

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

**FISCAL YEAR 2008
ANNUAL FINANCIAL REPORT**



USA 
Freedom Corps
Make a Difference. Volunteer.

Purpose of the Report

This Annual Financial Report (AFR) represents an overall assessment of agency performance, including the financial reports and audit and follows reporting requirements under the Office of Management and Budget (OMB) Pilot Performance and Accountability Report (PAR) process. Other accompanying information to address the specialized information needs of some readers, are provided electronically at: www.nationalservice.gov/about/role_impact/performance.asp. A more detailed performance assessment will be provided in the Fiscal Year (FY) 2010 Congressional Budget Justification/Annual Performance Report, as specified in the OMB Pilot PAR process, and will be available at this same web address. The agency also will provide a Budget, Performance and Financial Snapshot Report in December 2008 and a Citizen's Report in January 2009—additional requirements under the PAR Pilot that provide key performance and financial information from the AFR in a more accessible format for a broader audience.

This document meets all requirements under the Government Performance and Results Act, the Federal Financial Management Improvement Act, the Federal Managers' Financial Integrity Act, the Government Corporation Control Act, the Improper Payments Information Act, and the Federal Information Security Management Act, among others. This document also follows applicable guidance from OMB, as well as the recommendations of the Association of Government Accountants' Certificate of Excellence in Accountability Reporting program.

An electronic copy of this report is available on the web at:
www.nationalservice.gov/about/role_impact/performance.asp

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Corporation for National and Community Service FY 2008 Annual Financial Report, Washington, DC, 20525.

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Contents

Message from the Chief Executive Officer	iii
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Management’s Discussion and Analysis

Agency Overview	3
Mission Performance	10
Management Performance	18

Financial Management

Message from the Deputy Chief Financial Officer	25
Internal Control, Audit Results, and Management Assurances	27
Improper Payments	31
Financial Management Metrics	32
Analysis of Appropriations and Financial Condition	34
Financial Statements, Notes and Audits	36

Glossary	71
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Other Accompanying Information Available Online

(Available on the web at: www.nationalservice.gov/about/role_impact/performance.asp)

- Donations and Contributions
- National Service Trust
- History, Legislation and Funding
- The Corporation’s Performance Management System



Message from the Chief Executive Officer November 14, 2008

The Corporation for National and Community Service (the Corporation) is pleased to present our Fiscal Year (FY) 2008 Annual Financial Report, a summary our performance and financial condition in relation to our mission and goals. The FY 2008 Annual Report forms a portion of the agency's Performance and Accountability Report¹.

Over the past five years, working in collaboration with the Board of Directors, we set a new strategic direction for the Corporation. First, we emphasized the need to improve the internal operations of the Corporation – from the financial systems to grant competition integrity. Building on this strong base, we then successfully outlined and set the vision for long term volunteering and service sector success, connecting the work of the Corporation with the work of the larger national service sector as outlined in the Corporation's Strategic Plan, which can be found at: www.nationalservice.gov/about/focus_areas/index.asp

Looking forward to FY 2009, the Corporation and the national service movement enjoy tremendous momentum at a time when the nation is facing the toughest social problems in decades. From the high school dropout crisis to natural disasters and the stresses of a downward-turning economy to homelessness, Americans are looking for solutions. Buoyed by strong parallel waves of engagement in both the youth and baby boomer generations and the growth of entrepreneurialism in the social sector, the Corporation and the national service movement stand ready to help meet the needs and the desires of millions of Americans across our nation to serve and solve America's most difficult challenges.

CORPORATION MISSION AND PERFORMANCE

The mission of the Corporation is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. Through the Corporation's programs, its far-reaching research and a growing understanding of volunteering best practices, the agency has become the number one catalyst for service and volunteering in the country. The Corporation's Strategic Plan provides a blueprint for using the Corporation's resources wisely to work with our thousands of partners – large and small – to build a culture of citizenship, service and responsibility in America.

¹ This document, under a pilot project directed by the Office of Management and Budget, is supplemented with the Annual Performance Report in conjunction with the FY 2010 Congressional Budget Justification.

Over the last several years, we have articulated bold national goals associated with our strategic initiatives. While there have been achievements, the Corporation has faced difficulties in meeting all of the agency's national targets. We recognize that performance in these areas must improve and we will continue our efforts to increase the effectiveness of the Corporation's programs and data tracking processes related to our national goals.

For targets within the direct influence of the Corporation, our long term target data is more aligned with our actual performance. In 2007, the number of children and youth from disadvantaged circumstances serving in their communities in Corporation-sponsored programs saw a 43 percent increase from 2006 – far exceeding the target. Similarly, the number of college students serving in Corporation-sponsored programs increased by 84 percent from 2006 to 2007.

We set a national target of 75 million volunteers when the strategic plan was developed in 2006. And while our highest mark to date is 65 million volunteers in 2005, our current figure of just under 61 million remains historically high. We continue to believe the 75 million volunteers figure is a useful and appropriate target.²

CORPORATION MANAGEMENT

Under Executive Order 13331 (February 2004), the President directed the Corporation to strengthen our national service programs' responsiveness to state and local needs; partner with more faith-based and community organizations; support more community volunteers; and, increase our efficiency and management effectiveness. With the Board's support, the Corporation fully achieved each of these objectives.

In addition to the directives of Executive Order 13331 the Corporation also made some significant management improvements:

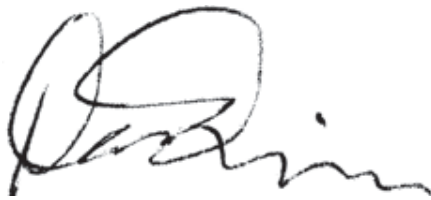
- »» Achieved an unqualified audit opinion for the ninth consecutive year
- »» Raised Customer Satisfaction survey scores from below to above the government-wide average in all programs.
- »» Developed a better understanding of volunteering behavior at the local level through strong research.
- »» Revitalized the workforce and employee morale through greater transparency between management and bargaining unit employees and implementation of a performance management system that provides a detailed assessment of both employees and supervisors.

² In September 2008, the Corporation's Board of Directors, following a careful review of the data, adjusted several measures to more accurately reflect the data measured through the Census and the Corporation's programs. Therefore, numbers reflected in this document will be different (as identified by footnotes) than figures reported previously in the Congressional Budget Justification and Annual Financial Reports.

These, and many other accomplishments outlined in the report, have helped to make the Corporation more efficient and effective.

Over the past several years, the Corporation has taken broad steps toward a greater online presence to achieve greater programmatic and administrative efficiencies. In FY 2008, we identified several areas in which we need to strengthen the Corporation's current IT structure following the upgrading of several systems. We have been working with our Office of Information Technology and the Programs to address outstanding issues, while driving higher levels of reliability and customer service through our applications.

The accomplishments of the agency reflect a well-managed, fully-accountable organization. The Corporation moves into the transition with a high-performing workforce, competitive grant competitions based on integrity and impact, and a commitment to continue to improve performance by linking strategic and operational goals.

A handwritten signature in black ink, appearing to read 'David Eisner', with a large, stylized initial 'D'.

David Eisner

Chief Executive Officer

Management's Discussion and Analysis

Performance and Accountability Report

For FY 2008, the Corporation chose to produce an alternative to the consolidated Performance and Accountability Report (PAR), as authorized under the Office of Management and Budget's Pilot Program. The alternative includes this document (the Annual Financial Report [AFR]), the agency's forthcoming FY 2008 Annual Performance Report (APR)—a component of the FY 2010 Congressional Budget Justification (CBJ) to be provided in February 2009, the Budget, Performance and Financial Snapshot Report provided in December 2008 and the Citizen's Report provided in January 2009. These documents will be available on the Corporation's website at: www.nationalservice.gov/about/role_impact/performance.asp. The Corporation anticipates that this pilot approach will improve its performance reporting by providing the most commonly sought information in the AFR and CBJ/APR, with web links for the aspects of its reporting that may be of special interest to a certain audiences. This pilot process enables the Corporation to reflect data available in January 2009 on its FY 2008 performance in the APR.

Data Validity

The Corporation's program performance measures reported in this report are derived from two sources – agency grantees and other federal agencies. Financial performance measures are derived within the agency based on data in its financial system. No matter the source, the Corporation provides financial and performance data that is complete and reliable, except where specifically noted. In FY 2008, the Corporation continued its efforts to improve data collection across all programs, which resulted in improvements in data availability and data quality. The agency continued to make improvements in our grantee monitoring and in the Performance Measurement Database System, which is used to track, document, and connect national, Corporation, program and operational metrics.

The Corporation faces data reporting challenges primarily related to when data becomes available. Corporation grantees report data in December/January; thus, data for a given fiscal year, with the exception of selected management measures, is not available until after the publication of this document. Moreover, due to the timing of the collection and release of data needed from other federal agencies (e.g., the Census Bureau), the Corporation is unable to report on performance for most of our national measures until September of the following fiscal year. As a result, actual FY 2008 performance data for most national and Corporation measures is not included in the AFR, but will be included, to the extent possible, in all subsequent required reports related to the PAR Pilot.

Agency Overview

The Corporation for National and Community Service (the Corporation) provides volunteer service opportunities to over three million Americans each year; promotes volunteering in communities throughout the country, and helps nonprofit organizations to engage volunteers effectively. In doing so, the Corporation provides necessary, cost-effective, caring, and compassionate volunteer services to improve the lives of the nation's neediest citizens and communities.

In FY 2008, The Corporation received an appropriation of about \$856 million, a decrease of roughly \$29 million or 3.3 percent from the prior year. For more information on the Corporation's history, legislation and funding, please visit: www.nationalservice.gov/about/role_impact/performance.asp

STRATEGIC GOALS

To achieve its mission, the Corporation works through its Senior Corps, AmeriCorps, and Learn and Serve American programs, as well as a number of smaller grant programs and special initiatives to achieve the following strategic goals:

- »» **Meet Critical Needs in Local Communities Through Service:** Services provided by participants in Corporation programs help meet a broad range of the nation's educational, environmental, and other human needs;
- »» **Strengthen the Capacity of Communities to Engage Citizens:** All Corporation programs help nonprofit organizations, public agencies, educational institutions, and volunteer connector organizations to build their capacity to engage citizens in service and strengthen the community's ability to meet local needs; and
- »» **Engage Americans in a Lifetime of Volunteering and Service:** The Corporation helps to create an ethic of responsibility and citizenship by providing meaningful service opportunities for individuals of all ages and backgrounds.

STRATEGIC INITIATIVES

In February 2006, the Corporation adopted a Strategic Plan for FY 2006–FY 2010 (www.nationalservice.gov/about/focus_areas/index.asp). Incorporating input from hundreds of people and organizations in the nonprofit volunteer sector, the plan embraced a set of ambitious but achievable goals based on the data available at the time. The plan also was centered on a national vision that a better future for all Americans includes a widespread culture of service.

The plan identifies five key strategic initiatives that reflect emerging demographic, social, and economic trends—trends that pose both challenges and opportunities for the nation: (The relationships of these initiatives to the agency's strategic goals are described in Table 1.)

- »» **Mobilize More Volunteers.** Increase the overall number of volunteers and the intensity of volunteering;
- »» **Ensure a Brighter Future for All of America’s Youth.** Provide mentors to disadvantaged youth and to engage such youth in service;
- »» **Engage Students in Communities.** Increase volunteering among all students from kindergarten through college and to expand the use of service-learning in schools;
- »» **Harness Baby Boomers’ Experience.** Expand volunteering among Baby Boomers and to provide frail elderly people with help to remain living independently; and
- »» **Support Disaster Preparedness and Response.** Build national, state, and local disaster response capacity to use volunteers.

Table 1. Contributions of each strategic initiative to the strategic goals

STRATEGIC GOALS	STRATEGIC INITIATIVES				
	Mobilize More Volunteers	Ensure a Brighter Future for All of America’s Youth	Engage Students in Communities	Harness Baby Boomers’ Experience	Support Disaster Preparedness and Response
Meet Critical Needs in Local Communities Through Service	Empower local citizens to meet their own communities’ most pressing needs through effective volunteer engagement and management	Improve the circumstance and prospects for disadvantaged youth through mentoring an engaging disadvantaged youth in service	Turn students into a key resource to meet the most pressing needs of the communities in which they live	Utilize the large Boomer population as a major asset in responding to communities’ most pressing needs, particularly needs exacerbated by the aging of the population	Mobilize national service participants and volunteers to help communities prepare for disasters and to recruit, manage, and coordinate otherwise unaffiliated volunteers in immediate relief efforts and long-term community recovery
Strengthen the Capacity of Communities to Engage Citizens	Provide volunteer management support, best practices, and partnerships to dramatically expand community capacity to recruit, manage, and retain volunteers.	Build the capacity of communities across America to recruit, train, match and support millions of mentors and to engage and support millions of disadvantaged youth in service	Strengthen the connection and natural alliance between key community organization and institution, and the local school and students, and focus on a school goal of creating more connected, engaged citizens	Expand nonprofit capacity to engage, manage, and retrain Baby Boomer volunteers	Build the capacity of communities to respond to disasters rapidly and effectively by strengthening partnerships among state, local, and national governments, nonprofits, and profit-making organizations
Engage Americans in a Lifetime of Volunteering and Service	Promote service as a regular part of all Americans’ lives	Make mentoring the epitome of ongoing, engaged service, and support the transition from episodic volunteering to committed mentoring	Maximize the opportunities for student service and service-learning to become the “on-ramp” to a lifetime of civic engagement for young Americans	Attract Boomers to service now so that they will stay engaged as they pass the traditional age of retirement and reaffirm the importance of civic engagement to subsequent generations	Develop disaster preparedness and response resources and inventories to enable immediate disaster response and long-term recovery

The Corporation's Board of Directors approves the agency's strategic plan, performance measures, and corresponding targets. The Board periodically reviews the agency's performance against the targets and determines actions necessary to improve agency outcomes. Such actions may include modifying agency priorities, measures, and targets.

The Strategic Plan also identifies "Sustain Management Excellence" as one of the Corporation's key goals and puts forth a number of operational goals and strategies for improving virtually all areas of internal management and customer service for the agency's stakeholders. The agency's full strategic plan is available at:
www.nationalservice.gov/about/focus_areas/index.asp

ORGANIZATION

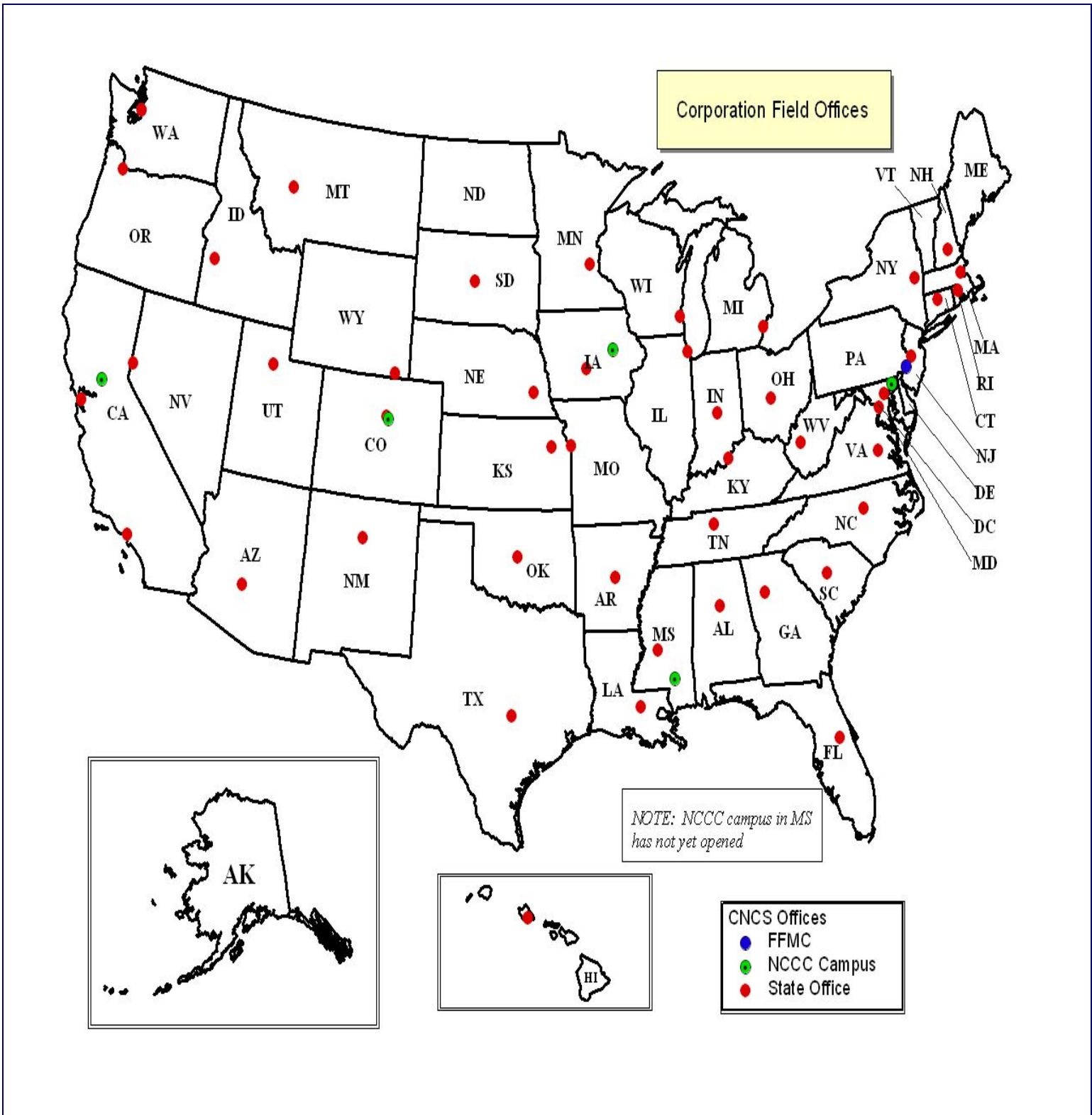
Headquartered in Washington, D.C., the Corporation is an independent federal agency with a Board of Directors, Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Inspector General (IG) – all of whom are appointed by the President and confirmed by the Senate. In addition, the Corporation has a Chief Operating Officer (COO) who manages the agency's programs. The CEO provides overall management of the agency's programs and operations, including about 560 employees who work throughout the United States and its territories. The Board of Directors sets policies and direction for the Corporation and is responsible for all actions taken by programs and initiatives necessary to carry out the mission of the Corporation. Field offices in nearly every state conduct public outreach and program support and are directly responsible for developing grants and projects and for overseeing all Senior Corps and VISTA projects in their states. The Corporation's structure also includes five National Civilian Community Corps (NCCC) campuses and one Field Financial Management Center.

The agency also works through state-sponsored organizations:

- »» **State Service Commissions** receive Corporation funding to support AmeriCorps programs through annual grant competitions and manage, monitor, and evaluate these programs. The Commissions also encourage volunteering in their states and often administer special volunteer initiatives and community-based service-learning programs.
- »» **State Education Agencies (SEAs)** receive formula-based funds from Learn and Serve America. Most of the funds are distributed by sub-grants to schools and school districts that work with one or more community partner organizations to create service-learning projects that meet community needs and support the development of students' academic, civic, and social skills.

The next page shows a map of Corporation State and field offices.

Figure 1. Corporation field offices



PROGRAMS

The Corporation operates three major sets of programs—Learn and Serve America, AmeriCorps, and Senior Corps—and a number of smaller programs and activities. These programs are united in a common purpose: engaging citizens in volunteering to improve their communities. For more information about these programs, please visit:

www.nationalservice.gov/about/programs/index.asp.

Learn And Serve America

Learn and Serve America supports service-learning activities in schools, colleges, and community organizations, annually helping more than one million students from kindergarten through college to meet community needs, while improving their academic skills and learning the importance of good citizenship.

AmeriCorps

AmeriCorps is a network of national service programs that meet critical needs in areas such as education, public safety, health, and the environment through partnerships with nonprofit organizations such as faith-based and community-based organizations, colleges and universities, state and local governments, and other organizations. AmeriCorps members earn an education award upon completion of their service of up to \$4,725 to help finance their education. AmeriCorps includes three programs:

- »» **National Civilian Community Corps (NCCC)** engages men and women ages 18–24 in a full-time, team-based, residential program as well as operates a Summer of Service program for those as young as 14, to provide flexible response capabilities to meet community needs;
- »» **State and National** provides grants to nonprofit, public, and other organizations to engage Americans of all backgrounds in service to address community needs; and
- »» **Volunteers in Service to America (VISTA)** provides full-time volunteers to community organizations to help create and expand anti-poverty programs.

Senior Corps

Senior Corps is a network of more than 1,000 organizations sponsoring about 1,300 Senior Corps projects that use the experience, skills, and talents of about 500,000 older volunteers to meet community needs. Senior Corps includes three programs:

- »» **RSVP** provides the most flexibility for service. Volunteers age 55 and older choose how, where, and how often they want to serve, with commitments ranging from a few hours to 40 hours per week. Volunteers are eligible to receive reimbursement for mileage and insurance coverage while on assignment;
- »» **Foster Grandparent Program (FGP)** provides support and service to children and youth with special or exceptional needs in a variety of settings including schools, hospitals, drug treatment centers, and child care centers. Volunteers age 60 and over provide direct service 15 to 40 hours per week. Volunteers must meet income eligibility requirements to receive a monetary stipend of \$2.65 per hour; and

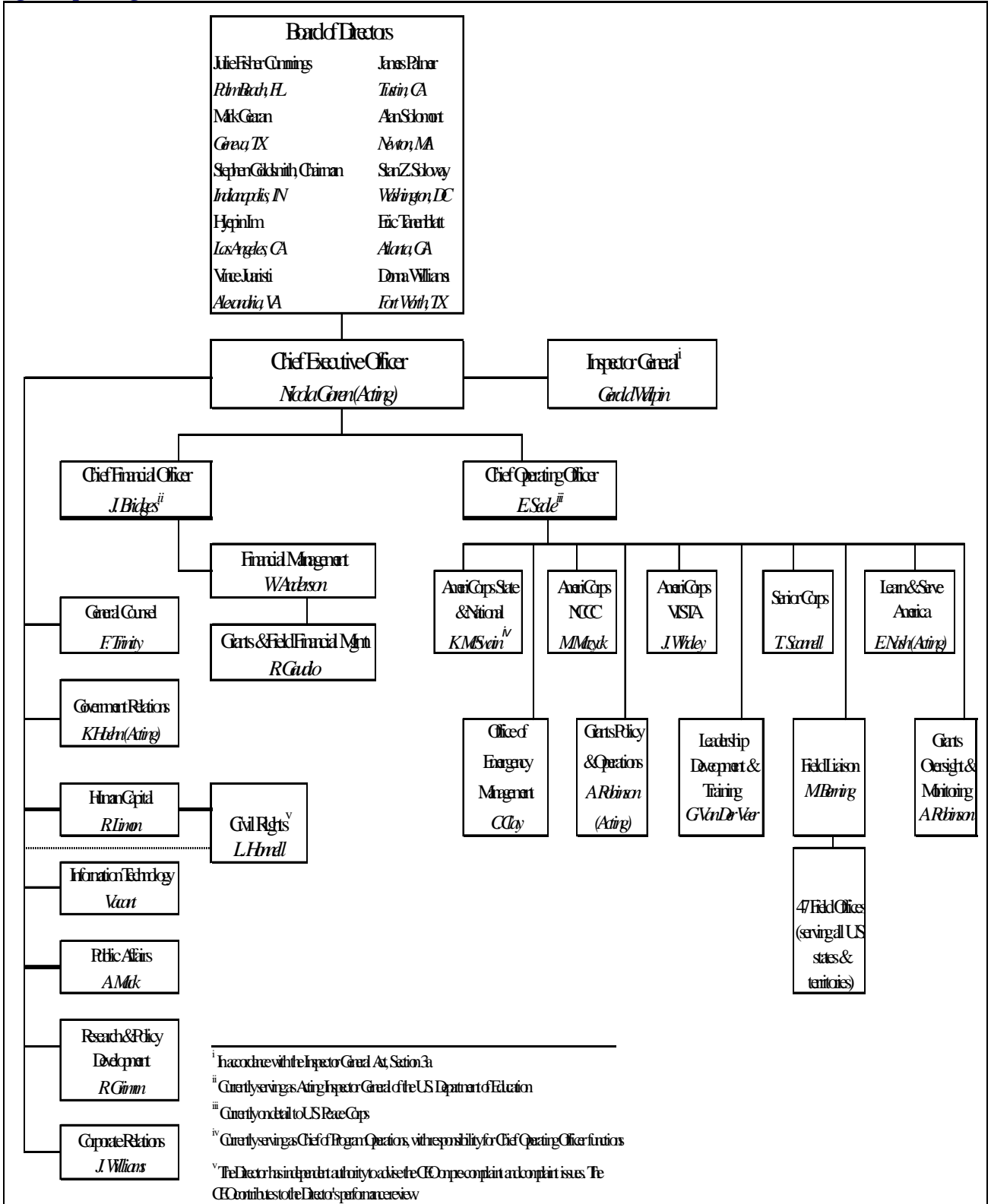
»» **Senior Companion Program (SCP)** enables individuals aged 60 and older to assist frail, homebound individuals with daily living tasks. Senior Companions serve 15 to 40 hours per week and receive ongoing training in topics such as Alzheimer's disease and stroke. Those who meet income requirements receive a monetary stipend of \$2.65 per hour.

Other Corporation Activities

A number of smaller grant programs, such as the Martin Luther King, Jr. Day of Service grants that engage volunteers in specific short-term community projects, and Disability Grants that engage individuals with disabilities in service, also achieve agency goals. The Corporation also provides extensive training and technical assistance to nonprofit and other organizations, operates a National Service-Learning Clearinghouse and The Resource Center (online nonprofit/ project management support), provides President's Volunteer Service Awards to people who demonstrate a substantial commitment to volunteering, and recognizes colleges and universities that implement service-learning models and programs through the President's Higher Education Community Service Honor Roll.

Figure 2. Organizational Chart

Figure 2 Caption organizational chart



Mission Performance

The Corporation is dedicated to providing opportunities for Americans of all ages and backgrounds to serve their communities and country. Though data is not yet available for FY 2008, data from FY 2007 shows that the Corporation engaged roughly 3.9 million people in service through the Senior Corps, AmeriCorps, and Learn and Serve America programs – representing over 228 million hours of service in FY 2007.³

Nationwide, 60.8 million Americans volunteered through organizations in FY 2007, including 2.7 million college students and 23.1 million Baby Boomers. These volunteers contributed an estimated 8.1 billion hours of service to their communities. Of particular note, volunteering among older Americans (age 65 and older) is on the rise, having increased almost seven percentage points between 1989 and 2007, according to figures from the Current Population Survey, U.S. Census Bureau.

In FY 2008, the Corporation continued its focus on the needs of young Americans by providing a mentor to an estimated 604,000 children and youth through Corporation-sponsored programs. Volunteers are vital to overcoming the nation's most pressing challenges and the Corporation is committed to improving the lives of children and youth in disadvantaged circumstances through service. The Corporation exceeded its FY 2007 target for the number of children and youth from disadvantaged circumstances serving their communities through the Corporation programs, having connected 663,000 children and youth to service opportunities.

At the other end of the spectrum, many older Americans are finding it more and more difficult to live independently in their own homes. In FY 2008, an estimated 489,000 clients received independent living services—including direct support and respite for informal caregivers—through Corporation-sponsored programs by harnessing the experience and compassion of older volunteers.

Through its National Civilian Community Corps, the Corporation has increased its work in disaster preparedness and response. In partnership with nonprofit, faith-based and education organizations, 1,120 NCCC members undertook 336 projects – 184 (55 percent) of which were directly related to disaster response and support.

In November 2008, the Corporation released its latest and most comprehensive installment of the *Volunteering in America* research series. It can be found at www.VolunteeringinAmerica.gov, the agency's new interactive website. This new research provides volunteering information for all 50 states and 162 cities across the nation.

³ Most FY 2008 data will not be available until January 2009 due to grantee reporting schedules. Where possible, estimated performance for FY 2008 has been provided.

THE CORPORATION'S PERFORMANCE MANAGEMENT SYSTEM

The Corporation works to “operationalize” its Strategic Plan at all levels of the organization. The illustration below shows how the Corporation plans, measures, manages, and reports on its performance.

Figure 3. Pyramid illustrating the Corporation's performance planning, measurement, management, and reporting



The Corporation sets a strategic initiative national target (National Measures). Achieving this national target requires a combination of the Corporation's actions and the efforts by the Corporation's partners, many outside organizations, and America's citizens. The Corporation's contribution to the national target is reflected in the Corporation's targets (Corporation Measures).

In turn, each program develops one or more measures (Program Measures) to identify and manage its contribution to the overall Corporation impact. To successfully meet the established program measures, each program develops an operating plan (Operating Plans) that includes strategies to achieve the program measure targets. These operational requirements are included in each manager's and staff's performance plan (Individual Performance Plans). The result of this planning and measurement process is a focused effort by the Corporation to meet its established goals.

PERFORMANCE TRENDS FOR NATIONAL GOALS

Table 2. Performance trends for national goalsⁱ

Strategic Initiative and Performance Measure	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 TARGET	FY 2007 ACTUAL	FY 2008 TARGET	FY 2008 ACTUAL	FY 2009 TARGET	FY 2010 TARGET
<i>Mobilize More Volunteers</i>								
Number of Americans volunteering annually through an organization (in millions) ⁱⁱ	65.4	61.2	69.6	60.8	71.3	Avail. 2/09	73.5	75.0
Number of Americans regularly volunteering (in millions) ⁱⁱⁱ	31.8	30.9	36.5	32.1	39.2	Avail. 9/09	41.0	43.0
<i>Ensure a Brighter Future for All of America's Youth</i>								
Number of Americans who mentor each year (in millions) ^{iv}	NA ^v	2.02	NA	2.15	NA	Avail. 9/09	2.20	2.22
Number of children and youth of incarcerated parents mentored through federal programs ^v	16,000	30,200	36,000	93,400 (est.)	40,000	Avail. 1/09	96,400	97,300
Number of teens from disadvantaged circumstances engaged in service in their communities (in million) ^{vi}	NA	2.6	2.7	NA	2.8	Avail. 10/09	2.9	3.0
<i>Engage Students in Communities</i>								
Number of college students who volunteers (in millions)	3.3	2.8	4.0	2.7	4.3	Avail. 9/09	4.7	5.0
Percent of Federal Work Study funds devoted to community service ^{vii}	15.8%	14.8%	17.5%	15.0%	18.2%	Avail. 11/08	18.9%	20.0%
Percent of America's public kindergarten through grade 12 schools that have incorporated service-learning into their curricula ^{viii}	NA	NA	41%	Avail. 5/09	44%	NA	47%	50%
<i>Harness Baby Boomers' Experience</i>								
Number of Baby Boomers volunteering (in millions)	25.8	23.6	26.4	23.1	27.1	Avail. 9/09	27.8	28.7
<i>Support Disaster Preparedness and Response^{ix}</i> <i>Measure under development</i>								

Table 2 Notes:

i. NA = Data not available. In September 2008, the Corporation's Board of Directors, following a careful review of the data, adjusted several measures to more accurately reflect the data measured through the Census and the Corporation's programs. Therefore, numbers reflected in this document will be different (as identified by footnotes) than figures reported previously in the Congressional Budget Justification and Annual Financial Reports. For more information on any of the Corporation's measures, please contact the Office of the Chief Financial Officer on 202-606-5000.

ii. Data for this measure is available through the "Current Population Survey: Supplement on Volunteering" available at www.bls.gov/new.release/volun.toc.htm

iii. Defined as those volunteering at any level of intensity (e.g. 1 + hours per week) for 12+ weeks during the year.

iv. In prior years, the Corporation planned to measure the "Number of Americans who mentor each year (in millions)." Data is not available for this measure as currently written; therefore, the wording of the measure has been modified in the following way to reflect the "Number of mentors serving a minimum of 36 hours each year (about one hour per school week)."

v. Data provided by the Department of Health and Human Services for programs in that agency, the Department of Justice, the Corporation and other federal agencies. Historical data revised for accuracy.

vi. The description of this measure has been modified to more closely reflect the data collected through the 2005 Youth Volunteering and Civic Engagement Survey, conducted by the Corporation, in collaboration with the U.S. Census Bureau and Independent Sector. This data represents the responses of youth aged 12-18 who met the family income 2005 federal poverty guidelines, as set by the Department of Health and Human Services (see: www.aspe.hhs.gov/poverty/05poverty/shtml). The prior description read: "Number of children and youth..."

vii. Historical data revised by the US Department of Education.

viii. In FY 2008, the Corporation implemented a national survey to assess the prevalence of service and service-learning in the nation's kindergarten through grade 12 public schools. The survey will be repeated every three year. Data for FY 2008 is expected to be available by May 2009.

ix. No adequate national measure has yet been identified or developed. The Corporation is continuing to seek an adequate measure of national performance related to Disaster Preparedness and Response.

PERFORMANCE TRENDS FOR CORPORATION GOALS

Table 3. Performance trends for Corporation goalsⁱ

Strategic Initiative and Performance Measure	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 TARGET	FY 2007 ACTUAL	FY 2008 TARGET	FY 2008 ACTUAL	FY 2009 TARGET	FY 2010 TARGET
<i>Mobilize More Volunteers</i>								
Number of volunteers supported by Corporation-sponsored programs (including Corporations program members, participants, volunteers, and leveraged community volunteers) ⁱⁱ	3.4	3.7	3.4	3.9	3.6	Avail. 1/09	3.6	4.0
Percent of former AmeriCorps member who continue to volunteer in their communities after their term of service ⁱⁱⁱ	NA	NA	NA	64%	NA	NA	69%	67%
<i>Ensure a Brighter Future for All of America's Youth</i>								
Number of children and youth from disadvantaged circumstances mentored through Corporation programs ^{iv,v}	NA	NA	NA	598,000	450,000	Avail. 1/09	606,000	608,000
Number of children of prisoner mentored through Corporation programs	12,500	26,000	NA	47,000	20,000	Avail. 1/09	48,000	49,000
Number of children and youth from disadvantaged circumstances serving their communities through Corporation-sponsored programs ^{iv}	480,000	465,000	486,000	663,000	500,000	Avail. 1/09	550,000	606,000
<i>Engage Students in Communities</i>								
Number of college students serving through Corporation programs	NA	108,000	NA	199,000	80,000	Avail. 1/09	190,000	300,000
Number of higher education institutions matching the AmeriCorps Education Award	40	57	60	76	67	Avail. 12/08	74	80
Percentage of organization funded through Learn and Serve America grant programs that have adopted at least six of nine institutional supports leading to sustainability for service-learning ^{vi}	27.4%	26.8%	28.0%	27.0%	58.0%	Avail. 8/09	30.0%	31.0%
<i>Harness Baby Boomers' Experience</i>								
Number of Baby Boomer volunteers generated through Corporation-sponsored programs ^{vii}	NA	NA	NA	230,000	400,000	Avail. 1/09	450,000	500,000
Number of clients who receive independent living services, including direct support and respite for informal caregivers through Corporation-sponsored programs ^{viii}	408,000	413,000	NA	470,000	190,000	Avail. 1/09	498,000	509,000
<i>Support Disaster Preparedness and Response^{ix}</i>								
Number of Corporation program participants who have been certified in disaster-related training (in thousands)	NA	NA	NA	NA	NA	NA	NA	TBD
Number of Corporation program participants who are available for deployment in support of local, state or other disaster response.	NA	NA	NA	NA	NA	NA	NA	TBD
Number of community members who receive disaster preparedness information or training through Corporation sponsored programs.	NA	NA	NA	NA	NA	NA	NA	TBD

Table 3 Notes:

- i. NA = Data not available. In September 2008, the Corporation's Board of Directors, following a careful review of the data, adjusted several measures to more accurately reflect the data measured through the Census and the Corporation's programs. Therefore, numbers reflected in this document will be different (as identified by footnotes) than figures reported previously in the Congressional Budget Justification and Annual Financial Reports. For more information on any of the Corporation's measures, please contact the Office of the Chief Financial Officer on 202-606-5000.
- ii. Data for component measures (e.g., number of community volunteers, number of stipend volunteers, number of direct program participants) continues to be monitored and included in various agency publications.
- iii. The data source for this measure was changed to the AmeriCorps Longitudinal survey in order to provide consistently comparable data from year-to-year, thus resulting in data not being available for a number of prior years and changes to the outyear targets.
- iv. The definition of disadvantaged children and youth receiving Corporation mentoring services or participating in Corporation-sponsored program is based on program statutes and regulations. This group includes those up to age 25 with exceptional and special needs (as defined in part 2552.81 of the DVSA regulations) or who are economically disadvantaged and for whom one or more of the following apply: 1) out-of-school, including out-of-school youth who are unemployed; 2) in or aging out of foster care; 3) limited English proficiency ; 4) homeless or have run away from home; 5) at-risk to leave school without a diploma, and/or 6) former juvenile offenders or youths at risk of delinquency. The referenced DVSA regulation includes "children with exceptional needs" who are defined as developmentally disabled, such as those who are autistic, have cerebral palsy or epilepsy, are visually impaired, are emotionally disturbed or have a language disorder, specific learning disability, have multiple disabilities, other significant health impairment or have literacy needs. Under this DVSA regulation, existence of a child's exceptional need is verified by an appropriate professional, such as a physician, psychiatrist, psychologist, registered nurse or licensed practical nurse, speech therapist or educator. "Children with special needs" is defined as those who are abused or neglected, in need of foster care, adjudicated youth, homeless youths, teen-age parents and children in need of protective intervention in their homes.
- v. Previously reported data for FY 2006 (361,000) represented only those receiving such services through the Learn and Serve America and Foster Grandparents programs. Data for FY 2007 reflects mentoring provided through all Corporation program. Thus, FY 2007 data represents the agency's baseline performance level.
- vi. This measure was established during the FY 2007 PART review of the Learn and Serve America program and was established as a Corporation measure by the agency's Board in FY 2007.
- vii. Data not available prior to FY 2007.
- viii. Data for all years were revised to reflect the activities of the SCP, RSVP and State & National programs. Prior year data for State and National programs is not available; the program contributed 54,000 to the FY 2007 total. Data for VISTA will be available for FY 2008.
- ix. No adequate national measure has yet been identified or developed. The Corporation is continuing to seek an adequate measure of national performance related to Disaster Preparedness and Response.

PERFORMANCE ANALYSIS

In FY 2008, the Corporation built upon the successes achieved in the prior year. Nearly all agency programs include a focus on volunteer recruitment, management and retention. There were further improvements in program grant criteria as well as training and technical assistance to staff and agency partners. The Corporation launched new public service announcements and expanded its use of social networks to engage more volunteers in service and to highlight the challenges faced by the many Americans who live in poverty.

The Corporation continued its volunteer recognition incentives, such as the Presidential Volunteer Service Awards and the Higher Education Honor Role. The Martin Luther King, Jr. Day of Service has been expanded in both breadth and depth, with a focus on leveraging King Day as the start of a year of volunteering. *A Billion and Change*, a corporate pro-bono volunteering initiative, was launched with more than \$406 million in commitments made within the first seven months. Finally, the agency partnered with volunteering and mentoring organizations throughout the nation to leverage its efforts. Such partners include Boys and Girls Clubs, 4-H, America's Promise Alliance, Communities in Schools, the Harvard Mentoring Project, MENTOR, the Points of Light Institute, and many more.

The Corporation's performance also reflects its attention to continued improvements in the areas identified through the Program Assessment Rating Tool (PART) process conducted by OMB. In FY 2007, the latest year for which data is available, half of the agency programs assessed were rated as "adequate" and the agency intends to raise its scores over the next few years, through greater focus on performance and program evaluations. The agency will continue to conduct studies that lead to a more comprehensive understanding of community volunteering and national service as well as improved program measurement and outcomes.

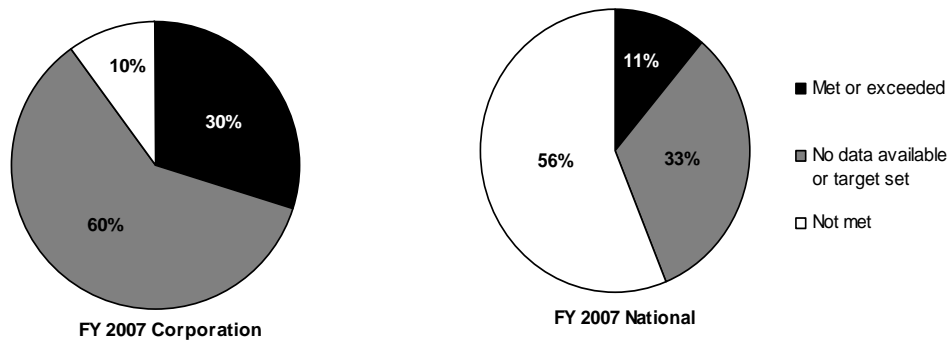
In prior years, the Corporation's performance has been greater than anticipated for a number of measures. This reflects the agency's ongoing commitment to fully implement its strategic initiatives and led the Corporation to significantly increase its FY 2009 and FY 2010 targets for the following measures:

- »» Number of children and youth from disadvantaged circumstances mentored through Corporation programs;
- »» Number of children of prisoners mentored through Corporation programs; and,
- »» Number of clients who receive independent living services, including direct support and respite for informal care providers, through Corporation programs.

Data will not be available from the U.S. Census for the Corporation's FY 2008 national performance until February and September 2009. However, data from FY 2007 shows that the Corporation did not meet most of its performance targets for national measures. The agency is working hard to improve the tracking of these measures and set better benchmarks for success based on program and funding resources. As the Corporation continues to research the trends and factors affecting national performance, the agency anticipates developing methods to influence national volunteer levels at a greater level.

More information on the Corporation's efforts and challenges in addressing each strategic initiative at the Corporation and national levels is available by contacting the Office of the Chief Executive Officer on 202-606-5000. For more information about the agency's PART reviews, visit: www.whitehouse.gov/omb/expectmore/index.html. Information on the Corporation's evaluations and research is available at: www.nationalservice.gov/about/role_impact/performance_research.asp.

Figure 4. Corporation and national performance measures



PERFORMANCE MANAGEMENT

The Corporation will continue to:

- »» Expand its partnerships with other organizations;
- »» Lead a national effort to engage Americans of all ages, skills, and abilities in service;
- »» Identify the most effective ways to influence the national goals; and
- »» Improve program and management effectiveness.

More detailed information about the Corporation’s plans to achieve its strategic goals will be included in the FY 2010 Annual Performance Report. This document will be available via the web at: www.nationalservice.gov/about/budget/index.asp in February 2009.

MODIFIED OR DISCONTINUED AGENCY PERFORMANCE MEASURES

The Corporation’s and its Board of Directors’ FY 2008 annual review of the strategic plan resulted in no major changes to the agency’s strategic goals or performance measures. In several cases, however, the Corporation improved its data collection over prior years to include the contributions of all its programs and to make the data source consistent across all years. These changes are reflected in the performance tables and discussion above, and, in some cases, resulted in increases in the corresponding performance targets. In addition, the agency made one minor change to the wording of one measure and replaced one measure as follows:

Modified:

The measure, “Number of teens (ages 12-18) from disadvantaged circumstances engaged in service to their communities,” was modified from the prior measure language (i.e. “Number of children and youth...”) to clarify that the data did not include children under the age of 12. No data is available to provide information on the number of children under age 12 from disadvantaged circumstances that volunteer.

Discontinued:

The measure, “Number of Americans who mentor each year,” was replaced with a measure of only those mentors serving a minimum of 36 hours annually—the equivalent of about one hour per school week. Performance against the prior measure is reported below.

Table 4. Modified or Discontinued Agency Performance Measures

	FY 2005	FY 2006	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	Actual	Actual	Target	Actual	Target	Actual	Target	Target
Number of Americans who mentor each year (in millions)	NA	3.4	3.8	3.9	4.5	NA	5.2	6.0

Management Performance

The Corporation's management goal is to create a culture of performance focused on achieving the agency's mission. Efforts to achieve and sustain a high level of performance are concentrated in four areas:

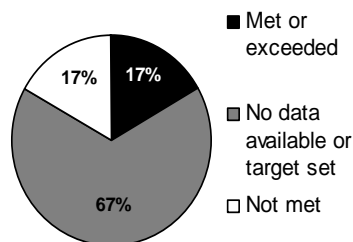
- »» Improve program and project quality;
- »» Cultivate a culture of performance and accountability;
- »» Deliver exemplary customer service; and
- »» Build a diverse, energized, and high-performing workforce.

In FY 2008, the Corporation implemented many management enhancements, a number of which are noted below. These changes helped to improve the agency's focus on management objectives and measures, leading to greater efficiency, effectiveness and accountability.

The Corporation's financial performance was outstanding in FY 2008. The agency received an unqualified financial statement audit opinion for the ninth consecutive year. In a self-assessment, the Corporation also exceeded the average percentage of "green" results on the Government-wide Financial Management Metrics achieved by the 24 major CFO Act agencies by 17 percentage points.

FY 2008 data for the remaining agency management performance measures is not currently available. Data for the measures related to the American Customer Satisfaction Index and the Human Capital Survey sponsored by the Office of Personnel Management will not be available until January 2009. Data for the grantees' performance against their own program/project metrics also will not be available until later in FY 2009. Data for these measures is expected to demonstrate high levels of performance resulting from the Corporation's ongoing efforts to improve its operations.

Figure 4. Management performance measures



The Corporation is in the process of resolving information technology infrastructure deficiencies that caused significant interruptions of the Corporation's operations in FY

2008. The has already upgraded the underlying system software and increases in hardware capacity and is establishing a stable, core information technology structure on which further online efficiencies can be achieved in FY 2009. The problems experienced may adversely affect the agency's information technology-related customer satisfaction scores.

IMPROVE PROGRAM AND PROJECT QUALITY

The Corporation continued to improve the quality and effectiveness of its programs and projects by:

- »» Expanding the agency's focus on performance management throughout the year, including regular reviews of progress against plans, both within the agency and for its grantees; and
- »» Expanding the use of standardized performance measures for grantees.
- »» Developing a better understanding of volunteering behavior at the local level through strong research.

Moreover, the agency completed several studies that will improve understanding of the trends and influences in national volunteering. For example, the agency completed its latest study on "Volunteering in America: 2008 State and City Trends and Rankings,"⁴ in July 2008. The report is the most comprehensive collection of information on volunteering and national service in the U.S. ever assembled and includes a wealth of information on trends and demographics in volunteering and national service by region, state, and for 162 cities across the nation.

Research from the report highlight the following:

- »» Volunteer intensity is increasing. Today, over a third of volunteers (34 percent) serve intensively, volunteering 100 or more hours in a year. The number of volunteers donating more than 100 hours annually increased in 2007. In fact, the number of "intensive volunteers" increased by over 373,000 in 2007 — the first increase in this statistic since 2004.
- »» Since 1989, data consistently show that religious organizations remain the most popular organizations through which volunteers serve, followed closely in recent years by educational or youth service organizations.
- »» Approximately 19.1 million adults signed up to volunteer again or for the first time with an organization in 2007. However, volunteer retention remains a significant issue. More than one out of every three volunteers (21.7 million) who served in 2006 did not volunteer in 2007. Research shows that the more time a person spends volunteering, the more likely he/she is to continue serving in the future.

⁴ This research is available on the web at: www.VolunteeringinAmerica.gov

With this and additional understanding from ongoing research, the agency will be able to identify more effective ways to influence the success of its programs and grantees, as well as increase national volunteering and tangibly improve the lives of more Americans.

Table 5. Performance trends for management goals

Performance Objective and Measure	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 TARGET	FY 2007 ACTUAL	FY 2008 TARGET	FY 2008 ACTUAL	FY 2009 TARGET	FY 2010 TARGET
Improve program and project quality								
Percent of Corporation-funded grantees meeting or on track to meet program/project performance goals ⁱ	<i>Data under development</i>							
Cultivate a culture of performance and accountability								
Number of material weaknesses (MW), significant deficiencies (SD) or reportable conditions (RC) identified in the annual financial statement audit ⁱⁱ	0 MW 2 RC	0 MW 1 RC	0 MW 0 SD	0 MW 0 SD	0 MW 0 SD	0 MW 1 SD	0 MW 0 SD	0 MW 0 SD
Percentage of Government-wide financial management metrics where the Corporation is rated "green" ⁱⁱⁱ	67%	56%	100%	62%	100%	63%	100%	100%
Deliver exemplary customer service								
Overall Corporation score on the American Customer Satisfaction Index (100 point scale)	69	71	71	73	74	Avail 1/09	77	80
Overall score for satisfaction with the overall usability and effectiveness of the agency's major technology systems (100 point scale)	58	62	65	70	70	Avail 1/09	75	80
Build a diverse, energized, and high-performing workforce								
Percent of employee who report overall satisfaction with their jobs	NA ^{iv}	72%	74%	77%	76%	Avail 1/09	78%	80%

Table 5 Notes:

i. In FY 2004, the Corporation began implementing systems and grantee reporting guidance to enable the collection of data to calculate this measure. For example, requirements for grantees to identify and report on their performance against goals and measures established by the grantee were initiated in FY 2004. Since most Corporation grants cover a three-year period, data for the percentage of all Corporation grantees that meet the program/project performance goals will not be available until FY 2009.

ii. For the audit of the FY 2007 financial statements, government-wide "Yellow Book" guidance revised the definitions of material weakness, eliminated the reportable conditions category and introduced a new category, "significant deficiency." For more information on this change, see OMB Circular A-123 at: www.whitehouse.gov/omb/circular/index.html.

iii. Prior to May 2007, all agencies calculated their own results for these metrics using standardized methods on a monthly or quarterly basis, as specified by the CFO Council. In May 2007, the General Services Administration (GSA) began calculating the values for the three metrics related to credit card delinquencies. The Corporation has continued to calculate its metric scores monthly using The same calculations specified by the Council for all non-credit card delinquency metrics. Prior to 2007, values shown represent the value for the last month of the fiscal year. For FY 2007 and beyond, the value represents an average over the 12 months of the fiscal year. Also see "Accompanying Information: Government-wide Financial Management Metrics" available at www.nationalservice.gov/about/role_impact/performance.asp.

iv. NA = data not available.

CULTIVATE A CULTURE OF PERFORMANCE AND ACCOUNTABILITY

As noted above, in FY 2008, the Corporation received its ninth consecutive unqualified audit opinion. This reflects the Corporation's sustained efforts to improve grants oversight, strengthen internal controls, automate processes, and measure key management indicators. The agency's financial statements, notes and audits are available in the Financial Management section of this report, as well as on the web at:
www.cnsoig.gov/pdf/auditreportsfy08/08-01.pdf

Nine Government-wide Financial Management Metrics were designed by the U.S. CFO Council for monthly and quarterly reporting by the 24 CFO Act agencies. The Corporation has chosen to track all nine of those metrics on a monthly basis and has been consistently higher than larger agencies. Further improvement in these scores is expected in FY 2009 as a result of enhancements to the financial systems components related to processing credit card payments.

Across the entire agency, performance and accountability continued to be a major focus. Some of the actions taken in FY 2008 that resulted in improved performance and accountability include:

- »» Increased the emphasis on Program Assessment and Rating Tool (PART) findings as a component in the budget development process;
- »» Further improved data collection efforts to ensure comparable reporting across all programs in a timely manner, as well as more accurate reporting of national measures;
- »» Improved the internal control process—a comprehensive process that helped ensure the agency's operations met legal requirements and funds were correctly expended;
- »» Fully implemented a new Emergency Management Office, resulting in detailed plans and procedures to respond to disasters quickly and appropriately, and the management and coordination necessary for the agency's prompt and effective response to multiple emergencies across the nation; and,
- »» Upgraded the Performance Measurement Database System to enable greater integration of performance into the budget process, including the ability to calculate full and marginal costs.

In spring 2008, Corporation programs made their most recent updates in the PART. Some of these changes include:⁵

- »» Strengthening financial management practices in the AmeriCorps State and National program and developing performance measures that quantify the benefits of AmeriCorps projects to members and the communities in which they serve;

⁵ Fall 2008 updates to the PART will not be completed until December 2008. Therefore, information from spring 2008 represents the latest available data.

- »» Completing an upgrade and enhancement to electronic data systems that enable the AmeriCorps VISTA program to accurately establish baselines and measure program performance;
- »» Awarding a contract for an in-depth program evaluation of the AmeriCorps VISTA program, which will allow the program to understand its effectiveness in helping organizations develop and sustain anti-poverty programs; and
- »» Completing actions to ensure that all Learn and Serve America grantees commit to the program's revised long-term and short-term goals through the grant application and approval process.

Full information on these and other improvement actions related to the PART can be found at: www.nationalservice.gov/about/role_impact/performance.asp and www.whitehouse.gov/omb/expectmore/index.html.

DELIVER EXEMPLARY CUSTOMER SERVICE

In FY 2007, the latest year for which data are available to measure the agency's success against this objective, the Corporation's American Customer Satisfaction Survey scores and the scores for each of its programs, for the first time, exceeded the federal average for overall customer satisfaction. In particular, the AmeriCorps State and National program demonstrated a large increase—moving from a below-average score of 57 in FY 2004 to an above-average score of 71 in FY 2007. These improvements reflect the Corporation's efforts to reduce grantee reporting burden, as well as to streamline the programs' grant competitions. The Corporation's scores for FY 2008 for overall customer satisfaction are expected to rise as a result of the agency's ongoing efforts to reduce grantee and applicant reporting burden, and provide expanded training and technical assistance both through in-person training and web-based support.

The Corporation also increased its score on the effectiveness and usability of the agency's technology by eight points in FY 2007, the latest year for which data is available. However, due to the information technology challenges experienced in FY 2008, as discussed above, the Corporation anticipates a possible decline in this score for FY 2008. Nonetheless, the agency made significant progress in implementing a range of technology improvements, including additional modules of the "My AmeriCorps" web portal that, for example, now provides AmeriCorps members with ready access to their education award information.

In areas not directly measured by the American Customer Satisfaction Survey, the Corporation also took steps to further improve customer service. For example, in response to a congressional earmark, the agency established a new NCCC campus in Vinton, Iowa to better serve the north-central region of the country and completed plans for a new campus in Vicksburg, Mississippi that will help serve those affected by hurricanes in the Gulf region.

BUILD A DIVERSE, ENERGIZED AND HIGH-PERFORMING WORKFORCE

Based on data from the Federal Human Capital Survey, the Corporation achieved significant improvement in employee satisfaction, from 68 percent reporting overall job satisfaction in FY 2004 to 72 percent in FY 2006 and then 77 percent in FY 2007—again, the latest year for which data is currently available. The Corporation also was rated the third most improved out of the 31 small federal agencies reviewed by the Partnership for Public Service in its FY 2007 list. In FY 2008, the Corporation also:

- »» Targeted training on mission-critical competencies, as well as performance evaluation, management and leadership;
- »» Renewed its Interchange Agreement based on a comprehensive audit conducted by the Office of Personnel Management (This agreements helps to recruit and retain talented staff by providing similar service status as for employees in other federal agencies.);
- »» Fully updated the agency’s human resources system, including comprehensive documentation of all human capital-related policies and procedures, to reflect the latest Union agreement and a number of modifications implemented, but not documented, over the last seven years;
- »» Completed a “360-degree” competency analysis of all managers to improve their leadership and results-oriented skills; and,
- »» Initiated an improved diversity policy and conducted a series of diversity sessions for agency executives.

Financial Management



*Message from the Deputy Chief Financial Officer
November 14, 2008*

Building on the Corporation's achievements in FY 2007, the agency continued to make significant improvements to its management processes. In FY 2008 we achieved our ninth consecutive unqualified audit opinion, no non compliance with laws and regulations, and only one issue identified as significant in our internal control report which was resolved during the fiscal year.

The consistency of this accomplishment reflects our unwavering commitment to ensure full accountability, including our ongoing focus on improving grants oversight, strengthening internal controls, automating systems, and measuring key management indicators.

Our accomplishments in FY 2008 include:

- »» Upgraded the financial system. The Corporation implemented upgrades to provide a fully web-based system, resolve various user-reported problems, improve user interfaces, and incorporate an acquisitions module that eliminates duplicate data entry, and provides more automated, effective and efficient acquisition management.
- »» Excellent performance on the Government-wide financial management metrics. In our self-assessment, we exceeded the average percentage of "green" results on these metrics achieved by the 24 major CFO Act agencies by 17 percentage points.
- »» Strengthened internal controls. We further strengthened our internal controls by expanding training to 42 staff – including division and office heads – and emphasizing the staff's responsibilities to fully understand and implement all aspects of our internal control program.
- »» Improved program data collection. We further improved our program performance data by reducing grantee reporting burden, expanding reporting against key standardized measures of progress toward our strategic initiatives, and adding 14 OMB-approved output measures.
- »» Enhanced Performance Measurement Database System (PMDS). We expanded the functionality of the PMDS to enable greater integration of performance into the budget process, including the ability to calculate full and marginal costs.

As discussed in the results of the audit below, these accomplishments were achieved even though the Corporation experienced system challenges in January 2008 when we concurrently rolled out two system upgrades. Since identifying these cause of the problem, we worked diligently to resolve the issue and establish a stable, core information technology structure on which further online efficiencies can be achieved in FY 2009. The audit report identifies the initial conditions contributing to this problem, in conjunction with the testing and documentation of the Corporation's Continuity of Operations Plan (COOP), as a significant deficiency; however, it was not considered a material weakness. Software upgrades to Corporation data bases resolved the system productivity problems and we are implementing the auditor's recommendations related to the COOP.

With the support of our extraordinarily dedicated staff, we will enable the incoming Administration to achieve further management improvements and accomplish major changes to better serve Americans of all ages and needs.

A handwritten signature in black ink that reads "William Anderson". The signature is written in a cursive, flowing style.

William Anderson
Deputy Chief Financial Officer

Internal Control, Audit Results, and Management Assurances

The Corporation is subject to the reporting requirements of the Government Corporation Control Act (31 U.S.C. 9101 et. seq.). Under these requirements, the Corporation provides a statement on its internal accounting and administrative controls consistent with the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), as amended (31 USC 3512, et seq.) and implemented by Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control (revised December 21, 2004). The statement reflects the Corporation's assessment of whether there is reasonable assurance that internal controls are achieving the intended results, reports any material weaknesses in internal controls present within the agency, and describes management's current plans to address and correct any deficiencies.

INTERNAL CONTROL ASSESSMENT PROGRAM

During FY 2008, the Corporation continued to refine its internal control assessment program, which is modeled on OMB Circular A-123. These efforts included further developing the internal control organizational structure and monitoring of internal controls initiated during previous fiscal years. The Corporation's internal control program is led by a Senior Assessment Team of key financial and program management executives and is staffed by the Internal Control and Analysis Team (IC&A) within the Department of the Chief Financial Officer. The Senior Assessment Team approves the internal control improvement program and oversees the maintenance and quarterly review of IC&A activities.

The risk-based approach being developed at the Corporation gives priority for internal control reviews, including testing, to specific organizational and functional areas where significant risks are known to exist. For example, the Corporation's Accounting and Grants Management Offices, Field Financial Management Center, Offices of Human Capital and of Procurement Services, and the Budget and Executive Offices, and the Office of Information Technology are all considered as high priority when developing the annual internal control testing plan. The Corporation also continued to improve its grantees oversight and monitoring program using a similar risk-based approach.

BASIS OF FY 2008 ASSESSMENT

The Corporation's assessment of internal control is based on internal control reviews and other analysis of Corporation operations, programs, and grantees including the following:

- »» Review of manager responses on the internal control risk assessment tool for selected Corporation units;
- »» Office of Inspector General (OIG) reports, including the annual financial statement audit and recent audits of portions of the Corporation's operations;

- »» In-Progress Reviews (IPR) at NCCC campuses – the IPR is a focused management control assessment that provides for a self-assessment by campus staff, followed by an independent review by headquarters staff. Review items include project management, Corps member management, and fiscal controls. Following the on-site review, a written report is prepared and campus staff develops corrective action plans in response to IPR recommendations; and
- »» Comprehensive risk-based assessments and random-sample internal control testing of selected portions of Corporation program and administrative operations

In addition, management's knowledge of the Corporation's day-to-day operations helps the agency to ensure that adequate controls are in place for all of the agency's operations. These controls include the announcement of funds availability for grants, the receipt and evaluation of applications for financial assistance, and the negotiation and award of grants, contracts, and cooperative agreements. Risk assessment decisions regarding FY 2008 control testing were heavily weighted by the dollar volume of grant programs and findings associated with the FY 2007 financial statement audit report and related management letter. The areas for which the agency performed comprehensive random-sample testing of internal controls included the following:

- »» Grant Risk Assessments jointly performed by program officers and grants officers;
- »» Grant Monitoring Activities, including on-site visits; and
- »» Testing of Unprocessed Momentum Form Clearance, Payment Voucher Transactions, Travel Voucher Transactions, Cost-share Reimbursable Bill Transactions and Credit Card Payment Transactions at the Accounting Office and the Field Financial Management Center.

The testing identified opportunities to fine tune processes, improve efficiency, and diminish the likelihood of potential errors. No area of material weakness or significant deficiency was identified in any of the internal controls tested.

Finally, for the first time in connection with the FY 2008 Internal Control Assessment, each of 23 assessable units were required to prepare a separate statement of assurance declaring the level of assurance that each of these office heads is able to provide.

ANNUAL FINANCIAL AUDIT RESULTS

FY 2008 marks the ninth consecutive year the Corporation has earned an unqualified opinion on its financial statements⁶ and had no reported instance of noncompliance with laws and regulations. These results reflect the Corporation's commitment to sound financial management and the hard work by staff over the past year to improve operations.

⁶ As an agency subject to the Government Corporation Control Act, the financial statements are prepared in accordance with standards issued by the Financial Accounting Standards Board.

In late January 2008, the Corporation rolled out an improved version of the AmeriCorps member portal and concurrently upgraded our core financial system. As a result of these upgrades, the Corporation experienced a significant challenge in our internal IT system environment necessitating alternating the availability of the eSPAN/eGrants system between internal staff and external users during February and March of 2008. The Corporation took immediate action to identify and correct the source of the problem and instituted additional short- and long-term remedial actions including:

- »» Successfully upgraded our application servers and software from the outdated Oracle 9i software to the 10g standard;
- »» Stabilized the My AmeriCorps portal;
- »» Re-negotiated the plan around Phase 3 of the Member Portal to meet the 10g standard and new timetable; and
- »» Developed a comprehensive plan following OMB's 7 step process to outsource the Corporation's technology infrastructure over the next year to an externally hosted, managed services environment.

The FY 2008 audit report identifies the initial conditions contributing to this problem, in conjunction with the testing and documentation of the Corporation's Continuity of Operations Plan (COOP), as a significant deficiency; however, it was not considered a material weakness. Software upgrades to Corporation data bases resolved the system problems and we are implementing the auditor's recommendations related to the COOP.

While processing productivity was reduced during this period, at all times our general ledger system continued to process required transactions, all internal controls over the Corporation's applications and system access remained operational, and there is no record of any financial adjustments necessitated by the system challenges. The Corporation will continue to proactively work with the Office of Inspector General to identify areas for improvement.

MANAGEMENT ASSURANCES

Statement of Assurance for Financial Management Systems, Operations, and Compliance with Laws and Regulations

The Corporation is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Financial Management Improvement Act (FFMIA). The Corporation conducted its assessment of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123. Based on the results of this evaluation, the Corporation provides reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2008, was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

Statement of Assurance for Internal Control over Financial Reporting

In addition, the Corporation conducted its assessment of the effectiveness of internal controls over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A to OMB Circular A-123. Based on the results of this evaluation, the Corporation provides reasonable assurance that its internal control over financial reporting as of June 30, 2008, was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

Compliance with Financial Systems Requirements, Accounting Standards and U.S. Standard General Ledger

The FFMIA requires federal agencies to implement and maintain financial management systems that are in substantial compliance with federal financial system requirements, federal accounting standards issued by the Federal Accounting Standards Advisory Board, and implementation of the Department of the Treasury Standard General Ledger (USSGL) at the transaction level. Pursuant with FFMIA, OMB issued Circular A-127, Financial Management Systems. Circular A-127 prescribes the policies and standards for agencies to follow in developing, operating, evaluating, and reporting on financial management systems.

The Corporation utilizes Momentum Financials as its core financial system. This is a commercial off-the-shelf software application certified by the Office of Federal Financial Management as meeting the Circular A-127 financial system requirements. Activity is posted in Momentum following the USSGL at the transaction level.

Based on the Corporation's review of the auditors' report and other relevant information, the agency determined that the Corporation complies substantially with the requirements of the FFMIA for FY 2008.



David Eisner
Chief Executive Officer



William Anderson
Deputy Chief Financial Officer

Improper Payments

The Improper Payments Information Act (IPIA—P.L. 107-300) requires Federal agencies to identify and report on significant payment programs that are susceptible to erroneous payments. The Act defines significant erroneous payments as those within a single payment program that exceed both 2.5 percent of that program's annual amounts paid and \$10 million annually. The Corporation reviewed its operations identifying 12 payment programs, and assessed each to determine which, if any, were susceptible to significant erroneous payments. Eight of the 12 programs make total annual payments that exceed \$10 million each. For any of the eight programs under which total payments exceed \$10 million, preliminary error rates exceeding the 2.5 percent threshold would have to be subsequently confirmed through a statistical sampling process to designate a payment program as a significant payment program susceptible to erroneous payments.

The two largest Corporation payment programs are the Domestic Volunteer Service Act; and National and Community Service Act grant programs. Together the annual payments for these programs account for about 64 percent of all Corporation payment amounts. As grant programs, these payments are administered by the Department of Health and Human Services' Payment Management System. There are numerous internal and external controls making erroneous payments highly unlikely. For example, awards go through many levels of review and approval before obligations are created and transmitted to the Payment Management System. These payments are all requested by authorized grantees, and then they are validated and disbursed by Health and Human Services. Moreover, the receipt and use of grant funds by grantees are monitored by the Corporation and in many cases are subject to independent audits under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Based on the results of the FY 2008 IPIA review, there were no significant payment programs susceptible to erroneous payments. However, even though the Corporation concluded its programs are not susceptible to erroneous payments as defined under the Act, most non-grant payments are reviewed as part of the OMB Circular A-123 Internal Control Assessment Program discussed above.

Financial Management Metrics

Although the Corporation is not an agency included under the CFO Act, the agency measures itself against the same United States Chief Financial Council's Council Government-wide Financial Management Metrics as are required for CFO Act agencies. From September 2004 through February 2005, the Corporation achieved "green" on only one out of nine (11 percent) of these metrics. A great deal of effort was devoted to improving performance on these metrics. For FY 2008, the yearly average of "green" scores was 63 percent. Comparable average scores for FY 2005, FY 2006 and FY 2007 are 43 percent, 48 percent and 62 percent, respectively. However, for consistency with the government-wide methodology, these scores are based on the end-of-the-year month for each prior year (FY 2005, FY 2006 and FY 2007 scores, 78 percent, 56 percent and 44 percent respectively). *In FY 2008, the Corporation exceeded the average for the CFO Act agencies by 17 percentage points.* While these performance levels have been relatively stable, the Corporation has implemented a number of improved processes. The Corporation is directly addressing the causes of its ratings on specific metrics. While the scores have improved from FY 2007 to FY 2008, we expect further improvements in FY 2009 due to stronger controls being implemented.

Performance in each of the individual metrics during FY 2008 is shown in the accompanying chart:

- »» Fund Balance with Treasury (FBWT) has been at fully-successful "green" levels for ten of twelve months. The two months where Fund Balance with Treasury did not meet the fully-successful "green" level are due to timing differences occurring during the Corporation's system upgrade. Suspense Account Clearance and Accounts Receivable Delinquency have been at fully-successful "green" levels for the entire year.
- »» The Percent of Vendor Payments by Electronic Funds Transfer (EFT) maintained its "green" performance levels for all twelve months.
- »» Percent of Vendor Payments Made on Time improved significantly as the year progressed. Overall, there were four months at "green" levels, one month at "yellow" and seven months at "red".
- »» Late Payment Penalties Paid as a Percent of Total Vendor Payments showed improvement in Fiscal Year 2008. This metric was "green" for eight months and "red" for four months. As a note, the Late Payment Penalties metric is sensitive to the dollar amount of late payments.
- »» The last three metrics relate to credit card delinquency. During FY 2008, Individually Billed Account (IBA) Travel Delinquency was at a "green" level for two months, "yellow" for three months and "red" for seven months. IBA accounts are paid directly by the employees who travel, and achieving "green" on this metric requires Corporation travelers to keep their delinquencies below

two percent. Centrally Billed Travel Delinquency was at a “green” level for seven months, “yellow” level for four month and “red” level for one month in FY 2008. Purchase Card delinquency was at a “green” level for one month, “yellow” for one month and “red” level for ten months in FY 2008. A change to the credit card vendor in FY 2009 will lead to a more sophisticated systems approach to tracking payments resulting in more control and allowing more payments to be made on time.

METRIC	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
FBWT	●	●	●	●	●	●	●	●	●	●	●	●
Suspense	●	●	●	●	●	●	●	●	●	●	●	●
Accts Receivable	●	●	●	●	●	●	●	●	●	●	●	●
EFT Vendor Pmts	●	●	●	●	●	●	●	●	●	●	●	●
Timely Vendor Pmts.	●	●	●	●	●	●	●	●	●	●	●	●
Late Pmt. Penalty	●	●	●	●	●	●	●	●	●	●	●	●
IBA Travel Card	●	●	●	●	●	●	●	●	●	●	●	●
CBA Travel Card	●	●	●	●	●	●	●	●	●	●	●	●
Purchase Card	●	●	●	●	●	●	●	●	●	●	●	●

Analysis of Appropriations and Financial Condition

COMPOSITION OF CORPORATION ASSETS

The Corporation's primary assets are Fund Balance with Treasury, Trust Investments and Related Receivables, and Advances to Others. The Fund Balance with Treasury represents annual, multi-year, and no-year funds that are available to pay current and future obligations and expenditures. Fund Balance with Treasury in/decreased by about \$43.5 million, from \$886.5 million at September 30, 2007, to \$823.0 million at September 30, 2008. The decrease in the Fund Balance with Treasury is due primarily to new appropriations received being less/more than that expended for operating activities.

Trust Investments, which are maintained in the National Service Trust, are restricted for use in paying education awards, student loan interest forbearance, and Presidential Freedom Scholarships to eligible participants, and are not available for use in the current operations of the Corporation. Trust Investments and Related Receivables showed a de/increase of \$17 million related to improved interest earnings during the year. Because of lower interest rates forecast over the next 12–18 months, interest earnings on Trust investments can be expected to fall in 2008.

Advances to Others primarily represent funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year. Advances to Others decreased slightly, by \$2.6 million, from \$62 million at September 30, 2007, to \$59.4 million at September 30, 2008. This small change reflects a similar level of drawdown activity to what occurred in the prior fiscal year.

COMPOSITION OF CORPORATION LIABILITIES

The Corporation's most significant liabilities are the Trust Service Award Liability and Grants Payable. Individuals who successfully complete terms of service in AmeriCorps programs earn education awards that can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which can be used for a period of up to seven years, are paid from the National Service Trust. The Trust also pays forbearance interest on qualified student loans during the period members perform community service. The Trust Service Award Liability components related to education awards and interest forbearance were adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Trust Service Award Liability increased by about \$22.8 million, from \$280.6 million at September 30, 2007, to \$303.4 million at September 30, 2008. This change was largely due to the annual increase in the cumulative number of AmeriCorps members earning an education award.

Grants Payable represents funds due to grantees in payment of their performance under a grant. For the most part, these payables are liquidated during the first quarter of the

subsequent fiscal year. Grants Payable decreased by about \$10.3 million, from \$99.8 million at September 30, 2007, to \$89.5 million at September 30, 2008. This change is considered to be a normal operating variance.

TRUST SOLVENCY

The Strengthen AmeriCorps Program Act of 2003 (SAPA) directed that the Corporation record Trust obligations at the time of grant award for AmeriCorps State and National, or at the time the Corporation enters into an enforceable agreement with an individual participant in the AmeriCorps VISTA and NCCC programs. The amount to be obligated is the estimated value of authorized education benefits, discounted for the estimated enrollment, earning, and usage rates and the time value of money. As directed by the Act, the Corporation also established a Trust reserve that will protect the Corporation in the event that the estimates used to calculate obligations differ from actual results. Under SAPA, during FY 2008, the Corporation based its obligation amount on the full value of the education award, a 100 percent enrollment rate, and earning and usage rates of approximately 80 percent.

As of September 30, 2008, the National Service Trust had available cash and investments of approximately \$429 million to make education award and interest forbearance payments (about \$9 million of Trust assets were related to prepaid interest and receivables that are not available for obligation). Of this amount, Corporation obligations for awarded AmeriCorps positions totaled approximately \$419 million with additional commitments of about \$0.6 million. An additional \$46.7 million of Trust assets has been set aside in reserve.

Approximately \$8.8 million was available at September 30, 2008, to fund new AmeriCorps member positions. Trust assets are estimated to be sufficient to pay for all awarded AmeriCorps positions. As grants expire, the Corporation has begun to deobligate funds related to member positions that were not filled. The Corporation also will continue to analyze the Trust liability projections to identify opportunities for improvement. For additional information on the National Service Trust, visit: [\[link\]](#)

Financial Statements, Notes, and Audits

The Corporation's financial statements report the financial position, results of operations, cash flows, and budgetary resources, as required by the Government Corporation Control Act (Act) and the President's February 27, 2004, Executive Order on National and Community Service Programs (EO 13331). The Government Corporation Control Act requires that government corporations submit an annual report to the Congress within 180 days of the fiscal year end. As specified in the Act, the principal financial statements of the Corporation are the:

- »» Statement of Financial Position, which reports the status of Corporation assets, liabilities, and net position.
- »» Statement of Operations and Changes in Net Position, which reports the Corporation's revenues and expenses for the year and the changes in net position that occurred during the year.
- »» Statement of Cash Flows, which shows how changes in the Corporation's financial position and results affected its cash (Fund Balance with Treasury), and breaks the analysis down according to operating, investing, and financing activities.

In addition, under the requirements of Executive Order 13331, the Corporation prepares a Statement of Budgetary Resources (SBR). The SBR provides information about the budgetary resources made available to the Corporation as well as the status of those resources at the end of the fiscal year.

The Corporation's financial statements present comparative information for fiscal 2008 and 2007. For fiscal 2008, the Corporation's financial statements, for the ninth consecutive year, received an unqualified opinion. This opinion recognizes that the Corporation's financial statements are fairly presented, in all material respects, and in conformity with generally accepted accounting principles.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position, results of operations, and cash flows of the Corporation for National and Community Service, as required by the Government Corporation Control Act (31 USC 9106) and by the National and Community Service Act of 1990 (42 USC 12651). In addition, the Corporation reports on its budgetary resources in accordance with Executive Order 13331. The Corporation's financial statements published herein are in addition to the financial reports it uses to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.