

F o r Y o u r I n s p e c t i o n



“Mission First, People Always, Integrity Forever”

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Office Of Inspector General, Corporation For National And Community Service

OIG Profile

Carol Bates

Acting Inspector General & Assistant Inspector General for Audit

Carol Bates was named Acting Inspector General in December 2004. Earlier in 2004 Mrs. Bates was appointed to the position of Assistant Inspector General for Audit. She had served as Audit Manager in the Office of Inspector General at the Corporation for National and Community Service since April 15 2002



Mrs. Bates was employed by the Defense Contract Audit Agency (DCAA). Mrs. Bates began her Government career as a clerk typist and worked her way to the position of Supervisory Auditor.

Mrs. Bates was born in Orange New Jersey. She received a Bachelor's Degree in Education from the University in Maryland in 1976 and an Accounting Degree from the University of Maryland University College in 1978. In 1987 she received a Masters of Business Administration from Marymount University. Mrs. Bates is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

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Ethics Lapses Can Be Costly!

You're having a dinner meeting and drinks with a contractor who is seeking to supply services to the Corporation for National and Community Service (Corporation). When the check arrives, the contractor picks it up and insists it's his treat.

Under the Corporation's' ethics rules, which mirror those enforced for all Federal employees, you don't want to go there. In fact, you shouldn't be there.

All Corporation employees are charged with performing their duties in an ethical and professional manner and must avoid all actual or perceived conflicts of interest. Violations of ethics rules, which are investigated by the Office of Inspector General (OIG), the Corporation's Ethics Officer and, in serious cases, the Office of Government Ethics, can incur penalties ranging from disciplinary action and dismissal to criminal prosecution.

Everyone has potential conflicts of interest, ranging from prior employment to relatives and friends who might have ties with a potential contractor, a program funded and supervised by the Corporation, or the subject of an OIG audit or investigation. Top Corporation officials are required to file annual financial disclosure statements that detail potential points of conflict. All employees are required to determine, in advance of an official action or contact, whether it might involve a conflict. They must

alert their supervisor to the situation for guidance and, if necessary, end their involvement.

Ethics rules also cover sensitive Corporation information, including details of procure-

ment, grants and management, and investigations and audits. Leaking of such information to unauthorized persons can compromise the work of the Corporation and the transparency and fairness of the procurement process and other official dealings. The bottom line for employees is: What goes on at the Corporation, stays at the Corporation.

The perception of unethical behavior can be just as damaging to the Corporation's reputation and credibility as an actual violation. Acting in a professional manner means avoiding all situations that could appear to be a breach of ethics. For example, networking and socializing with potential contractors or officials of Corporation-funded programs, activities often seen as "business as usual" in the private sector, should be strictly avoided. For Federal employees charged with protecting taxpayer dollars, those contacts are defined as "prohibited sources" and professional distance should be maintained.



Too Close For Comfort

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OIG Has New Debarment Authority

Corporation for National and Community Service (Corporation) AmeriCorps programs that have massively misapplied or mishandled their grants face the prospect of losing all Federal funding under new authority granted to the Office of Inspector General (OIG).

Acting on directives from Congress, the Corporation has authorized the OIG to debar programs that, as the result of OIG audit findings, have committed "substantial violations" of Federal laws and grant agreements. The new OIG powers cover all Corporation programs audited on or after Jan. 23,

2004. Debarment is a government-wide program that can ban organizations and individuals from participating in any Federal programs for up to three years. The bans cover procurement (Federal contracts) as well non-procurement programs (grants, cooperative agreements, scholarships and loans).

Debarred organizations and persons are placed on an exclusion list that is maintained by the General Services Administration and used as a reference by all Federal agencies. Findings of "substantial violations" in the course of an OIG program audit can include misapplications of funds for activities not covered by

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For Your Inspection

OIG Embezzlement Probe Leads To Guilty Plea

A former AmeriCorps program official in Baltimore pled guilty on January 21, 2005, to a Federal theft charge following an investigation by the Office of Inspector General (OIG), Corporation for National and Community Service.

Kate L. Fernald was sentenced to two years' probation, 250 hours of community service and was ordered to make \$44,757.50 in restitution to the Notre Dame Mission Volunteer Program, Inc. (NDMVP), a Baltimore-based nonprofit that uses Corporation funding to deploy AmeriCorps members in programs nationwide.

Investigators from the OIG disclosed that Fernald, the nonprofit's associate director from November 2001 to December 2002, used a variety of schemes to embezzle funds from the AmeriCorps program. Her offenses included:

-Making more than \$16,000 in personal charges on NDMVP's program credit card.

-Writing a check to herself for \$1,200 on NDMVP's account, forging the executive director's signature and depositing the funds in her personal account.

-Diverting \$19,500 in checks, payable to NDMVP, to her personal checking account.

Tipped to the embezzlement scheme by NDMVP officials, OIG investigators conducted extensive interviews of NDMVP staffers and used as evidence financial records, e-mails, canceled checks, credit card data and banking records.

From page 1, Ethics: Always Act On The Up And Up

Employees are also barred from using their positions for personal gain and from accepting any "freebies" from persons they are involved with as part of their official duties. Ethics regulations also ban employees from partisan political activity, especially while on the job, and engaging in, or using Corporation funds and other resources, to lobby Congress on behalf of their programs.

Ethics cases investigated by the OIG have included a program official who worked simultaneously for the Corporation and a contractor, drawing compensation from both sources. Another case involved an employee who accepted meals and other perks from potential contractors. Yet another case involved the transmission of an e-mail, within the Corporation's system, advertising a politician's fundraiser.

The public and the contracting community expect Federal employees to act in an ethical manner. And they regularly report alleged violations to the OIG. The same goes for the vast majority of Corporation employees, who believe colleagues should adhere to ethical standards and who report breaches by their peers.

While the rules covering ethics are stringent and wide-ranging, the method for following those regulations is simple. If you suspect your actions either constitute an ethics violation or the perception of a breach, just don't go there.

From page 1, Debarment: OIG Has New Authority

a Corporation grant, and the use of Federal funds for outlawed activities like lobbying Congress.

Audits that determine a program has committed offenses indicating a serious lack of business integrity and honesty can also trigger a debarment, which includes an immediate cutoff of Corporation funds, as well as a ban on access to all other Federal grants. Debarment, which can likely mean the death knell for a nonprofit program that depends on varied sources of Federal funding, is not limited to an entity that

failed its OIG audit. The ban on access to Federal funds also extends to any new ventures that are set up by the principals who were involved in a debarred program.

The OIG's authority had formerly been limited to supplying Corporation management with its findings and advising it to consider debarment. That policy is still in force for individuals convicted of fraud, embezzlement, theft and other serious crimes against the Corporation and its programs. The final decision on an individual's debarment remains in the hands of the Corporation's debarment official.

Congress mandated the new debarment power in 2004 to put teeth in the OIG audit process and guarantee that rogue programs are more quickly purged from the ranks of Federal funding recipients.

Did You Know?

These "Red Flags" can alert you to possible incidents of fraud, including:

- 📁 Records are missing.
- 📁 Records appear to have been altered.
- 📁 Multiple vendor/suppliers to a program have the same billing address.

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