Service that needed to be closed out. Of these, 80 have been closed out to date. The Action Plan only tracks the closeouts for subtitle B grants with a population of 151 grants. NCSA award population is yet to be determined by the Corporation. We recommend that the Corporation accelerate its efforts in closing out these grants and also track Subtitle E and Summer of Service grants in the Action Plan.</p>	
<p>Goal 4 – Objective 5: Automate the cost-share billing system.</p>			
1	Develop a cost-share module for VMS system	<p>The status assessment.</p>	Task was completed as proposed.
2	Test the new module in Chicago and Philadelphia service centers		Task was completed as proposed.
3	Identify problems and implement modifications		Task was completed as proposed. Planned completion date was January 29, 1999. Task was completed on March 12, 1999.
4	Complete test of system on first-quarter billings.		Task was completed as proposed. Planned completion date was February 19, 1999. Task was completed on March 26, 1999.

Task #	Task Description	Procedures	Task Status/Observations
5	Complete Documentation and user manuals	The status assessment.	Task was completed as proposed. Planned completion date was March 12, 1999. Task was completed on April 22, 1999.
6	Train service center staff on new system		The Corporation considers the task completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion. Planned completion task was April 1, 1999. Task was completed on April 30, 1999.
7	Implement the new system in all service centers for 2 nd quarter statements		Task was completed as proposed.
8	Issue 2 nd quarter statements		Task was completed as proposed.

Goal 5: Corporation accounting data is recorded in a Year 2000-compliant financial management system that meets Federal system standards.

Goal 5 – Objective 1: Implement new financial management system.

1	Momentum selected as new financial management system	Not included in the review.	The Corporation reports most of these tasks as complete. Implementation will be tested in future OIG work.
2.1	Configure on-line documents in Momentum		
2.2	Configure interface and conversion documents		
3	Develop test plans		
4	Test online document processing		
5	Complete VMS interface		
6	Draft Momentum user manual		
6.1	Issue final Momentum user manual		

Task #	Task Description	Procedures	Task Status/Observations		
7	Begin system testing	Not included in the review.	The Corporation reports most of these tasks as complete. Implementation will be tested in future OIG work.		
8	Dry run conversion (FY 98 and prior)				
9	Complete HHS Payment Management System interface				
10	Dry run conversion (FY 99)				
11	Complete SPAN (Trust Fund) interface				
12	Begin user training				
12.1	Complete user training				
13	Shut down Federal Success				
14	Begin live conversion				
14.1	Conversion of bank and vendor file into production				
14.2	Conversion of FY 98 and prior data into production				
14.3	Conversion of FY 99 data into production				
15	Bring up Momentum				
16	Verify live conversion				
17	Complete National Finance Center payroll interface				
Goal 5 – Objective 2: Modify VISTA Management System (VMS) to pass required information to the Momentum interface.					
1	Define accounting events that need to be passed to the accounting system			Not included in the review.	The Corporation reports these tasks as complete. System implementation will be reviewed as part of the fiscal year 1999 financial statement audit.
2	Develop requirements for outbound interface				

Task #	Task Description	Procedures	Task Status/Observations
3	Program modifications to the VMS interface	Not included in the review.	The Corporation reports these tasks as complete. System implementation will be reviewed as part of the fiscal year 1999 financial statement audit.
4	Test outbound VMS interface		
Goal 5 – Objective 3: Configure new system to accommodate cost-share agreement transactions.			
1	Develop requirements to record cost share agreements directly in Momentum	Not included in the review.	The Corporation reports these tasks as complete. System implementation will be reviewed as part of the fiscal year 1999 financial statement audit.
2	Develop and test cost share interface with Momentum		
3	Begin to train staff in new procedures for processing on cost-share transactions		
Goal 5 – Objective 4: Establish formal procedures for quarterly review of general ledger accounts.			
1	Develop procedures for review of general ledger accounts and designate appropriate accounting staff to periodically review specified general ledger accounts	Not included in the review.	The Corporation reports these tasks as complete. System implementation will be reviewed as part of the fiscal year 1999 financial statement audit.
2	Review general ledger trial balance and initiate adjusting entries as appropriate		

Task #	Task Description	Procedures	Task Status/Observations
Goal 5 – Objective 5: Contingency back-up plan			
1	Provide “read only” access to Federal Success	Not included in the review.	The Corporation reports these tasks as complete. System implementation will be reviewed as part of the fiscal year 1999 financial statement audit.
2	Determine if contingency plan needs to be implemented		
Goal 6: Improve the accuracy and timeliness of Corporation financial statements.			
Goal 6 - Objective 1: Issue FY 1998 audited financial statements.			
1	Prepare FY 1998 Financial Statement Preparation and Audit Schedule	Not included in the review because the outcome was already known. See observation.	Objective was not achieved. However, all the tasks were completed as proposed. The audit of the fiscal year 1998 financial statements resulted in an unqualified opinion on the Statement of Financial Position and a disclaimer of opinion on the related Statement of Operations and Changes in Net Position and the Statement of Cash Flows.
2	Review and sign-off on adjustments for year-ending closing		
3	Prepare draft FY 1998 financial statements		
4	Issue FY 1998 Management Letter		
5	Inspector General issues audit of FY 1998 financial statements		
6	Corporation issues audited FY 1998 financial statements and Annual Report		

Task #	Task Description	Procedures	Task Status/Observations
Goal 6 – Objective 2: Obtain an unqualified opinion in the Corporation’s FY 1999 Financial statements.			
1	Issue FY 1999 year-end closing instructions to Corporation after Treasury provides year-end closing instructions	Not included in the review.	The Corporation reports these tasks as complete. System implementation will be reviewed as part of the fiscal year 1999 financial statement audit.
2	Identify financial statement preparation team		
3	Determine how to estimate grant accrual for FY 1999 statements		
4	Schedule FY 1999 account closing in Momentum		
5	Develop schedule for preparation of FY 99 financial statements		
6	Prepare financial disclosure checklist		
7	Issue guidelines on financial statement preparation and review		
8	Prepare draft FY 1999 financial statements		
9	Inspector General issues audit of the FY 1999 financial statements		
10	Corporation issues FY 1999 Annual Report		

Task #	Task Description	Procedures	Task Status/Observations
Goal 7: Complete remaining tasks to ensure that Corporation systems--hardware and software—are Year 2000 compliant.			
Goal 7 – Objective 1: Make PC workstations Year 2000 compliant.			
1	Assemble Y2K software release	The status assessment.	Task was completed as proposed.
2	Test software release (Human Resources Department)		Task was completed as proposed.
3	Begin roll-out		Task was completed as proposed.
4	Complete workstation upgrade (HQ and Service Centers)		Task was completed as proposed. Planned completion was date was December 30, 1998. Task was completed on January 25, 1999.
Goal 7 – Objective 2: Remediate headquarters network.			
1	Upgrade headquarters server	The status assessment.	Task was completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion.
2	Begin Service Center upgrades		Task was completed as proposed.
3	Complete Service Center upgrades		Task was completed as proposed.
4	Assure Internal Mail system is compliant		The Corporation reports the task completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion.

Task #	Task Description	Procedures	Task Status/Observations
5	Install firewall necessary for external mail compliance	The status assessment.	The Corporation reports the task completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion. Planned completion date was December 9, 1998. Task was completed on February 19, 1999.
Goal 7 – Objective 3: Remediate disaster recovery network			
1	Initiate upgrade	Not included in the review.	The Corporation reports this objective as in-process. Implementation will be tested in future OIG work.
2	Complete and test equipment upgrades		
3	Test disaster readiness		
Goal 7 – Objective 4: Deploy software to State offices			
1	Prepare software upgrade on computer disc (CD) for state offices.	Not included in the review.	The Corporation reports this objective as in-process. Implementation will be tested in future OIG work.
2	Replace legacy equipment		
3	Determine state office modem requirements for existing equipment		
4	Workstation software upgrades start		
5	Re-assess strategies for remaining field office personal computers; purchase new PCs for field		
6	Complete field workstation upgrades and install Y2K-compliant software		

Task #	Task Description	Procedures	Task Status/Observations
7	Provide independent testing procedures to state offices to test workstations and laptops	Not included in the review.	The Corporation reports this objective as in-process. Implementation will be tested in future OIG work.
8	Reconfigure State laptops with Y2K compliant software		
9	Receive State Director reports on problems encountered during independent test process		
Goal 7 – Objective 5: Make each NCCC campus compliant.			
1	Confirm status of NCCC administrative network upgrade	Not included in the review.	The Corporation reports this objective as in-process. Implementation will be tested in future OIG work.
2	Determine requirements for NCCC classroom		
3	Make NCCC network compliant with Corporation standards		
4	Decide on new strategy for ensuring that NCCC campuses are compliant		
5	Migration of DC Village to HQ		
6	Migration of Perry Point to HQ		
7	Server upgrade		
8	Migration of Denver to HQ		
9	Migration of Charleston to HQ		
10	Migration of San Diego to HQ		

Task #	Task Description	Procedures	Task Status/Observations
Goal 7 – Objective 6: Ensure that client-oriented database applications are Year 2000 compliant.			
1	Determine most effective discovery methodology for identifying Year 2000 issues in Corporation desktop applications.	Not included in the review.	The Corporation reports this objective as in-process. Implementation will be tested in future OIG work.
2	Ensure desktop applications and custom databases are compliant.		
Goal 7 – Objective 7: Independent verification and validation.			
1	Determine independent verification and validation (IV&V) strategy.	The status assessment.	Task was completed as proposed.
2	Prepare and issue statement of work for IV&V contractor.		Task was completed as proposed. Planned completion date was April 15, 1999. Task was completed on May 26, 1999.
3	Select IV&V contractor.		Task was completed as proposed. Planned completion date was May 15, 1999. Task was completed on July 2, 1999.
4	Assure that equipment is Y2K compliant; e.g. phone, audix system, fax, copiers, etc.		Task was completed as proposed. Planned completion date was May 30, 1999. Task was completed on July 9, 1999.
4.1	Confirm that facilities are Y2K compliant.		Task was completed as proposed. Planned completion date was May 30, 1999. Task was completed on August 31, 1999.
5	Complete the verification process.		Task is considered partially complete, pending follow-up with contractor as noted in Exhibit A.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Obtain the results of the Independent Verification and Validation study of the Corporation's Y2K remediation efforts and the Corporation's response to the recommendation's made. 2. Review the Corporation's documentation supporting actions taken in response to the Independent Verification and Validation study. Assess whether actions taken adequately address the recommendations made in the study. 	<p>Results:</p> <p>We were unable to review the Corporation's response because the report was provided to us on 9/30/99 and no response had been prepared. Therefore, we were only able to review the IV&V contractor's report. Based on our review we noted several items in the contractor's report that should be addressed by the Corporation in collaboration with the contractor. Items for follow-up are noted in Exhibit A.</p>	
<p>Goal 8: Use information technology to make Corporation work processes more efficient, and to better access data for policy and decision making.</p>			
<p>Goal 8 – Objective 1: Recruit Chief Information Officer (CIO) and provide appropriate resources for IT improvements.</p>			
1	<p>Post vacancy announcement for Chief Information Officer (CIO)</p>	<p>The status assessment.</p>	<p>The original vacancy was not filled as planned. Therefore, the Corporation is in the process of recruiting a new candidate. A new completion date should be established.</p> <p>To date, the Director of the Office of Information Technology has maintained IT services but no IT advocate has consistent access to strategic level decision making in the Corporation. Therefore, we recommend the Corporation continue its efforts to hire a CIO.</p>

Task #	Task Description	Procedures	Task Status/Observations
2	Select CIO	The status assessment.	Task is in process. Due date of October 31, 1999 should be revised. Planned completion date was February 28, 1999.
3	CIO develops plan and budget for IT improvements		This task cannot begin until the task to "select CIO" is complete.
Goal 8 – Objective 2: Improve state office connectivity to HQ			
1	Perform cost benefit analysis of options for improving State office access to email and Corporation databases	The status assessment.	Task was completed as proposed.
2	Select three state offices for initial installation of frame relay equipment		Task was completed as proposed.
3	Secure and install frame relay circuits in pilot states		Task is in process. Planned completion date was July 31, 1999. Revised completion date of October 1, 1999 should also be revised.
Goal 8 – Objective 3: Design grants information system.			
1	Design interim DVSA grants system to replace Federal Success grant module for award generation	The status assessment.	The Corporation reports the task completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion. Planned completion date was June 1, 1999. Task was completed on September 15, 1999.

Task #	Task Description	Procedures	Task Status/Observations
2	Start design work on single Grants Information System for DVSA and NCSA programs	The status assessment.	Task is in process. This objective should result in the implementation of an information system for grants that will achieve the improvement in work processes and data access desired by the Corporation.
3	Prepare first draft of needs assessment		Task is in process. Based on the current status the planned completion date of September 8, 1999, should be revised. Overall, we recommend that follow up tasks be established to implement the grants information system and to perform an evaluation of whether the system is functioning as intended.
Goal 8 – Objective 4: Design procurement module.			
1	Analyze options related to procurement data needs, including examination of off-the-shelf systems	The status assessment.	The Corporation reports the task completed as proposed. However, the Corporation was unable to provide supporting documentation to substantiate the completion. Planned completion date was July 15, 1999. Task was completed on September 30, 1999, the revised completion date.
2	Select procurement module		Task is in process. Planned completion date was August 15, 1999. Revised completion date is November 30, 1999.

Task #	Task Description	Procedures	Task Status/Observations
			This objective should result in the implementation of a procurement module for the financial management system. The objective should not end at the design of the module in order to accomplish the improvement in work processes desired by the Corporation. Therefore, we recommend that follow up tasks be established to implement the procurement module and to perform an evaluation of whether it is functioning as intended.
Goal 9: Award and administer contracts in compliance with statutory and regulatory requirements.			
Goal 9 – Objective 1: Ensure that Corporation staff correctly uses up-to-date procurement policies and procedures.			
1	Revise procurement policies and procedures; ensure that related audit findings are addressed	The status assessment.	Based on the current status of this task the revised completion date of August 30, 1999 should be revised. Planned completion date was June 30, 1999.
2	Provide training on use of Purchase Cards		Task was completed as proposed.
3	Provide training for procurement staff on FAR changes		Task was completed as proposed. Planned completion date was May 31, 1999. Task was completed on July 13, 1999.

Task #	Task Description	Procedures	Task Status/Observations
4	Provide training for COTRs and procurement staff on contract management	The status assessment.	Task was completed as proposed. Planned completion date was June 30, 1999. Task was completed on August 10, 1999.
5	Complete corrective actions to address findings in procurement audit except for procurement module		Planned completion date of September 30, 1999, should be revised, as procurement directives have not been drafted.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedures:</p> <ol style="list-style-type: none"> 1. Review and comment on the adequacy of any procurement policies and procedures issued since October 1998. 2. Review and comment on corrective actions taken in response to OIG's Audit Report 98-24 (attached), <i>Audit of the Corporation's Procurement and Contracting Processes and Procedures</i>. 3. Determine the status of annual workplans, to include training plans and employee ratings for procurement staff. 		<p>Results:</p> <p>We reviewed the Corporation's draft procurement policies and procedures. The Corporation is in the process of issuing the finalized procurement policies and procedures. The procurement directives that specifically relate to the procurement office were not drafted as of the date of our review.</p> <p>The Corporation should ensure that the OIG review comments are adequately addressed before issuing the policies and procedures. We believe these policies and procedures need to be more thoroughly developed. We recommend for Policy No. 350 that the Corporation designate a Human Resource official who will 1) review all temporary help contracts and submit signatory review to the procurement office before the contract is executed and 2) monitor the 120 day workdays limit. Additionally, we recommend that the Corporation's policies and procedures be more explicit by requiring documentation of the review and requiring signatory approval by the reviewer.</p> <p>We reviewed management's response to OIG Audit Report 98-24. This report identified 19 findings. Twelve of the findings were adequately addressed in the draft procurement policies and procedures. Six findings should be addressed through the Procurement office specific procurement directives that the Corporation plans to draft.</p> <p>Through our review of a sample of annual workplans for procurement staff employees, we noted that training was not directly related to job ratings or compensation. The procurement office worked closely with Corporation management to ensure that Procurement training was offered to all Procurement personnel. Procurement staff training attendance was strongly encouraged by the Director. We noted that the COTR and FAR & Audit 98-24 training courses were attended by several members of the Procurement staff.</p>

Task #	Task Description	Procedures	Task Status/Observations
Goal 9 – Objective 2: Ensure that the office of procurement services is organized and staffed to carry out its mission.			
1	Hire new contract specialist	No included in the review.	The Corporation reports this task as in-process. Implementation will be tested in future OIG work.
2	Redistribute workload		
3	Hire new cost and price analyst		
Goal 9 – Objective 3: Address audit findings related to personal services contracts.			
1	Assess requirements for administrative support services. Recruit personnel in lieu of contracted administrative support	The status assessment.	Task was completed as proposed.
2	Assess requirements for professional services and determine appropriate actions for current contract		Task was completed as proposed. However, actions required to determine task completion need to be more clearly defined. Planned completion date was April 30, 1999. Task was completed on June 2, 1999.
3	Determine appropriate manner in which to obtain professional service in FY 2000		The Corporation considers the task completed as proposed, because it is discontinuing the use of professional service contracts.

Task #	Task Description	Procedures	Task Status/Observations
	<p>In addition to assessing the status of the tasks under this objective, we performed the following procedure:</p> <p>1. Review and comment on the adequacy of the following assessments which were performed by Procurement per the Action Plan:</p> <ul style="list-style-type: none"> • Requirements for administrative support services; • Requirements for professional services (to include appropriate actions for the current contract); and • The appropriate manner in which to obtain professional services. 		<p>Results:</p> <p>We were informed by Office of Procurement Services Director that the Corporation does not intend to participate in administrative support contracts. Instead they plan to obtain temporary assistance as needed. Procedures for hiring temporary help are addressed in the draft procurement policies and procedures. However, we recommend that the Corporation develop these procedures more thoroughly. We also noted that the Corporation has developed specific policies and procedures to address professional services.</p>

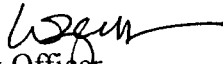
APPENDIX A

THE CORPORATION'S RESPONSE

CORPORATION
FOR NATIONAL
★ SERVICE

November 19, 1999

TO : Luise Jordan
Inspector General

FROM : Wendy Zenker 
Chief Operating Officer

SUBJECT : Comments on Draft Audit Report 00-13, Review of the Corporation for
National Service Action Plan

Thank you for the opportunity to comment on the subject draft report. The draft audit report provides an assessment of the Corporation's progress in implementing the Action Plan. The Action Plan reflects the Corporation's management improvement priorities. First issued in December, 1998, we have continuously monitored and revised the Plan throughout the year. On a bi-monthly basis, progress reports have been provided to the Congress, and to your office, along with supporting documentation for the tasks which are completed.

Overall, we are making good progress – and also recognize that we have much more to do. In our most recent submission to the Congress, dated October 21, 1999, the Corporation reports that 206 of 274 tasks are completed. As we continue our work on the remaining tasks, we will also be revising the Plan, consistent with final appropriation levels, to include important new tasks that are integral to accomplishing the Corporation's mission. As we develop our FY 2000 Plan, we will endeavor to be more realistic in setting the planned dates for completion of tasks (as recommended by the auditors), given the resources available to the Corporation.

In reviewing the draft audit report, we noted that the auditors identified significant accomplishments during the year, and also encouraged the Corporation to be more diligent in certain areas. We agree with the priorities noted by the auditors, particularly the information technology and system improvements that are needed. This is an area of emphasis for FY 2000.

The Corporation will continue to emphasize the work needed in the new financial management system and in the web-based reporting system (WBRs). The draft report notes that financial system implementation will be reviewed in future Office of Inspector General work. With respect to WBRs, additional information is now available with respect to the tasks planned for completion in October, 1999. The Corporation is making good progress – almost all of the States are enrolling members in WBRs as planned, and the Corporation is further monitoring the participation of programs. The AmeriCorps Program staff, the Trust



staff and DEEP staff are participating in WBRS training, and regular WBRS reports are used to monitor and assess program activity. Corporation staff will follow-up with State Commissions as needed.

The draft report makes several recommendations, some of which have been previously identified in other audit reports. We agree with many of these recommendations, and disagree with others. In the FY 2000 Action Plan and as part of the audit resolution process, we will address those recommendations we agree with, and provide the Office of the Inspector General our rationale for those recommendations with which we disagree.

We look forward to continuing to work with the Office of Inspector General on the Action Plan and the FY 1999 financial statement audit. If I can provide any additional information, please contact me.