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

Review of the Corporation's Action Plan

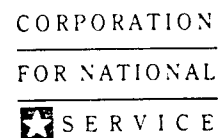
**Report Number 99-17
January 13, 1999**

Office of the Inspector General

January 13, 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:

In the House of Representatives Conference Committee Report accompanying HR 105-769, the Conferees state that \$3,000,000 of the Corporation for National Service's (Corporation) fiscal year 1999 administrative appropriation is earmarked for funding financial management reforms. The report also states that the majority of \$3,000,000 appropriated in fiscal year 1996 is scheduled to be spent during fiscal years 1999 and 2000, and that it is the Conferees' intention that this money be spent on financial management reforms and other urgent program administrative activities.

The Conferees stipulate that within 60 days of the enactment of the Act, the Corporation must submit to the House and Senate Committees on Appropriation a detailed plan for the expenditure of the \$3,000,000 in fiscal year 1999 funds. Thereafter, the Corporation is to provide updates every 60 days on the use of these funds. The Conference Report also indicates that the Conferees intend that the Corporation's Office of Inspector General (OIG) will independently review and comment upon the original plan and each update within 30 calendar days of their submission to the Congress. This letter provides OIG's comments on the Corporation's original plan.

1201 New York Avenue, NW
Washington, DC 20525
Telephone 202-606-5000

Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps

OIG has reviewed the Action Plan¹ (Plan) submitted by the Corporation to Congress on December 21, 1998. Because it does not provide information on the expenditure of funds, it is OIG's view that the Plan is not responsive to important requirements clearly given by the Conferees. Instead, it lists eight high level management goals and includes a schedule for completing 165 tasks related to 37 objectives, most of which are intended to remediate material weaknesses and other deficiencies previously reported in numerous OIG audit reports and reported by the National Academy of Public Administration.²

The Corporation's Plan

The Plan represents the most comprehensive and ambitious effort to date by the Corporation to address weaknesses in its financial management. The Plan covers many of the recommendations made by OIG in various recent audit reports and sets forth a timetable to complete corrective actions. Certainly, completion of the tasks identified by the Corporation will help it move toward better financial management. However, because of its orientation, two issues arise related to OIG's ability to report meaningful information to Congress on the expenditure of funds and the effectiveness of corrective actions as indicated in the Conference Report. We also noted several areas where improvements in the Plan may be warranted.

First, the Plan does not provide information on the spending of funds specifically made available for financial management improvements. Thus, the Corporation's Plan is nonresponsive to the language of the Conferees which requires "a detailed plan for the *expenditure*" of the \$3,000,000 appropriated to meet urgent program administration needs (emphasis added). There is no correlation between the listing of goals, objectives, and tasks included in the Plan and the expenditure of the funds that have been made available for improving the Corporation's financial management.

Because the Corporation has not identified specific improvements to be financed by the additional funds, has not developed a plan that deals with the expenditure of the earmarked funds, and lacks a reliable cost accounting system, OIG cannot audit or review the expenditure of the additional funding. Unless the Corporation modifies the Plan to include such information, and maintains financial and other relevant information related to the expenditures, OIG will not be able to report on expenditures as requested by the Conferees.

Second, most, if not all of the tasks necessary to achieve a given objective must be completed by the Corporation before OIG can assess their effectiveness. Given the nature of the Plan, intermediate or periodic review by OIG, before the completion of most of the tasks within an

¹The Corporation's Action Plan is included as Appendix A.

²*Corporation for National Service: Strengthening Organizational Effectiveness and Service Delivery*, a report from a Panel of the National Academy of Public Administration.

objective, cannot provide the Conferees with a great deal of useable information. Under the current schedule, most of the objectives will not be completed until the second half of this year at the earliest. Further, meaningful assessment of the Corporation's progress under the Plan will require a significant amount of work beyond that necessary to simply determine if a task has been completed.

Given these constraints, OIG intends to meet its reporting requirement in the following manner. In addition to responding to each of the Corporation's submissions within the 30-day time frame established in the Conferees' report, OIG will expand its reporting to include a comprehensive study of the Corporation's progress to improve its financial management. The study will be performed during the final quarter of this fiscal year after the scheduled completion date of most of the Corporation's efforts under the Plan. OIG will also extend the scope of audits already included in its fiscal year 1999 audit plan to report on progress under the Plan as of the date of each of these audits.³

Other Improvements in the Plan May be Warranted

Our review of the Corporation's December 21, 1998, submission reveals that other improvements may be warranted. Other than including milestones for completion of individual tasks, the Plan lacks sufficient detail and standards or objective measures against which to assess progress. For example, the Plan describes the Corporation's schedule to implement a new financial management system. The new system is needed, in part, because the Corporation's current accounting system is not Year 2000 compliant. However, while the Corporation has described its schedule to implement a new financial system by June 1999 as aggressive, the plan does not include a comprehensive contingency plan in the event it can not meet this schedule. Also, absent from the Plan is any discussion of hiring a Chief Financial Officer and Deputy Chief Financial Officer to oversee these and other financial management improvement efforts.⁴

Under Goal 1 of the Plan, aimed at improving the Corporation's overall management control environment, the Corporation will report on management controls. The Plan includes a task to obtain assurances from Corporation officials that assess management controls and identifies weaknesses. However, it does not describe the type of assessment these officials are to perform on which to base their assertions or otherwise specify a risk-based approach. A risk-based management control assessment is a basic requirement for Federal agency control assessments.

Goal 1 also indicates that the Corporation has focused on receiving an unqualified opinion from the audit of its fiscal year 1998 financial statements as an indicator of improvement in

³OIG's fiscal year 1999 audit plan is included as Appendix B.

⁴The Chief Financial Officer Position has been vacant since August 1998. The Deputy Chief Financial Officer position has been vacant since November 1998.

management controls. While receipt of an unqualified opinion on a set of financial statements is an admirable objective, it does not necessarily connote strong or good management controls.

Faced with weak internal controls, auditors can attempt to expand the focus of their procedures. When such an approach is chosen, it may be possible for an auditor to issue an unqualified opinion on an organization's financial statements even when its internal controls are less than adequate. In fact, the audit of the fiscal year 1998 financial statements has been designed to consider known material weaknesses.

We cannot predict the outcome of the ongoing audit of the Corporation's fiscal year 1998 financial statements. Certainly, becoming "auditable" would indicate improvement from the previous state of "unauditable." However, as far as the Corporation's *management control environment* is concerned, the more relevant aspect of the audit report will be the auditor's commentary on management controls. Considering that the Plan indicates that many planned corrective actions, including such basics as a management control assessment, will not be fully implemented until the latter half of fiscal year 1999, it is likely that the auditors will continue to report material weaknesses in the Corporation's overall control environment.

As another example, Goal 4, improved grants management, establishes the Grants Office as the focal point for audit resolution and improving the audit resolution process. Such an approach does not consider that many OIG audit reports are related to the Corporation's day-to-day management and operations, to the exclusion of grants, and indicates that the Corporation is not appropriately addressing issues related to audit resolution. OIG has reported in several Semiannual Reports that the Corporation's audit resolution process does not function properly. While improvements were made in recent reporting periods, the process has not functioned properly in recent months. Also, absent from the objective of improving audit resolution are any tasks related to the development of an audit resolution tracking system. There currently is no tracking system in place. OIG has repeatedly brought these matters to management's attention.

Finally, the Corporation's Plan does not include corrective actions related to its procurement operations. In our recent audit of the Corporation's procurement operations,⁵ OIG concluded that the Corporation lacks an effective procurement system, has not complied with all applicable statutory and regulatory requirements, and has inadequate procedures for contractor selection and award of contracts, contract administration, and contract monitoring and oversight. The report identified more than \$2 million in potential savings and questioned costs. The number, nature, and significance of the audit's findings indicate that the Corporation's procurement process is vulnerable to fraud, waste, and abuse. Given these conditions, the Plan should include the actions the Corporation will take to improve its procurement operations.

⁵OIG Audit Report 98-24, *Audit of the Corporation's Procurement and Contracting Processes and Procedures*, dated August 7, 1998.

In conclusion, the Plan is comprehensive and covers many of the material control weakness cited in previous OIG audit reports. Successful implementation of all the tasks identified in the Plan should result in improvements in financial management at the Corporation. However, the Corporation should modify the Plan to include specific information on the expenditures related to its financial management improvement initiatives specified in the Conference Report. Specific performance measures for each objective should be developed and additional objectives added to cover all material weaknesses identified in IG reports, including those related to the corporation's procurement operations.

This OIG report is being sent to all members of the Senate and House Appropriations Committees. Because of the nature of the Conferees' request, as well as the short timeframe for preparation and submission, we did not obtain agency comments. If you or your staff have any questions or wish to discuss these matters, I am available at (202) 606-5000, extension 490.


Sincerely,



Luise S. Jordan
Inspector General

APPENDIX A

Corporation Action Plan Dated December 21, 1998

CORPORATION
FOR NATIONAL
 SERVICE

December 21, 1998

The Honorable Christopher S. Bond
Chairman
Subcommittee on VA, HUD and
Independent Agencies
130 Dirksen Senate Office Building
Washington, DC 205105

Dear Senator ~~Bond~~,
K.S.

As part of our overall effort to improve financial management, the Corporation for National Service sought special funding from Congress in its FY 1999 appropriation for this purpose. Both the VA-HUD appropriations and the Labor-HHS appropriation provided a portion of the program administration funds that were requested in order to continue making progress in putting the Corporation's books in order and placing the Corporation on sound footing for the future. We appreciate the additional funds provided by the Congress and in accordance with Congress' stipulation we submit a detailed plan on how we intend to improve financial management and address other urgent program administration needs.

The enclosed *Action Plan* provides information on a wide range of activities that the Corporation is undertaking to correct financial management weaknesses, strengthen Corporation management, increase the use of technology, and improve stewardship over Federal funds. With the special funds that Congress provided in the 1999 appropriations—along with our own actions to focus program administration resources—the Corporation will make major strides toward meeting these urgent management needs.

Since this represents a comprehensive plan to correct financial and management weaknesses, the full range of activities described in this plan will require the expenditure of more than the \$3 million in funds set aside by Congress in the FY 1999 VA-HUD Appropriations measure, including funds for development and related financial systems development projects, better financial management and grant oversight, and Year 2000 computer compliance. Other Corporation program administration funds will also be used for these purposes during the same time period, including but not limited to \$1 million in additional program administration funds



The Honorable Christopher S. Bond
December 21, 1998
Page Two

contained in the FY 1999 Labor Health and Human Services and Education Appropriation measure. We expect to demonstrate adherence to the Action Plan by meeting the established goals and deadlines for financial and management improvements it contains.

Our senior management team and I are committed to achieving the aggressive schedule laid out in the Action Plan. We will report to you every 60 days on our progress. We hope that you will continue to be supportive and are ready to answer any questions that you or your staff may have about this Action Plan. I am sharing this Plan with the Corporation's Inspector General, Luise Jordan, and will be working with her on its implementation.

Sincerely,

A handwritten signature in black ink, appearing to read "Harris Wofford".

Harris Wofford

Enclosure

Introduction

Created with bipartisan support from Congress, the President, and community groups nationwide in 1993, the Corporation for National Service provides opportunities for Americans of all ages and backgrounds to participate in community service that addresses the nation's educational, public safety, environmental, and other human needs. Building on a long tradition of service, the Corporation supports three streams of service: AmeriCorps (including AmeriCorps*State/National, AmeriCorps*National Civilian Community Corps, and AmeriCorps*VISTA), the National Senior Service Corps (including the Foster Grandparent Program, the Senior Companion Program, and the Retired and Senior Volunteer Program), and Learn and Serve America (including School-Based Programs, Community-Based Programs, and Learn and Serve America: Higher Education). Through its support of these programs, which build communities at the local level, the Corporation fosters civic responsibility, strengthens the ties that bind us together as a people, and provides educational opportunity for those who make a substantial commitment to service.

The Corporation prepares an Annual Plan, approved by the Board of Directors, that describes key programmatic and management goals. The Corporation also prepares a Strategic Plan and an annual Performance Plan as required by the Government Performance and Results Act.

In addition, this year, the conference report accompanying the Department of Veterans' Affairs, Housing and Urban Development, and Independent Agencies Appropriations Act, 1999, stipulates that the Corporation provide a plan on how it intends to improve financial management and address other urgent program administration needs. The attached *Action Plan* provides information on a wide range of activities that the Corporation is undertaking in FY 1999 to correct financial management weaknesses, strengthen Corporation management, increase the use of technology, and improve stewardship over Federal funds.

The *Action Plan* includes eight major goals. For each goal, objectives are described, along with key tasks that need to be accomplished to achieve the goal. The plan is comprehensive in scope; but only key tasks are listed. For each objective, there are many subsidiary tasks that also need to be accomplished. Progress to date varies by goal— in some areas, there has been extensive work already performed and the Corporation has achieved significant results; in other areas, work is underway; and, there are some activities where work is now starting.

The additional funds provided in the FY 1999 appropriations are critical to the Corporation's ability to accomplish the goals and objectives described in this Plan. The Corporation will be monitoring this plan closely. We will also be providing regular progress reports every 60 days to the Congress. We will revise the Plan as we identify additional goals, objectives and tasks.

Action Plan

Goal 1--General Control Environment. Several initiatives are underway to improve the Corporation's management controls. These include work towards achieving an unqualified opinion on the Corporation's financial statements; reviewing the entire set of Corporation policies and procedures to determine which need to be revised, eliminated, or reissued; filling vacancies with competent personnel and providing the organizational infrastructure for success; expanding training opportunities to improve staff competencies; and putting in place a formal management control program. With respect to the financial statement work, the Corporation received a qualified opinion on its FY 1997 balance sheet audit, an improvement over the past when the auditors disclaimed an opinion. The audit identified six material weaknesses, including the Corporation's control environment. Hence, efforts to improve controls are an urgent program administration need for the Corporation. The other five material weaknesses follow in Goals 2 - 6.

Goal 2--National Service Trust. The Corporation is working diligently to improve the operations of the National Service Trust. The Trust maintains enrollment for all AmeriCorps members who are eligible to receive an education award, and disburses funds to eligible institutions on behalf of members. In July 1998, the Corporation awarded a contract to digitally image the historic files in the Trust and to develop workflow software that would permit new documents to be digitally imaged and managed electronically. For the past four months, the contractor has been converting the paper files to digital records. Completion of the project has been delayed while the Corporation assures that the contractor is capturing all paper records. In addition to the imaging effort, the Trust is also revising the roster process by which state commissions review Trust member enrollment. The frequency of roster distribution has been changed from monthly to quarterly (in accordance with recommendations from a recent audit) and the Trust is working to distribute the rosters by fax to both state commissions and program sites for more comprehensive and timely review. In addition, the Corporation will correspond directly with the AmeriCorps members upon enrollment asking them to verify the enrollment data the Corporation has received. Longer term, the Trust is working with state commissions on a new web-based reporting system that will electronically transmit enrollment data to the Trust. Two states are pilot testing this approach in FY 1999.

Goal 3--Financial Operations. The most significant management improvement in FY 1999 is installing a new financial management system (Goal 5). The Accounting Office, in its day-to-day activities, is currently engaged in tasks related to installing the new system, such as data clean-up; data conversion; and modifications on subsidiary systems such as the VISTA Management System. The Accounting Office is also working extensively on tasks related to the financial statement audit such as fund reconciliation with Treasury; and is implementing new procedures that will streamline and make work more efficient such as instituting Electronic Funds Transfer for all Corporation recipients.

Goal 4--Grants Management. The Corporation operates two distinct grants processes -- one supporting the Domestic Volunteer Service Act grant programs, the other supporting the National and Community Service Act grant programs. In FY 1999, the Corporation is reviewing its grants processes -- from application through award, administration, and closeout -- to identify more

efficient and effective ways in which to manage Federal funds, and to develop policies, procedures and systems that support a re-engineered grant process. The report of the National Academy on Public Administration recommends an overall effort to re-engineer Corporation grants. There are short and longer term initiatives being pursued. For example, in January 1999, the Corporation is sponsoring a training conference for AmeriCorps grantees on program and financial management. The longer-term goal is to design a single automated grants and program information system to support all aspects of the Corporation's grants process.

Goal 5--Financial Systems. The Corporation is installing a new financial management system – American Management Systems' Momentum software package. The Corporation selected the Momentum package on November 25, 1998, and entered into a cross-servicing agreement with the Department of Interior's National Business Center to support the implementation process. A detailed project implementation plan has been drafted and is under review by the National Business Center. The Corporation has established an aggressive schedule for implementation by June 30, 1999. Significant resources are devoted to this project.

Goal 6--Financial Reporting. The Corporation is fully committed to achieving an unqualified opinion on its financial statements. The Corporation issued its draft FY 1998 financial statements on December 17, 1998. Both management and the Inspector General are working to issue the financial statement audit by the statutory deadline, March 31, 1999.

Goal 7--Information Technology – Year 2000. The Corporation has assessed its computer environment and, with the major exception of the financial system, is well on the way to achieving Year 2000 compliance in its mission critical systems. As described in Goal 5, the Corporation is vigorously pursuing implementation of a new financial management system that is Year 2000 compliant. During November and December, work is on schedule with respect to workstation and network upgrades needed to achieve Year 2000 compliance. The Corporation will contract for independent verification and validation of its mission critical systems on a risk-based approach to ensure that corrective actions have fully accomplished their goal.

Goal 8--Information Technology. Work continues on major information technology initiatives many of which have been discussed in the preceding paragraphs. The Office of Information Technology is fully engaged with the Accounting Office on the new financial system implementation; is working with the Trust on new workflow software and system enhancements; and will make a significant contribution to the new grants system. The Corporation is recruiting a Chief Information Officer to spearhead the completion of these tasks and further automation efforts that will improve the Corporation's business practices and processes.

These eight goals are an important part of the Corporation's management improvement plan, but they are not the entire plan. As the year progresses, new items will be identified and, as plans are developed for these areas, they will be included in this Action Plan as appropriate.

Action Plan

Goal	General Control Environment	Establish a strong and effective general control environment, including a commitment to competence, organizational structure, and assignment of authority and responsibility	Planned Completion Date	Revised Date	Actual Date
Objective 1 Obtain an unqualified opinion on the Corporation's financial statements					
Task 1	Develop a comprehensive plan to correct material weaknesses and other reportable conditions identified in Inspector General financial statement audit reports and auditability assessments				12/21/98
Task 2	Monitor progress (formal report to Congress every 60 days)	Ongoing			
Task 3	Prepare draft FY 1998 financial statements		12/11/98	12/18/98	12/17/98
Task 4	Inspector General issues audit of the FY 1998 financial statements (statutory date)		3 /31/99		
Task 5	Corporation issues audited FY 1998 financial statements and Annual Report		4 /30/99		
Objective 2 Issue a comprehensive set of Corporation policies and procedures					
Task 1	Contact responsible officials to assess existing policies and determine appropriate action (eliminate or revise/issue)		1 /7 /99		
Task 2	Receive feedback from responsible official, including which new policies need to be written		1 /31/99		

Task 3	Develop schedule, format, and clearance process for issuance of Corporation policies and procedures	2 /18/99
Task 4	Monitor schedule	Ongoing
Task 5	Critical new procedures issued	9 /30/99

Objective 3 Improve Corporation infrastructure

		Planned Completion Date	Revised Date	Actual Date
Task 1	Implement NAPA recommendation regarding appointment of a Chief Operating Officer			6/ 8/98
Task 2	Establish and implement new management team			6/22/98
Task 3	Revise and implement new organization structure			11/24/98
Task 4	Establish Executive Secretariat			12/15/98
Task 5	Allocate FY 1999 program administration funds in support of urgent management needs	1 /8 /99		
Task 6	Appoint Chief Information Officer	2 /28/99		
Task 7	Reorganize and establish Executive Officers for improved budget and management control	3 /15/99		

Objective 4 Implement an effective performance management system

	Planned Completion Date	Revised Date	Actual Date

Task 1	Develop Corporation-wide Annual Plan			9/30/98
Task 2	Obtain approval of Board of Directors			10/6/98
Task 3	Draft FY 2000 GPRA Performance Plan			10/6/98
Task 4	Include key financial management goals in FY 2000 performance plan	2/1/99		
Task 5	Transmit FY 2000 GPRA Performance Plan to Congress	2/28/99		

Objective 5 Improve staff competencies through training

		Planned Completion Date	Revised Date	Actual Date
Task 1	Establish training initiatives group, co-chaired by Human Resources and the Department of Evaluation and Effective Practices			12/9/98
Task 2	Identify FY 1999 corporate training needs (most critical areas)	1/15/99		
Task 3	Develop implementation plan and training schedule for FY 1999	2/15/99		
Task 4	Develop implementation plan for FY 2000	6/30/99		
Task 5	Conduct training for specific areas, e.g. AmeriCorps grant monitoring, travel, etc	Ongoing		

Objective 6 Consider business process re-engineering recommendations made in NAPA study

		Planned Completion Date	Revised Date	Actual Date
Task 1	Set up task forces to review NAPA recommendations			9/30/98

Task 2 Draft reports from task forces to CEO for review 12/1 /98 1/31/99

Task 3 Issue response to NAPA recommendations 2 /28/99

Objective 7 Establish procedures to assess and report on Corporation management controls

	Planned Completion Date	Revised Date	Actual Date
Task 1 For FY 1998, obtain assurances from Department Heads that assess management controls and identify weaknesses	1 /31/99		
Task 2 Management determines Corporation-level weaknesses	2 /15/99		
Task 3 Issue FY 1998 management control report with financial statements	4 /30/99		
Task 4 Establish formal management control plan	3 /31/99		

Goal 2 National Service Trust 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

Objective 1 Improve the quality of historic records in the Trust

		Planned Completion Date	Revised Date	Actual Date
Task 1	Electronically capture through imaging technology all existing Trust file documents		3/31/99	
Task 2	Analyze historical files electronically to determine where records could be improved and develop improvement plan	6/30/99		
Task 3	Improve the historic files	12/31/99		

Objective 2 Improve the timeliness and quality of the Trust's service to AmeriCorps members

		Planned Completion Date	Revised Date	Actual Date
Task 1	Provide through an outside vendor phone coverage and data verification services	1/5/99		
Task 2	Begin to digitally image all incoming documents	2/28/99		
Task 3	Be able to retrieve documents electronically	3/31/99		
Task 4	Utilize electronic workflow software for Trust processing and workload management	5/31/99		

Objective 3 Improve the quality and timeliness of Trust data

		Planned Completion Date	Revised Date	Actual Date
--	--	-------------------------------	-----------------	----------------

Task 1	Reorganize Trust staff to align individuals responsible for data quality with a defined set of programs	1 /5 /99
Task 2	Begin to provide rosters quarterly to state commissions and programs by fax	4 /30/99
Task 3	Begin to send letters to all new enrollees asking them to verify data in the Trust database	6 /1 /99
Task 4	Systematically resolve past year open data	Ongoing

Objective 4 Improve the quality and timeliness of Trust data coming from state commission programs

		Planned Completion Date	Revised Date	Actual Date
Task 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	1 /31/99		
Task 2	Pilot the use of WBRS in a limited number of states	1 /31/99		
Task 3	Pilot the transfer of enrollment data from WBRS to the Trust system electronically	2 /28/99		
Task 4	Increase the number of state commissions using WBRS and transferring data electronically until all state commissions are participating	10/1 /99		
Task 5	Add the electronic transfer of changed data and end of term information to the Trust database	10/1 /99		

Objective 5 Examine and strengthen procedures for AmeriCorps service hour reporting

	Planned Completion Date	Revised Date	Actual Date

Task 1	Conduct training sessions for commission staff and national non-profit grantees on reporting standards and procedures	1 /15/99
Task 2	Issue proposed regulations related to consistency of treatment of AmeriCorps members released for "compelling personal circumstances"	2 /28/99
Task 3	Issue final regulations on "compelling personal circumstances"	6 /30/99
Task 4	Eliminate the 95% rule (members who complete 95% of their service are eligible for a full education award)	9 /1 /99

Objective 6 Improve the management of Trust investments

		Planned Completion Date	Revised Date	Actual Date
Task 1	Update outside expert advice obtained at Trust's inception on investment strategy and procedures	3 /31/99		
Task 2	Periodically update investment policies and procedures and publish on Corporation intranet site	Ongoing		
Task 3	Prepare an annual plan of Trust investments and monitor progress quarterly	3 /31/99		

Goal 3 Financial Operations Improve stewardship of Federal funds and accuracy of Corporation accounting records through use of electronic media

Objective 1 Reconcile fund balance with Treasury

		Planned Completion Date	Revised Date	Actual Date
Task 1	Initiate review of monthly report to Treasury by Team Leader			10/ 1/98
Task 2	Start written notification by Trust Fund to Accounting on investments with Treasury			11/ 5/98
Task 3	Issue schedule for timely preparation and submission of monthly Statement of Transactions to Treasury	1 /9 /99		
Task 4	Statement of Differences reviewed upon receipt and adjustments identified by end of month	Monthly		
Task 5	Report to Treasury on cash adjustments resulting from data cleanup activities	Monthly		
Task 6	Determine cash adjustments to be made based on the first SF-224 produced from Momentum and report on June SF-224 to Treasury	7 /8 /99		

Objective 2 Perform data clean-up in preparation for conversion to new accounting system

		Planned Completion Date	Revised Date	Actual Date
Task 1	Procurement and Accounting Office Heads jointly develop contract data clean-up plan and define criteria for contract closeout	12/23/98		
Task 2	Reconcile and initiate adjustments to contract data prior to conversion	4 /16/99		

Task 3	Grants and Accounting offices jointly develop grant data clean up plan and establish criteria for financial closeout	1 /11/99
Task 4	Validate grant data to be loaded into new accounting system, Momentum	4 /16/99
Task 5	Make adjustments to appropriate records based on analysis	5 /14/99
Task 6	Perform reconciliation of grants in HHS-PMS system with accounting system	5 /21/99

Objective 3 Make payments via Electronic Funds Transfer (EFT)

		Planned Completion Date	Revised Date	Actual Date
Task 1	Inform VISTA volunteers of ability to convert to EFT			10/26/98
Task 2	Send followup notifications to VISTA volunteers not responding			12/11/98
Task 3	Second followup to non-respondents	2 /11/99		
Task 4	Notify Corporation vendors, contractors and grantees of EFT requirements			10/30/98
Task 5	Monitor progress in converting recipients to EFT	Ongoing		

Objective 4 Improve cash management

		Planned Completion Date	Revised Date	Actual Date
Task 1	Publish proposed Debt Collection regulations	1 /29/99		
Task 2	Finalize debt servicing agreement with Treasury	3 /31/99		

Task 3 Update Accounts receivable procedures to reflect new Treasury process 3 /31/99

Task 4 Develop procedures for direct deposit and convenience checking in lieu of Imprest Fund 2 /1 /99

Goal 4 Grants Management 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.

Objective 1 Re-engineer the Corporation's grants processes to achieve workload efficiencies and improve customer service

		Planned Completion Date	Revised Date	Actual Date
Task 1	Review NAPA report and prepare recommendations for CEO on grant processes and policies	12/12/98	1/31/99	
Task 2	"Map" the Corporation's current grant processes	12/5 /98	1/15/99	
Task 3	Review current processes based on the "map," identify redundancies, inefficiencies and gaps, and prepare recommendations for change	5 /15/99		
Task 4	Examine the AmeriCorps grants process for formula programs and make recommendations for improvement/simplification	2 /1 /99		
Task 5	Implement fixed grant award policies for AmeriCorps Promise Fellows			10/30/98
Task 6	Revise the process for review and award of 1999 commission administrative, PDAT and disability grants to improve efficiency. Goal is to make awards within 30 days of receipt of application	1 /31/99		
Task 7	Issue final regulations for three Senior Corps programs	3 /31/99		

Objective 2 Award NCSA grants earlier in the year to improve grantee and program management

		Planned Completion Date	Revised Date	Actual Date
--	--	-------------------------------	-----------------	----------------

Task 1	Establish a timeline for issuing FY 1999 program awards on an earlier schedule	2 /15/99
Task 2	Monitor timeline(s)	on-going
Task 3	Develop an executive reporting system for grant awards	4 /1 /99
Task 4	Develop a consolidated timeline for the FY2000 NCSA grant cycle that supports earlier award processes	3 /15/99
Task 5	Complete the revision of grant application guidelines for FY2000 program year	7 /1 /99

Objective 3 Enhance monitoring activities

		Planned Completion Date	Revised Date	Actual Date
Task 1	Conduct training program for NCSA grantees on program and financial administration	1 /15/99		
Task 2	Identify NCSA site visits based on defined risk assessment criteria	1 /31/99		
Task 3	Develop and implement A-133 (Single Audit) procedures for Corporation grant programs	5 /15/99		
Task 4	Perform comprehensive assessment of 5 or 6 state commissions focusing on oversight systems for financial management and compliance with grant requirements	9 /30/99		
Task 5	Monitor implementation of new policy requiring a compliance monitoring site visit once every three years for 1200 Senior Corps grants	On-going		

Objective 4 Develop and implement close-out procedures for grants and cooperative agreements

	Planned Completion Date	Revised Date	Actual Date
--	-------------------------------	-----------------	----------------

Task 1	Discuss with current grantees policies and strategies to end current awards	1 /15/99
Task 2	Draft, coordinate with Accounting, and issue policies and procedures for close out of grants	2 /28/99
Task 3	Close out Commission on National and Community Service (Subtitle C and D grants)	3 /31/99
Task 4	Complete close out of remaining Commission on National and Community Service grants	6 /30/99
Task 5	Complete the close out of expired NCSA awards (except for open awards due to audits or investigations)	6 /30/99

Objective 5 Improve the audit resolution process

		Planned Completion Date	Revised Date	Actual Date
Task 1	Establish a position in the Grants Office dedicated to audit resolution; recruit and select qualified candidate	2 /28/99		
Task 2	Revise and implement effective audit resolution procedures	2 /28/99		
Task 3	Monitor timeliness of audit resolution and completion of corrective action	on-going		

Objective 6 Automate the cost-share billing system

		Planned Completion Date	Revised Date	Actual Date
Task 1	Develop a cost-share module for the VMS system			12/ 1/98
Task 2	Test the new module in the Chicago and Philadelphia service centers	1 /15/99		

Task 3	Identify problems and implement modifications	1 /29/99
Task 4	Complete test of system on first-quarter billings	2 /19/99
Task 5	Complete documentation and user manuals	3 /12/99
Task 6	Train service center staff on new system	4 /1 /99
Task 7	Implement the new system in all service centers for 2nd quarter statements	5 /1 /99

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

Objective 1	Implement new financial management system	Planned Completion Date	Revised Date	Actual Date
Task 1	Momentum selected as new financial management system			11/25/98
Task 2	Configure documents in Momentum	2 /9 /99		
Task 3	Complete modification of VISTA Management System (VMS) related to accounting transactions	3 /19/99		
Task 4	Complete National Finance Center payroll interface	3 /16/99		
Task 5	Test system	4 /8 /99		
Task 6	Complete reconciliation of current Federal Success data	4 /9 /99		
Task 7	Complete VMS interface	4 /22/99		
Task 8	Complete Momentum user manual	4 /23/99		
Task 9	Begin user training	5 /3 /99		
Task 10	Complete HHS Payment Management System interface	5 /26/99		
Task 11	Complete SPAN (Trust Fund) interface	6 /10/99		
Task 12	Complete user training	6 /18/99		

- Task 13 Shut down Federal Success 6 /24/99
- Task 14 Convert Federal Success data 6 /29/99
- Task 15 Bring up Momentum 6 /29/99

This draft plan is under review by the Corporation's cross-servicing partner, the National Business Center. It is a summary of a much more detailed project implementation plan.

Objective 2 Modify VISTA Management System (VMS) to define accounting events

		Planned Completion Date	Revised Date	Actual Date
Task 1	Define accounting events that need to be passed to the accounting system (Federal Success)	1 /15/99		
Task 2	Develop requirements and program modifications	3 /2 /99		
Task 3	Test results and install modifications	3 /19/99		
Task 4	Install new interfaces for Momentum	4 /30/99		

Goal 6 Financial Reporting Improve the accuracy and timeliness of Corporation financial statements.

Objective 1	Issue FY 1998 Audited Financial Statements	Planned Completion Date	Revised Date	Actual Date
Task 1	Prepare FY 1998 Financial Statement Preparation and Audit Schedule			8/12/98
Task 2	Review and sign-off on adjustments for year-end closing			11/22/98
Task 3	Prepare draft FY 1998 financial statements	12/11/98	12/18/98	12/17/98
Task 4	Issue FY 1998 Management Letter	02/28/99		
Task 5	Inspector General issues audit of FY 1998 financial statements (statutory date)	3/31/99		
Task 6	Corporation issues audited FY 1998 financial statements and Annual Report	4/30/99		

Goal 7 Information Technology -- Year 2000
 Complete remaining tasks to ensure that Corporation systems--hardware and software--are Year-2000 compliant

Objective 1 Make PC workstations Year 2000 compliant

Task	Planned Completion Date	Revised Date	Actual Date
Task 1 Assemble Y2K software release			12/ 7/98
Task 2 Test software release (Human Resources Department)			12/ 7/98
Task 3 Begin roll-out			12/ 8/98
Task 4 Complete workstation upgrade (HQ and Service Centers)	12/30/98		

Objective 2 Remediate headquarters network

Task	Planned Completion Date	Revised Date	Actual Date
Task 1 Upgrade Headquarters server			11/27/98
Task 2 Begin Service Center server upgrades	02/01/99		12/ 1/98
Task 3 Complete Service Center server upgrades	02/25/99		12/ 7/98
Task 4 Assure Internal mail system is compliant	12/02/99		11/28/98
Task 5 Install firewall necessary for external mail compliance	12/09/98		

Task 5, Firewall Installation is delayed awaiting equipment delivery from manufacturer

Objective 3 Remediate disaster recovery network

	Planned Completion Date	Revised Date	Actual Date
Task 1 Initiate upgrade	2 /4 /99		
Task 2 Test disaster readiness	2 /24/99		

Objective 4 Deploy software to State offices

	Planned Completion Date	Revised Date	Actual Date
Task 1 Prepare software upgrade on computer disc (CD) for state offices			12/ 8/98
Task 2 Replace legacy equipment	1 /31/99		
Task 3 Determine state office modem requirements for existing equipment	1 /31/99		
Task 4 Workstation software upgrades start	1 /31/99		

Objective 5 Make each NCCC Campus compliant

	Planned Completion Date	Revised Date	Actual Date
Task 1 Confirm status of NCCC administrative network upgrade	1 /31/99		
Task 2 Determine requirements for NCCC classroom	2 /28/99		

Task 3 Make NCCC network compliant with Corporation standards 6/30/99

Objective 6 Ensure that client-oriented database applications are Year-2000 compliant

		Planned Completion Date	Revised Date	Actual Date
Task 1	Determine most effective discovery methodology for identifying Year-2000 issues in Corporation desktop applications	2/15/99		
Task 2	Ensure desktop applications are compliant	5/31/99		

Objective 7 Independent verification and validation

		Planned Completion Date	Revised Date	Actual Date
Task 1	Determine independent verification and validation strategy	2/28/99		
Task 2	Assure that facilities are Y2K compliant; e.g., phone switch, fax, copiers, etc.	5/30/99		

Goal 8 Information Technology Use information technology to make Corporation work processes more efficient, and to better access data for policy and decisionmaking.

Objective 1 Recruit Chief Information Officer (CIO) and provide appropriate resources for IT improvements

	Planned Completion Date	Revised Date	Actual Date
Task 1	12/22/98		
Task 2	2 /28/99		
Task 3	TBD		

Objective 2 Improve State Office connectivity to HQ

	Planned Completion Date	Revised Date	Actual Date
Task 1	3 /31/99		

Objective 3 Design Grants Information System

	Planned Completion Date	Revised Date	Actual Date
Task 1	6 /1 /99		
Task 2	7 /15/99		

Objective 4 Design Procurement module

		Planned Completion Date	Revised Date	Actual Date
Task 1	Analyze options related to procurement data needs, including examination of off-the shelf systems	7 /15/99		
Task 2	Select procurement module	8 /15/99		

APPENDIX B

CNS OIG Fiscal Year 1999 Audit Plan

**Corporation for National Service
Office of Inspector General
Fiscal Year 1999 Audit Plan**

This schedule represents the OIG's work plan to address priority areas identified in the OIG's fiscal year 1999 strategic plan. The OIG will focus its audit efforts in areas intended to enhance the management and overall performance of the Corporation and provide the Corporation with information on its progress toward achieving its strategic goals. During fiscal year 1999 we will periodically update the plan adding audits requested by the Corporation or Congress, and other projects as time, our staffing levels and our funding allow.

Financial Statement Audits

The Government Corporation Control Act requires that the Corporation's financial statements be audited annually. Due to a number of material internal control weaknesses and other reportable conditions, the Corporation had not been able to produce auditable financial statements since its inception in fiscal year 1994 through fiscal year 1996. Discussed below are the audit efforts for fiscal year 1997 through fiscal year 1999.

Audit of the Corporation's Fiscal Year 1997 Balance Sheet —

We issued the report on the audit of the Corporation's fiscal year 1997 balance sheet in October 1998 (OIG Report 99-01, *Audit of the Corporation for National and Community Service, Statement of Financial Position, September 30, 1997*). Although the Corporation has been working to correct internal control deficiencies, the auditor's opinion was qualified because of the Corporation's inability to support the reasonableness of amounts recorded for grant advances, grants payable and the component balances of net position at September 30, 1997.

Although the Corporation has made progress in correcting internal control deficiencies, the audit revealed that weaknesses previously identified in auditability surveys and other reports issued by the OIG continue to exist. Other internal control and compliance matters that we do not consider to be reportable conditions or material noncompliance will be reported to the management of the Corporation in a separate letter (OIG Report 99-02).

Audit of the Corporation's Fiscal Year 1998 Financial Statements —

We initiated the audit of the Corporation's fiscal year 1998 financial statements in August of 1998. The schedule for that audit anticipates that the Corporation will provide financial statements for audit by December 11, 1998, and take all other necessary actions to meet the statutory established requirement of issuing audited fiscal year 1998 financial statements by March 31, 1999.

Audit of the Corporation's Fiscal Year 1999 Financial Statements —

As discussed above, planning is under way for our audit of the Corporation's fiscal year 1998 financial statements, anticipating compliance with the reporting milestones required under the Government Corporation Control Act. Accordingly, we plan on beginning the audit of the Corporation's fiscal year 1999 financial statements in the summer of 1999.

Audits of Corporation Procurements

During fiscal year 1998 OIG audited the Corporation's procurement operations (OIG Report 98-24, *Audit of the Corporation's Procurement and Contracting Processes and Procedures*). The audit revealed material weaknesses in the Corporation's award, monitoring, and oversight of its contracts and cooperative agreements. Because of the pervasive nature of these deficiencies, OIG will audit a number of the Corporation's individual contracts and cooperative agreements. These audits are intended to assess whether the costs are allowable, adequately supported, and charged in accordance with the terms of the contract or training & technical assistance agreement, and applicable laws and regulations. In selecting contracts and agreements for audit we will consider such factors as the total dollar amount awarded, type of contract (e.g., cost-plus-fixed-fee contracts are more vulnerable to cost overcharges), and any previously identified findings related to a specific contract or agreement.

OIG has initiated audits of the following contracts: Olgivy, Adams, and Reinhart; ROW Sciences; Biospherics, Inc.; TvT Associates; and ASTEC. The audits are expected to be completed in the 1st and 2nd quarters of fiscal year 1999. We have also preliminarily identified the following contracts and cooperative agreements for audit coverage in fiscal year 1999: Encore; GS Tech; Acordia Healthcare Solutions, Inc., National Association of Child Care Referral Agencies; ETR Associates; Aquirre International; and Walker & Company. Other contracts and cooperative agreements will be added as this plan is updated.

Follow-up on Year 2000 Associated Computer Difficulties

OIG performed a survey of the Corporation's plans and activities to address the impact of computer difficulties associated with the year 2000. The survey identified several high risk areas regarding the Corporation's Year 2000 effort including a lack of awareness throughout the Corporation of the Year 2000 problem. Further, the Corporation's financial management system, Federal Success, is not Year 2000 compliant. As a result, the Corporation may be unable to process or access financial or grant information to pay its vendors and to make some of its grants.

The Corporation is currently exploring its options to address its Year 2000 compliance problems, including an effort to remediate Federal Success, enter into a cross servicing arrangement with the National Science Foundation, or replace it with a new financial management system. The Corporation's Office of Information Technology is leading the effort to bring the Corporation's systems into compliance. To address these risks, OIG plans to assess the Corporation's corrective actions, including its efforts to verify and validate that its systems are Year 2000 compliant.

Review of State Commission Subgrantee Monitoring

State Commissions play an important and increasing role in oversight of AmeriCorps expenditures. Currently these grants amount to about two-thirds of all funding for AmeriCorps programs. Further, the Corporation has stated that it intends to give the State Commissions greater responsibility and accountability for the monitoring and oversight of AmeriCorps*State programs. Despite the substantial participation of State Commissions, it is not likely that AmeriCorps programs are subject to compliance testing as part of a State-wide audit under the Single Audit Act due to their size relative to other state programs. In addition, any testing of Corporation related activity performed as part of the single audits would focus primarily on the fiscal aspects of the program with little to no emphasis on programmatic issues.

OIG will continue its planning for a systematic evaluation of State Commission systems and procedures for monitoring the programmatic and fiscal activity of subrecipients, with an emphasis on monitoring of subgrantees for the fiscal year 1995 to 1998 AmeriCorps*State grants. We will take into consideration State Commissions' subgrantee monitoring to mitigate risk in our evaluation of the Corporation's exposure. We will also use the results of the assessment to develop a risk based approach to allocation of audit resources for future audits of State Commissions and their subgrantees. OIG plans to coordinate its work in this area with efforts planned by the Corporation.

Pre-audit Survey of Learn and Serve America

In fiscal year 1998, OIG began a pre-audit survey of the Learn and Serve America program. We anticipate that the survey will be completed in the 1st quarter of fiscal year 1999. The survey represents OIG's first substantial review of the Learn and Serve America program. The audit survey product will assist OIG in its risk based approach to audit planning and may provide Corporation management additional information for its vulnerability assessment of the program.

Pre-audit Survey of AmeriCorps*NCCC

Building on previous work, OIG plans to conduct a pre-audit survey of Ameri*Corps NCCC. AmeriCorps*NCCC is the only Corporation residential program and recently expanded to five campuses. The pre-audit survey is intended to assist OIG in its risk based approach to audit planning and may also provide Corporation management with a vulnerability assessment of its program with recommendations to prevent and deter fraud, waste, and abuse and enhance accountability.

Grant Award Review Process

Corporation criteria and methodology for selection of grantees continues to evolve. The selection decisions must be well supported and objective to withstand the potential for appeal. OIG previously assessed whether the Corporation exceeded its discretion in awarding fiscal year 1994 grants to organizations that received relatively low scores during their peer review process. The review resulted in a number of recommendations for improving the process. The Corporation disagreed with the recommendations but stated that it had revised the award process. OIG will review the grant award process used for awards made subsequent to 1994 to assess whether the Corporation's revised practices mitigate previously reported conditions.

Review of Corporation Performance Measures

The Government Performance and Results Act (GPRA) requires agencies to prepare annual performance plans that establish the connections between the long-term strategic goals outlined in the strategic plans and the day-to-day activities of program managers and staff. The OIG will (1) determine whether the Corporation's performance goals per its annual performance plan are linked to its mission and strategic goals, (2) assess whether the performance goals and measures are objective and precise, and allow for assessment of performance, and (3) assess the Corporation's procedures for ensuring that its performance information (i.e., the data on which the measures are based) is sufficiently complete, accurate, and consistent.

Review of Post Service Education Benefits Held By Commission Grantees

The Corporation is responsible for administering and closing out the grants awarded by the former Commission on National and Community Service. Under Commission awards, grantees were responsible for administering the post service education benefits earned by Members. OIG has found that Commission grantees withdrew funds from the Corporation for post service education benefits prior to Members requesting an award. During fiscal year 1998, OIG began work to: identify former Commission grantees who may have withdrawn funds in excess of their needs; identify Commission grants that provided for post service education benefits; and,

estimate the Corporation's liability for any benefits earned under the grants. In fiscal year 1999, OIG will concentrate its efforts on determining excess funds withdrawn by specific grantees that must be recouped by the Corporation.

Audits of Corporation Grants

OIG performs financial related audits of selected AmeriCorps grants. These audits are intended to assess whether reported costs were allowable under Federal regulations, whether grantees complied with the terms and conditions of the award, recoup disallowed costs, and provide recommendations to help prevent the loss of Federal funds. The OIG will also review the A-133 audit reports and the corresponding workpapers to determine the extent and quality of the single audits of the grantees.

While we do not plan to perform as many audits of grants as we have in the past, OIG requested input from the Corporation as to which grantees should be considered for audit. One request, for an audit a RSVP grant to HANCI, was received and is under consideration. OIG has also preliminary identified Teach for America for audit coverage in fiscal year 1999. In addition, we began an audit of the Congressional Hunger Center in fiscal year 1998. We expect the audit of this grantee to be issued during the 1st quarter of fiscal year 1999. OIG will continue to perform audits of selected AmeriCorps programs as risks are identified and needs arise throughout fiscal year 1999.

Single Audit Act Issues

The Corporation's use of Single Audit Act information.

Prior OIG work has revealed that the Corporation does not have a comprehensive, risk based program for selecting grantees for financial and programmatic site visits. Further, an effective procedure for tracking Single Audits, obtaining reports where required, and resolving noted instances of noncompliance, has not been established. OIG will assess the Corporation's current procedures for (1) assuring that Corporation grantees that are required to be audited under the Single Audit Act are audited and reports are received in a timely manner, (2) reviewing the information contained in the Federal Single Audit Clearinghouse, (3) reviewing the results of the audits that were performed, and (4) considering single audit information in the grant award process.

OIG Reviews of Single Audit Act Audits.

In addition, in conjunction with the PCIE efforts in this area, OIG will review Single Audit Act reports and the underlying audit work for audits for which the Corporation is the cognizant Federal agency.

Corporation Sponsored Conferences

The Corporation sponsors a variety of conferences to provide its grantees information on grant oversight and monitoring, fiscal operations, and program guidance. OIG will survey the Corporation's programs to determine the number and annual costs of Corporation conferences; the purposes of the conferences and whether there is duplication of effort or target audience; and whether conference are evaluated to determine if they achieve their intended purpose. The audit survey product will assist OIG in its risk based approach to audit planning and may provide Corporation management information on better utilizing its resources.