

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

**Follow-up Assessment of the
AmeriCorps Enrollment Procedures**

OIG REPORT 07-12



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

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**This report was issued to Corporation management on November 27, 2006.
There are no findings in this report, and therefore no audit follow up is required.**



OFFICE OF INSPECTOR GENERAL

November 27, 2006

TO: David Eisner, Chief Executive Officer

FROM: Carol Bates /s/
Assistant Inspector General for Audit

SUBJECT: Report 07-12, *Follow-up Assessment of the AmeriCorps Enrollment Procedures*

Attached is the Office of Inspector General's final report with regard to our assessment of AmeriCorps enrollment procedures. The actions taken by the Corporation for National and Community Service (Corporation) during the course of our assessment corrected the conditions we observed. Therefore, the report contains no findings or recommendations. The Corporation agrees with the report, and its response is included in the Appendix.

If you have questions pertaining to this report, please call me at 202-606-9356.

Attachment

cc: Nicky Goren, Chief of Staff
Jerry Bridges, Chief Financial Officer
Frank Trinity, General Counsel
William Anderson, Deputy Chief Financial Officer
for Financial Management
Andrew Kleine, Deputy Chief Financial Officer for
Planning and Program Management
Sherry Wright, Audit Resolution Coordinator



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EXECUTIVE SUMMARY

The Office of Inspector General (OIG) reviewed the Corporation for National and Community Service's (Corporation) corrective actions taken in response to the four recommendations contained in the OIG's *Interim Report on the Assessment of the Implementation of New Enrollment Procedures* (Report 04-05), issued on November 3, 2003. We also reassessed the Corporation's controls to ensure that AmeriCorps member enrollment does not exceed the number of approved slots and its compliance with the provisions of the Strengthen AmeriCorps Program Act (SAPA). We found that the four recommendations were implemented and that policies were adequate to ensure enrollment does not exceed slot availability, and to ensure compliance with SAPA.

The Corporation, on September 29, 2006, issued CFO-06-001, Subject: *Administrative Control of Funds*, which included the necessary corrective actions and also changed the time at which the Corporation obligates the National Service Trust Fund (Trust). We confirmed that the new policy provided the guidance necessary to comply with SAPA, and that the Corporation adjusted its obligation processes in September 2006, to comply with the new policy.

Although we found the new policy to be adequate and that Trust obligation processes have been adjusted so that year-end obligation balances were correctly reported for September 30, 2006, our testing did not include transactions for Fiscal Year (FY) 2007. Testing for the Fiscal Year just begun will be necessary to substantiate that the Corporation is following its new policy. The OIG will continue to review monthly Trust reports and will identify and report obligation timing differences, if any, to the Corporation.

BACKGROUND

AmeriCorps members enroll to serve within the three AmeriCorps programs: AmeriCorps*State and National Program, AmeriCorps*NCCC (National Civilian Community Corps), and AmeriCorps*VISTA (Volunteers in Service to America). These members earn education awards if they complete the terms of service. Typically, the Corporation provides Federal assistance through grants, funded by its program funds, to various entities that enroll members; however, the Corporation funds education awards separately with the Trust. The Corporation also directly enrolls and approves the enrollment of members in NCCC and VISTA.

On January 7, 2003, the Corporation issued new enrollment procedures in response to a finding it may have enrolled more AmeriCorps members than the National Service Trust could support. On July 3, 2003, SAPA was enacted by Congress to ensure that sufficient funds would be available in the Trust for education awards and to recognize that a legal obligation to the Trust occurred prior to payment of invoices. SAPA requires that an education award be recorded as an obligation at the time the Corporation approves a member's position. Specifically, a member's position is approved when:

1. the Corporation enters into an enforceable agreement with a member for AmeriCorps*NCCC and AmeriCorps*VISTA, or
2. the Corporation awards grants, contracts, or cooperative agreements in connection with AmeriCorps*State and National programs for which positions may be approved.

In November 2003, the OIG completed an assessment on the implementation of the then-new AmeriCorps enrollment procedures. The resulting report disclosed that the Corporation had made progress in implementing its new enrollment procedures. In addition, the report included the following recommendations:

1. The new enrollment procedures be updated for legislative and organizational changes that have occurred since the procedures were issued. The update should recognize that the financial statement Trust liability is different than trust obligations reported to OMB;
2. the Chief Financial Officer (CFO) document CFO requirements in written procedures;
3. the Corporation establish procedures to ensure that the Trust obligations are properly recorded, reported, and appear in budgetary documents; and
4. the Comprehensive Action Plan be presented to the Board of Directors.

SCOPE AND METHODOLOGY

For our review, we examined member enrollments for AmeriCorps State commission grants, including formula and competitive categories; National Direct grants to national nonprofit organizations; and national service positions in the VISTA and NCCC programs. We also interviewed Corporation officials at headquarters; compiled and examined supporting documents used for recording, reporting, and reconciling enrollments and Trust funding; and analyzed the information gathered. Also, we identified, documented, and reviewed laws, policies, and procedures that apply to member enrollments and Trust funding.

Our review was conducted from April to October 2006 at Corporation headquarters, and we held several exit meetings and telephone conversations with Corporation officials through October 18, 2006. We provided a draft of this report to Corporation officials on October 20, 2006. The Corporation's comments are included in the Appendix to this report.

Our review was conducted in accordance with Quality Standards for Inspections (January 2005) issued by the President's Council for Integrity and Efficiency.

OBSERVATIONS

On September 26, 2006, we discussed our preliminary observations with the Corporation's General Counsel and the Deputy CFO for Financial Management. These officials took immediate action to correct the deficiencies we discussed, which included finalizing draft

Trust fund policies, processes, and procedures and the timing of its Trust obligations. On September 29, 2006, the Corporation implemented CFO-06-001, Subject: *Administrative Control of Funds*, which included its former draft policy 403, *Administrative Control of National Service Trust Funds*, which the Corporation had been following.

The new policy was effective October 1, 2006, and for the year-end financial reporting for FY 2006. Accordingly, as of October 1, 2006, the Corporation had implemented the four recommendations from OIG report 04-05 and corrected the time at which the Corporation obligated the Trust.

Instead of obligating the Trust when positions were certified and approved as available by the Chief Executive Officer, the new procedures provide for recording a commitment in the Trust when the positions are certified. Subsequently, the Corporation obligates the Trust for education awards for the Member Service Years (MSYs) and slots stated in AmeriCorps*State/National grants awarded and enforceable agreements with AmeriCorps NCCC and VISTA members.

APPENDIX

CORPORATION RESPONSE



November 20, 2006

Carol Bates,
Assistant Inspector General for Audit
Corporation for National and Community Service
1201 New York Avenue, N.W.,
Washington, D.C. 20525

Dear Ms. Bates:

Thank you for the opportunity to comment on OIG's *Follow-up Assessment of the AmeriCorps Enrollment Procedures* (OIG Report No. 07-12). We are pleased that your review found that all four recommendations were implemented and that the Corporation's policies were adequate to ensure that Trust enrollment does not exceed the number of member positions available and to ensure compliance with the Strengthen AmeriCorps Program Act. While we are pleased that the audit demonstrated that the Corporation's controls were adequate over this area, the Corporation is committed to further strengthening its policies and procedures and will continue to work closely with OIG in this process. Finally, I would like to express my appreciation for the efforts that your staff made on the audit.

Sincerely,

Andrew Kleine,
*Deputy Chief Financial Officer for Planning
and Program Management*

cc: Jerry Bridges, *Chief Financial Officer*
Nicole Goren, *Chief of Staff*
Bill Anderson, *Deputy Chief Financial Officer
for Financial Management*
Sherry Wright, *Audit Resolution Coordinator*



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