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**OFFICE OF THE INSPECTOR GENERAL**

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

Review of

Presidio Leadership Center

San Francisco, California

**This report is issued to CNS Management. According to OMB Circular A-50, *Audit Follow Up*, the Corporation must make final management decisions on the report's findings and recommendations no later than September 3, 1997. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.**

**The Inspector General must approve any request for public release of the report.**

The Honorable Peter Hoekstra  
Chairman, Subcommittee on Oversight and Investigations  
Committee on Education and the Workforce  
U.S. House of Representatives



Dear Mr. Chairman,

This report presents the results of our review of the Presidio Leadership Center. You requested that the Corporation for National Service (CNS), Office of the Inspector General (OIG), review the Presidio Leadership Center's activities and costs, and provide the Subcommittee with information on

- CNS' authority for establishing the Presidio Leadership Center;
- training activities provided by the Presidio Leadership Center and how they relate to CNS' mission;
- who is eligible to attend the training, and an analysis of those who have attended to determine if CNS' training activities are within the scope of its authority under the National and Community Service Act of 1990, as amended;
- how training is advertised; and
- cost estimates for the Presidio Leadership Center as well as cost comparisons to similar training provided by commercial entities.

## **RESULTS IN BRIEF**

We found that the Corporation has a clear statutory basis for establishing and operating the Presidio Leadership Center (PLC or Center). The various programs operated by the Center are targeted at, and demonstrate a commitment to, the development and enhancement of CNS-affiliated service programs and appear to adhere to the purposes and goals of the National and Community Service Act of 1990, as amended.

Further, although we concluded that the PLC did not have adequate controls over the review and acceptance of participants in the National Service Executive Program during fiscal year 1996, we found that all participants who attended the National Service Executive Program were affiliated with CNS and its programs. In our review of selected sessions of other

training offered by the Center, we found that those participants were also affiliated with CNS programs.

Our review of PLC costs revealed that CNS lacked an adequate method and systems to account for and record the total costs of the PLC's operations and training activities. PLC records were incomplete and inaccurate, and we found that CNS cost estimates for PLC using these records were understated.

Based on the information and records we were able to review, we estimate that the per participant cost for the program was at least \$5,200, or \$650 per day. However, given the state of PLC's accounting records and the resulting limitations on our review of cost accounting data as discussed below, we believe our estimate is a minimum amount. Nonetheless, at an estimated \$650 a day,<sup>1</sup> the cost of the National Service Executive Program training was comparable to similar leadership training, falling in the mid-range of costs. These and other matters are discussed in more detail below.

## **BACKGROUND**

The Presidio Leadership Center located at the Presidio National Park in San Francisco, California, was established in January 1995 as the training arm of the Corporation. The Center describes its mission as equipping and supporting leaders of community service organizations, state commissions, and CNS staff with the leadership skills and service strategies to achieve the Corporation's mission. The Corporation's mission is to engage Americans of all ages and backgrounds in community-based service to address the nation's needs in the areas of education, public safety, human needs, and the environment to achieve direct and demonstrable results.

To achieve its mission, the PLC offers three types of training and technical assistance: the National Service Executive Program, which provides leadership training to CNS staff and executives of Corporation funded programs; the Center for National Service and the Environment, which provides training and technical assistance to CNS programs on environment related issues; and other training, such as training for a specific CNS program (i.e., AmeriCorps Leaders and NCCC) or seminars which explore ways to involve national service in addressing a specific issue or policy.

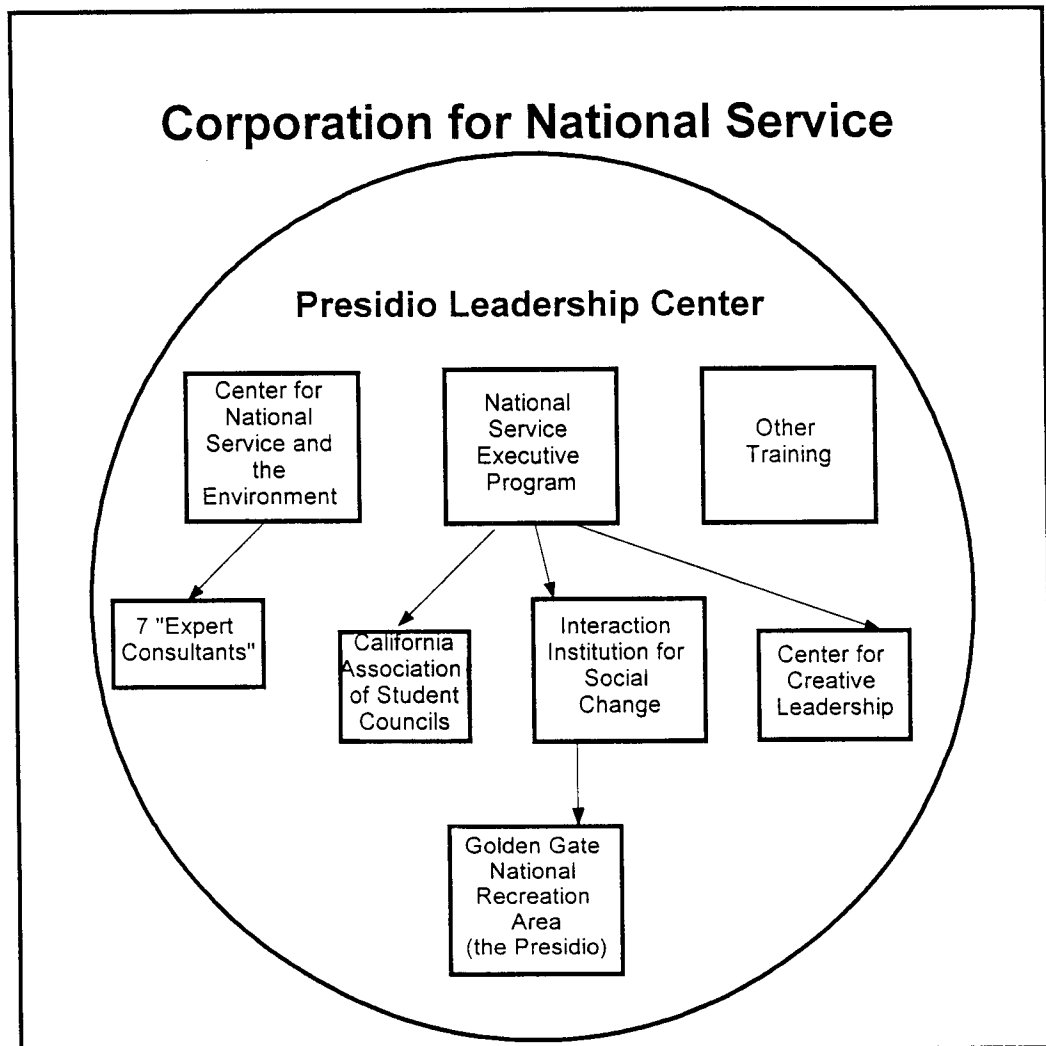
CNS utilizes three organizations specializing in leadership training to assist in designing and carrying out the National Service Executive Program provided by the PLC: the Center for Creative Leadership, the California Association of Student Councils, and the Interaction Institute for Social Change. The Interaction Institute for Social Change also provides logistical support for the PLC's National Service Executive Program. The Center for

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<sup>1</sup>Excludes participant travel costs as discussed in Appendix I.

National Service and the Environment also contracts with expert consultants to provide environmental training and technical assistance to AmeriCorps programs.

The PLC currently has a staff of three CNS permanent employees and six contractors. All Presidio Leadership Center staff (including contractors) are located in leased office space at the Presidio National Park with the exception of the Center's Acting Director, who is located at CNS Headquarters in Washington, D.C. The following chart provides an overview of the components of the Presidio Leadership Center:



## **SCOPE AND METHODOLOGY**

We reviewed the activities and costs of the Presidio Leadership Center to determine whether CNS was authorized to establish the Center and obtained information related to its training programs requested by you. We did not assess PLC operations or its training components for quality or performance. Further, although we derived cost estimates for the Center and its National Service Executive Program, because CNS lacks adequate methods and systems for recording PLC's costs as discussed in finding IV, we were unable to determine the full cost of the PLC's operations.

Our work was performed at CNS headquarters in Washington, D.C., and at the Center's office in San Francisco, California, during the period September 16, 1996, through January 31, 1997. We performed our review in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Specific information on our scope and methodology is included in Appendix I.

We provided a draft of this report to CNS management for comment. In its response, CNS stated that it agreed with the findings and recommendations and was implementing corrective action. The Corporation's comments are included in their entirety as Appendix II. Your request letter and our follow up response are included as Appendix III and IV, respectively.

This report is intended for the use of the Subcommittee and CNS management, and is not intended for any other purpose. This restriction, however, is not intended to limit the distribution of this report which is a matter of public record.

## **FINDINGS AND RECOMMENDATIONS**

- I. The Corporation has a clear statutory basis for establishing and operating the Presidio Leadership Center. The Center's programs are targeted at executives of community service programs and focus on leadership, program management, and strategic planning and implementation.

CNS' authority to establish and operate the PLC is contained in the extensive authority granted the Corporation under 42 U.S.C.A. §12575 (1993) which states, "The Corporation may conduct, directly or by grant or contract, appropriate training programs regarding national service in order to . . . improve the ability of national service programs . . . promote leadership development . . . develop the management and budgetary skills of program operators . . . [and] encourage national service programs to adhere to risk management procedures." Additionally, 42 U.S.C.A. § 12653(d) authorizes the Corporation to "provide training and technical assistance and other assistance to service sponsors and other community-based agencies that provide volunteer placements in order to improve the ability of such agencies to use participants and other volunteers in a manner that results in high-quality service and a positive service experience for the participants and volunteers."

We identified a number of programs initiated and operated by the PLC, all of which appear to be designed to promote leadership development and improve the ability of CNS affiliated service programs to manage their programs. These programs include the National Service Executive Program, the Center for National Service in the Environment, training for participants in the AmeriCorps Leaders program,<sup>2</sup> seminars, and round tables. Each of these programs is geared toward achieving the following objectives

- equipping community leaders with proven management tools to increase their effectiveness in accomplishing the goals of their organizations;
- enhancing the shared sense of purpose and professional identity of leaders working in the service community;
- supporting the development of new leaders who add to the diversity, richness, and energy of those that guide service organizations; and
- creating a learning network of people who shape future Presidio Leadership Center programs and the direction of the community service field.

The PLC's National Service Executive Program targets executives of community service programs and focuses on leadership, program management, and strategic planning and implementation. PLC's seminars and round tables have included service programs, national experts, policy makers, and private sector funders. Such forums result in a broad range of ideas and are intended to help develop strategies to promote service. Topics discussed at such seminars have included: National Service, the Environment and Community Development; Youth Crime and Violence Prevention; and Early Childhood programs.

The PLC's Center for National Service and the Environment is involved in best-practice seminars, technical assistance, and local program networking, with the goal of developing a framework to integrate environmental and community development programs. The program invites environmental experts, funders, program directors, AmeriCorps Members, and CNS staff to meet in order to discuss CNS programs.

To advertise PLC activities to CNS programs and staff, CNS and the Center

- distribute National Service Executive Program applications to AmeriCorps programs as an attachment to an *AmeriCorps Update*, a newsletter sent to CNS programs;

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<sup>2</sup>The AmeriCorps Leaders program provides opportunities for exceptional national service graduates to develop their leadership and service skills. Leaders serve as role models and perform duties that directly enhance the service site's effectiveness such as recruiting, training, and supporting members, and also collaborating with other programs and the community. Leaders are AmeriCorps Members who have already completed a year of service.

- send electronic mail messages to CNS State Offices describing how the State Offices can apply for the National Service Executive Program; and
- post information on the Internet describing the Center, its training, and dates when various courses are scheduled.

Because Internet listings reach a larger audience than just CNS programs, we reviewed the information posted to ascertain its intended audience. We found that the Internet listings describing the training were targeted to CNS affiliated programs. References included statements such as the services are “for programs funded by the Corporation for National Service” and that they are “available to AmeriCorps Members and program staff depending on activity.” The following is a printout of one of the Internet listings we found.

National Service Executive Program Page 1

## National Service Executive Program

### The Presidio Leadership Center

Leadership development has been identified by the Corporation for National Service as a key element for ensuring the long-term success of national service. To meet this need, **The Presidio Leadership Center** has developed the National Service Executive program for AmeriCorps Program Directors and State Commission Executive Directors.

The program consists of a five and one-half day intensive training and a six month continuing education portion during which each participant will work on issues with a self-selected small group through on-line networks and conference calls. Each group will also be working with a mentor. At the end of the six months, the class will reconvene to share what has been learned and develop future plans.

There will be six classes in 1995-96. Potential participants must complete an application. The deadline to apply for classes beginning January 21 or February 25 is November 3, 1995. If you would like to receive an application or if you have any questions, contact Catherine Milton, Executive Director, Presidio Leadership Center or Lisa Spinali, Program Director at (415) 561-5950.

**National Service Executive Program Schedule:**

Class	Initial 5 day Seminar	Follow-up Seminar
Class One	Sept. 17-22, 1995	March 22-24, 1996
Class Two	Oct. 29-Nov. 3, 1995	May 2-5, 1996
Class Three	Jan. 21-26, 1996	June 28-30
Class Four	Feb. 25-March 1, 1996	Aug. 2-4, 1996
Class Five	May 19-24, 1996	Sept. 6-8, 1996
Class Six	July 14-19, 1996	Jan. 31-Feb. 2, 1997

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Thus, our review of the PLC’s goals and training activities revealed no deviance from the principal goals of CNS. The various programs operated by the Center are targeted at, and demonstrate a commitment to, the development and enhancement of CNS affiliated service programs and appear to adhere to the purposes and goals of the National Community Service Act of 1990, as amended.

- II. We found that the PLC did not have adequate controls over review and acceptance of participants in the National Service Executive Program during fiscal year 1996. Nonetheless, we found that all participants attending the National Service Executive Program between September 1995 and November 1996 were affiliated with a CNS grantee or were CNS staff.

The National Service Executive Program is an eight day training program that focuses on leadership skills, program management, and strategic planning and implementation. The PLC offers the training free of charge to selected participants. However, travel costs are the responsibility of the participant's organization.<sup>3</sup>

The program is made available to CNS grantee programs and CNS staff. PLC staff stated that to attend the National Service Executive Program a participant from a CNS grantee program must have been employed by the grantee for at least six months and be in an executive or supervisory position. If the participant is a CNS staff member, he or she must be at least at the General Schedule grade 13 (or equivalent) level and supervise at least three people. However, we found that these eligibility requirements were not documented, and that during fiscal year 1996 there were no written procedures in place to review participant eligibility. For fiscal year 1997, the Center uses a new application form which contains written eligibility requirements. However, at the time of our review, the Center did not have written procedures for reviewing an applicant's eligibility.

Furthermore, the Center has not established a clear policy for selecting CNS staff to participate in the National Service Executive Program. CNS currently operates two personnel systems (the government-wide General Schedule system and CNS' Alternative Personnel System). In the Alternative Personnel System's pay band NY-3, there are some employees who would be a grade 13 equivalent and others who would be below a grade 13. However, CNS has not clearly defined which employees under the Alternative Personnel System meet the GS 13 grade level requirement.

Because the PLC did not have adequate controls over participant selection, we reviewed the applications and other information for all 184 participants who attended the National Service Executive Program between September 1995 and November 1996 (from the National Service Executive Program's inception through class seven). We also judgmentally reviewed the participants in other PLC training activities to assess whether the participants were affiliated with a CNS program.

Based on our review, we found that all participants attending the National Service Executive Program were affiliated with a CNS grantee or were CNS staff. We also found that participants in our sample for other PLC training activities were affiliated with a CNS

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<sup>3</sup>While CNS does not directly pay the participants' travel to the class, we recognize that grantees may charge the cost of the travel to their grant.



program. However, we did note that three participants did not meet other eligibility requirements as follows

- two participants in the National Service Executive Program had not been employed by the sponsoring grantee for at least six months before participating in the training; and
- one CNS staff member participating in the National Service Executive Program was not at the GS 13 level or higher at the time he participated in the training.

We recommend that the PLC develop written procedures for reviewing an applicant's eligibility. Additionally, if a participant does not meet all eligibility requirements for a training session, the PLC should document the justification for making an exception and include it in the participant's file. We also recommend that the PLC revise its eligibility requirement for CNS staff so that it is clearly defined for both CNS personnel systems. Since some CNS management staff, who in the past were responsible for selecting CNS staff participants, have left the Corporation, CNS should also consider having representatives from its three program areas (AmeriCorps, Learn and Serve America, and the National Senior Service Corps) and a representative from CNS administration select CNS staff participants so that all eligible staff are considered for the training.

III. Estimated costs for National Service Executive Program training were comparable to the costs for similar executive leadership training provided by other Federal and commercial entities.

To compensate for deficiencies in CNS accounting systems (as discussed in finding IV of this report), we reviewed the Center's budget and accounting records as well as records of its activities and training sessions, and developed cost estimates for its operations and for the National Service Executive Program training. Although CNS recently estimated that the cost for the National Service Executive Program was about \$4,000 per participant,<sup>4</sup> based on the information and records we were able to review, we estimate that the per participant cost for the National Service Executive Program was at least \$5,200, or \$650 per day. Given the state of PLC's accounting records and the resulting limitations on our review of cost accounting data, we believe our estimate is a minimum amount.

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<sup>4</sup>CNS' estimate of \$4,000 per participant is understated because it does not include the full cost of the program. For example, the CNS estimate does not include PLC overhead costs such as staff salaries and fringe benefits, and rent. Also, CNS excluded training costs paid by other CNS departments such as the AmeriCorps Leaders program or by external foundations.

We estimated that the total cost of operating the PLC and its training programs for fiscal year 1996 was approximately \$1,315 thousand. However, given the limitations on our review of PLC's accounting data as discussed in finding IV, it is likely that actual costs may be somewhat higher than our estimate.

<b>Presidio Leadership Center — Estimated FY 96 Funding and Costs<sup>1</sup></b> <i>(Dollars in thousands)</i>					
<b>PLC Funding Sources</b>					
CNS Appropriations	\$1,061				
Commission Appropriations (see finding VI)	114				
W. K. Kellogg Foundation Grant	119				
Partnership for National Service	<u>21</u>				
<b>Total</b>	<b><u>\$1,315</u></b>	<i>Allocated to</i>			
<b>PLC Costs</b>		<b>National Service Executive Program</b>	<b>AmeriCorps Leaders</b>	<b>Center for National Service &amp; Environment</b>	<b>Other Training</b>
<b>Training Activity Costs</b>					
Consultants and Trainers	\$ 337	\$206	\$ 40	\$ 69	\$22
Contractors — Training Staff	219	87	82	44	6
Participant Lodging	153	91	50	8	4
Participant Meals	63	33	28	2	
Training Facilities	25	24		1	
Local Travel	17	7	8	2	*
Other <sup>2</sup>	<u>62</u>	<u>29</u>	<u>11</u>	<u>21</u>	<u>1</u>
<b>Subtotal — Training</b>	<b><u>876</u></b>	<b><u>477</u></b>	<b><u>219</u></b>	<b><u>147</u></b>	<b><u>33</u></b>
<b>PLC Overhead Costs<sup>3</sup></b>					
CNS Staff Salaries and Benefits	238	130	59	40	9
Contractors — Administrative Staff	120	65	30	20	5
Rent and Utilities	27	15	7	4	1
Travel (Administrative)	12	6	4	2	*
Equipment	9	5	2	2	*
Other <sup>2</sup>	<u>33</u>	<u>18</u>	<u>8</u>	<u>6</u>	<u>1</u>
<b>Subtotal — Overhead</b>	<b><u>439</u></b>	<b><u>239</u></b>	<b><u>110</u></b>	<b><u>74</u></b>	<b><u>16</u></b>
<b>Total Costs</b>	<b><u>\$1,315</u></b>	<b><u>\$ 716</u></b>	<b><u>\$329</u></b>	<b><u>\$221</u></b>	<b><u>\$49</u></b>
* Rounded to less than one.					
<b>Note 1</b>	As discussed in this report, PLC's records were neither complete or accurate. Accordingly, actual amounts may be higher or lower.				
<b>Note 2</b>	Other includes supplies, printing and copying, equipment rentals, training books and videos, and other miscellaneous training and office costs.				
<b>Note 3</b>	Overhead allocation is based on each program's training activity costs as estimated above.				

Our estimate is in the mid-range for the cost of leadership training provided by other Federal and commercial entities. While none of the training classes we compared to the National Service Executive Program is an exact match, we believe that the goals and course content of the following programs are similar to those of the National Service Executive program and can be used for comparative purposes.

<b>Cost Comparison of Executive Leadership Training</b>				
<u>Course Title</u>	<u>Offered by</u>	<u>Cost per participant</u>	<u># days</u>	<u>Cost per day</u>
Management Development Program	University of Michigan Executive Center	\$4,400 — includes lodging and meals	4.5 days	\$978
Covey Leadership Week	Covey Leadership Center	\$4,250 — includes lodging and meals	5 days	\$850
Leadership Development Program	Center for Creative Leadership	\$4,600 — <i>excludes lodging</i>	6 days	\$767
<b>National Service Executive Program</b>	<b>Presidio Leadership Center (PLC)</b>	<b>\$5,200* includes lodging and most meals</b>	<b>8 days</b>	<b>\$650</b>
The Executive Seminar	Aspen Institute	\$4,800 — includes lodging and meals	8 days	\$600
Executive Leadership Assessment Program	Office of Personnel Management	\$3,400 — includes lodging and meals	6 days	\$567
* estimated				

IV. CNS lacks an adequate method and systems<sup>5</sup> to account for and record the total cost of the PLC's operations and training activities. We found that PLC records are incomplete and inaccurate, and that CNS cost estimates for PLC based on these records are understated.

Financial data and records for the PLC are maintained at the PLC, CNS' Pacific Service Center<sup>6</sup> and CNS Headquarters. Specifically, at the PLC, staff maintain "cuff" records (spreadsheets used to document the status of obligations, expenditures, and balance of funds for budget areas), monitor PLC's expenditures against its budget, and certify fund

<sup>5</sup>OIG Reports 96-38, *Report on the Results of the Auditability Survey*, issued in March 1996, and 97-04, *Report on the Follow-up Study to the Auditability Survey*, issued on December 9, 1996, identified weaknesses in CNS' internal control structure and accounting systems. PLC transactions are processed through CNS' accounting system.

<sup>6</sup>The PLC and the Pacific Service Center are located in shared office space at the Presidio National Park.

availability for purchases. For PLC expenditures, such as training design and implementation, staff travel and supplies, the Pacific Service Center prepares the purchase order, approves the purchase order and invoice, and enters obligation and expenditure data into the Corporation's general ledger. Finally, for staff salaries, contractor personnel, and lease of facilities at the Presidio National Park, CNS Headquarters approves expenditures and enters obligation and expenditure data into the Corporation's general ledger.

We noted several conditions which contributed to CNS' inability to account for the total cost of the PLC's training programs including

- During fiscal year 1996, the PLC did not completely account for the costs for training provided to other CNS departments or for costs paid by outside entities (i.e., foundations).
- The PLC Acting Director spent approximately fifty percent of her time on PLC duties. However, her salary and fringe benefits were charged to another CNS department. The PLC Acting Director did not maintain a record to allocate her time between PLC and other CNS duties. Also, some of the PLC Acting Director's travel related to the PLC was charged to other CNS departments.
- The PLC did not adequately record costs and did not maintain adequate documentation for National Service Executive Program charges related to participant lodging.
- The Interaction Institute for Social Change had a cooperative agreement with the PLC to support the National Service Executive Program. The agreement ended on September 30, 1996. However, as of January 13, 1997, Interaction Institute for Social Change had not submitted any Financial Status Reports as required.<sup>7</sup> Consequently, the Center was unable to record an accurate amount for costs related to this cooperative agreement and had no documentation accounting for funds previously advanced to the Interaction Institute for Social Change.
- Rent for the Presidio facilities shared by the PLC and the Pacific Service Center was not systematically allocated between them.

We identified several causes for PLC's incomplete records and lack of a full accounting of costs. First, PLC's cuff records were not reconciled on a timely basis. When we performed

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<sup>7</sup>The cooperative agreement required that the Interaction Institute for Social Change report quarterly expenditures and cumulative expenditures to date by submitting Financial Status Reports within 30 days of the end of each fiscal quarter.

our review of fiscal year 1996 PLC cuff records in December 1996, we found that the records were not reconciled with CNS' general ledger even though the fiscal year had ended 2 1/2 months earlier. Also, PLC's Managing Director, who prepares and reconciles the cuff records, does not have access to Federal Success, CNS' computer system for maintaining its general ledger. Therefore, she can not query the accounting system between monthly reports to review the status of an obligation or expenditure. In addition, during fiscal year 1995, PLC only recorded obligations and did not maintain formal cuff records for the Center for National Service and the Environment.

Furthermore, the Center for National Service and the Environment receives funding from CNS' Training and Technical Assistance budget. However, the Center for National Service and the Environment does not have a separate Responsibility Center Code (an identifying number used in CNS' accounting system) within the Training and Technical Assistance budget. Consequently, the PLC did not have an effective method for reconciling Center for National Service and the Environment cuff records to CNS accounting records. Instead, PLC staff had to individually identify and extract Center for National Service and the Environment transactions from all transactions within the Training and Technical Assistance budget, a time-consuming and potentially error-prone method of reconciliation.

To correct these conditions, we recommend that CNS establish within its general ledger, accounts that can capture the full cost for all PLC operations and training activities. To do so, it may be necessary to assign a separate Responsibility Center Code for each of the three PLC program areas (National Service Executive Program, Center for National Service and the Environment, and other training). Separate Responsibility Center Codes would allow PLC staff and contractors whose duties can be attributed to specific PLC training activities or to other CNS duties to allocate their time among the activities. A reasonable allocation of staff and contractor time would facilitate the accounting for costs related to activities for which PLC receives funding.

Furthermore, to facilitate a timely and complete reconciliation of PLC cuff records, we recommend that the PLC

- obtain and post to the general ledger Financial Status Reports and other documentation from its cooperative agreement entities on a timely basis;
- reconcile both obligations and expenditures on a monthly basis; and
- provide read-only access to Federal Success to PLC staff performing the reconciliations.

- V. During our review, we found that CNS incorrectly used cooperative agreements, rather than procurement contracts, to obtain the services of outside organizations to help design and carry out the National Service Executive Program. However, because CNS did competitively award the cooperative agreements we cannot conclude that CNS' error in this case damaged the Federal government.

As previously discussed, CNS contracted with three organizations specializing in leadership training to design and implement the National Service Executive Program. Our examination of the Request for Proposals (RFP) for the program showed that the principal purpose of the RFP was to secure the services needed for the PLC to develop and carry out the program. The RFP specified the Center's objectives, and provided a detailed description of the expected approach and structure of the anticipated program. Also, the RFP consistently referred to the program as an initiative of the PLC, and stated that when set up, the Center would recruit and select participants for the program, and offer the program regularly. Taken as a whole, the RFP reflects that the PLC, as a Federal government office, required the services of outside parties to plan and implement the program.

The Federal Grant and Cooperative Agreement Act (31 U.S.C. §6301) establishes the standards that agencies must apply in determining whether to use contracts, grants, or cooperative agreements as the means for using outside parties to help carry out Federal agency programs. Under the Act, agencies must use procurement contracts when the principal purpose of the transaction is to acquire goods or services for the benefit or use of the government. Grants and cooperative agreements must be used when the principal purpose of the transaction is to transfer funds, property, or services to an outside party to carry out a public purpose, or to support or stimulate activity, as authorized by law. Since the principal purpose of the RFP for the National Service Executive Program was to secure services for the PLC, CNS should have used procurement contracts rather than cooperative agreements to obtain the services.

However, we cannot conclude that CNS' error in this case damaged the Federal government. Although CNS did not follow all of the Federal government's contracting procedures, it did competitively award the cooperative agreements. Specifically, in awarding these cooperative agreements, CNS

- publicized its intent to award these agreements in the Federal Register;
- received 14 proposals in response to its RFP;
- evaluated those proposals according to a pre-established evaluation plan that included both cost and quality factors, and which CNS described in the RFP;
- held discussions with the organizations that had a reasonable chance of being selected for an award; and

- made a selection that CNS intended to reflect the best overall value to the Federal government.

This competitive process is similar to the contracting by negotiation process described in the Federal Acquisition Regulations. In addition, the RFP provided that the cooperative agreements that CNS would award would allow only for cost reimbursement; no profit was to be allowed. Considering these factors, we cannot conclude that CNS's decision to award cooperative agreements instead of contracts as required by the Federal Grant and Cooperative Agreement Act actually caused any harm to the government.

Using grants or cooperative agreements when the Act requires contracts exposes the Corporation to a procurement protest by potential contractors. Accordingly, we recommend that CNS establish management controls to provide reasonable assurance that Corporation staff use the correct instrument under the standards in the Federal Grant and Cooperative Agreement Act when engaging outside parties to carry out its programs.

VI. The Presidio Leadership Center incorrectly used funds appropriated to the Commission on National and Community Service to pay costs related to the National Service Executive Program.

One of CNS' predecessor agencies, the Commission on National and Community Service, had an interagency agreement with the Department of the Interior regarding Commission activities at the Presidio. Under the agreement, the Department of the Interior was to provide "administrative and expert assistance to the Commission to develop and conduct" a training plan targeted to the needs of participants, program managers, and program sponsors. This agreement expired on September 30, 1994.

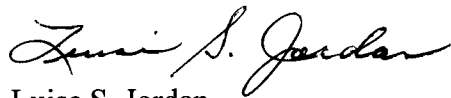
On September 30, 1995, CNS modified the agreement, correcting outdated references to the Commission and asking the Department of the Interior to perform work during fiscal years 1995 and 1996 that was within the scope of the original agreement. At the time of the modification, the Department of the Interior had approximately \$125,000 in unexpended Commission appropriations under the original agreement. Although these appropriations were only available for Commission operations through fiscal year 1993, CNS recorded obligations against and expended approximately \$114,000 of these funds on the National Service Executive Program during fiscal years 1995 and 1996.

The work performed by the Department of the Interior in fiscal years 1995 and 1996 was generally administrative and logistical support for the National Service Executive Program. We questioned whether funds appropriated to the former Commission should be used under this interagency agreement to support the National Service Executive Program. When informed of this matter, CNS Chief Financial Officer agreed that the prior Commission funds

were not available, and directed her staff to adjust CNS accounts and charge properly available CNS appropriations for these expenditures.

If you have any questions pertaining to this report, please contact Bill Anderson, Assistant Inspector General for Audit at (202) 606-5000, extension 395.

Sincerely,

A handwritten signature in cursive script that reads "Luise S. Jordan".

Luise S. Jordan  
Inspector General

January 31, 1997



## SCOPE AND METHODOLOGY

*To assess the Corporation's authority to establish and operate the Presidio Leadership Center, we reviewed the authorities granted to the Corporation to conduct training and technical assistance operations in provisions of the National and Community Service Act of 1990, as amended, and researched the legislative history of those provisions.*

*To assess whether training activities provided by the PLC were within CNS' authority, we reviewed documents distributed to participants, class descriptions, agendas, and other documentation for a sample of training activities offered by the PLC in fiscal year 1996 and compared them to the training and technical assistance authorities granted to the Corporation. To determine how PLC training activities are advertised, we interviewed staff with the CNS Office of Public Affairs and Office of Public Liaison regarding press releases and mailings, reviewed PLC accounting records related to advertising costs, and searched the Internet for references to PLC training.*

*To assess whether participants in PLC training activities were eligible to attend, we reviewed applicant data for all participants in the National Service Executive Program to assess whether participants were affiliated with CNS and met the stated eligibility requirements. We also reviewed data for a sample of participants in other training provided by the PLC to determine that the participants were affiliated with CNS.*

*To estimate the cost of operating the PLC and its training activities during fiscal year 1996, we reviewed accounting data pertaining to costs at the PLC and performed testing to assess whether expenditures were adequately supported by invoice documentation and costs were properly recorded in the accounting system. We reviewed PLC budget cuff records for fiscal years 1995 and 1996 and reconciled the fiscal year 1996 cuff records to CNS general ledger.*

Because the PLC's records were incomplete, and to compensate for deficiencies in CNS accounting systems, we reviewed CNS accounting records, queried CNS' general ledger computer system, reviewed activity reports and training schedules, and interviewed CNS staff to identify unrecorded costs such as

- salary and fringe benefits for CNS staff working at the PLC;
- travel by PLC's Acting Director charged to another CNS department;
- costs paid by external funding and by other CNS departments such as the National Civilian Community Corps (NCCC) and AmeriCorps Leaders for training provided by PLC; and

- amounts paid with funds originally appropriated to CNS' predecessor, the Commission on National and Community Service, for participant lodging.

As discussed above, PLC accounting records for fiscal years 1995 and 1996 were incomplete and not consistently maintained. We noted that there were startup costs included in fiscal year 1996 amounts, and, conversely, training costs included in fiscal year 1995 amounts. Additionally, contractors who worked on more than one PLC training activity did not record the amount of time spent on each activity. Therefore, we made adjustments and allocated costs based on the available records. From the data we were able to review, we estimate that CNS expended \$700,000 in fiscal year 1995, PLC's startup year. We treated startup costs as expenses in the period incurred and did not allocate them to the costs of PLC current operations.

Finally, PLC stated that participants pay their own travel costs. Because participant travel is a cost of any training class, we excluded all participant travel costs from our analysis.

*To estimate the participant cost for the National Service Executive Program,<sup>8</sup> we allocated the total PLC fiscal year 1996 cost (including PLC overhead) to the three PLC program areas (National Service Executive Program, Center for National Service and the Environment, and other training). We then divided total costs for the National Service Executive Program by the number of National Service Executive Program participants in fiscal year 1996.*

*To perform a cost comparison of the National Service Executive Program to similar training provided by other entities, we identified similar executive leadership training programs offered by Federal and commercial entities. We then compared the programs based on the participant cost per day to account for the fact that the programs had various durations.*

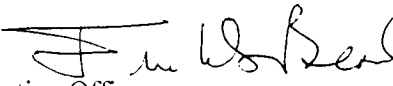
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<sup>8</sup>We selected the National Service Executive Program for the cost comparison because it is PLC's signature program and its most widely-attended offering.

## MEMORANDUM

March 6, 1997

**TO:** Luise Jordan  
Inspector General

**FROM:** Frank Beal   
Acting Chief Operating Officer

**THROUGH:** Donna Cunninghame   
Chief Financial Officer

**SUBJECT:** Response to OIG Draft Report 97-17, Review of the  
Presidio Leadership Center (PLC)

The following represents the Corporation's response to the OIG Draft Report 97-17 covering the findings and recommendations from the review of the Presidio Leadership Center.

**Finding I:** "The Corporation has a clear statutory basis for establishing and operating the Presidio Leadership Center. The Center's programs are targeted at executives of community service programs and focus on leadership, program management, and strategic planning implementation."

**Response:** The Corporation concurs with this finding.

**Finding II:** "We found that the PLC did not have adequate controls over review and acceptance of participants in the National Service Executive Program during fiscal year 1996. Nonetheless, we found that all participants attending the National Service Executive Program between September 1995 and November 1996 were affiliated with a CNS grantee or were CNS staff."

**Response:** The Corporation concurs with this finding. The Corporation just recently developed the final acceptance criteria for attendance at the National Service Executive Program after the results of participant feedback from Classes One - Five were assessed (summer of 1996). For example, the requirement for *six months in a position* cited as an

exception in the OIG Report only became an absolute requirement after analysis of the effectiveness of the Benchmark assessment instrument which revealed that employment for a minimum of six months would yield better results. The additional eligibility requirement of persons *supervising at least three people* was also the result of key findings and feed-back responses from participants. After assessing the selection criteria, we developed an enrollment form which includes these eligibility requirements and will be used as a formal method of screening those individuals not eligible for the program.

We are taking several steps to improve the control which can be exercised over the enrollment process. At the present time, we are developing a direct mail piece to be sent to all eligible CNS employees. As part of that process, we are conducting an analysis of all employees in the Alternative Personnel System's Band 3 category (spanning Grades 11-13) whereby, only those in that category and who meet the other selection criteria (supervise at least three people and have been in their position at least six months) will receive the application and invitation to apply. Further, we have added these eligibility requirements to the enrollment forms which will be used by all non-CNS employees as a formal method of screening those individuals not eligible for the program.

**Recommendation:** We recommend that the PLC develop written procedures for reviewing an applicant's eligibility. Additionally, if a participant does not meet all eligibility requirements for a training session, the PLC should document the justification for making an exception and include it in the participants file.

**Response:** We are currently in the process of reviewing our enrollment process to ensure that formal procedures are maintained and appropriately updated and that any exceptions in the current requirements enrollment are properly documented for subsequent review.

**Recommendation:** We also recommend that CNS revise its eligibility requirements for CNS staff so that it is clearly defined for both systems.

**Response:** As outlined in our response to the findings on this topic, we are currently in the process of analyzing all CNS employees to ensure that proper accommodations are made for those employees in different personnel systems.

**Finding III:-** “Estimated costs for National Service Executive Program training were comparable to the costs for similar executive leadership training provided by other Federal and commercial entities.”

**Response:** The Corporation concurs with this finding. We consider FY '96 to be our first year and therefore, a “start-up” year. We expect that a subsequent analysis of FY '97 per participant costs should place the program in the low- as opposed to mid-range for the cost of leadership training provided by other Federal and commercial entities.

**Finding IV:** “CNS lacks an adequate method and systems to account for the total cost of the PLC’s operations and training activities. We found that PLC records were incomplete and inaccurate, and that CNS cost estimates for PLC based on these records were understated.”

**Response:** The Corporation concurs that during the period under review, this location did experience difficulties in properly recording and tracking expenses associated with the Presidio Leadership Center.

To correct this situation, a separate Cost Center Code was implemented during FY '96 to allow this organization to split costs between the PLC and the Center for National Service and the Environment. In addition, we will be adding additional purpose codes over the next several months to further refine cost data available at this location.

**Recommendation:** Obtain and post to the general ledger Financial Status Reports and other documentation from PLC’s cooperative agreement entities on a timely basis.

**Response:** In the first quarter of FY '97, a new control procedure was added to monitor the timely receipt and posting of Financial Status Reports at all Service Centers for regular DVSA grants. As a result of this recommendation, cooperative agreements such as the agreement with the Interaction Institute for Social Change will now be included in that process as well.

**Recommendation:** Reconcile obligations and expenditures on a monthly basis.

**Response:** Under new procedures implemented in December 1996, all budget holders are required to complete cuff record reconciliations for their respective areas. This has been done for the PLC several times, and although some difficulty has been experienced we are confident that this issue will be resolved in the near term.

**Recommendation:** Provide read-only access to Federal Success to PLC staff performing the reconciliation.

**Response:** We concur and the recommendation has been implemented.

**Finding V:** During our review, we found that CNS incorrectly used cooperative agreements, rather than procurement contracts, to obtain the services of outside organizations to help design and carry out the National Service Executive Program. However, because CNS did competitively award the cooperative agreements, we cannot conclude the CNS' error in this case damaged the Federal Government."

**Response:** The Corporation concurs with this finding. In the future, procurement contracts will be used for all such activities.

**Finding VI:** "The Presidio Leadership Center incorrectly used funds appropriated to the Commission on National and Community Service to pay costs related to the National Service Executive Program."

**Response:** The Corporation concurs with this finding. As discussed in the report, the Chief Financial Officer has already taken action to correct this situation.

cc: Dick Mickschl  
Gretchen Van der Veer

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July 17, 1996

VIA FACSIMILE 202/565-2795

Ms. Luise Jordan  
 Inspector General  
 Corporation for National Service  
 1201 New York Ave., NW  
 Washington, D.C. 20525

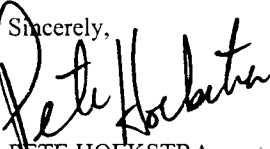
Dear Ms. Jordan:

The Committee on Economic and Educational Opportunities is charged with ensuring the effective, efficient and economical operation of the Corporation for National Service (CNS). The Committee is also responsible for ensuring that CNS activities are consistent with all applicable law. Therefore, pursuant to its oversight responsibilities under Rule X and XI of the Rules of the House of Representatives, the Subcommittee on Oversight and Investigations (Subcommittee) would like to make the following request for information.

It has been brought to this Subcommittee's attention that the Corporation operates a \$1.1 million training center at the Presidio National Park in San Francisco, CA. Apparently, this training center is being utilized by AmeriCorps to "equip community leaders with management skills," "enhance the sense of shared purpose and professional identity," "support the development of new leases who add the diversity, richness and energy of those that guide service organizations," and "create a leaning network of people." Furthermore, when contacted by this Subcommittee, a member of the Presidio staff informed us that in addition to grantee training, CNS was providing corporate training as well.

While I am surprised by the fact that the Corporation is providing training to grantees and members in such an expensive facility, the idea of taxpayer funded corporate training -- training which is readily available in the private sector -- certainly extends beyond the realm of a fiscally sound program and is well beyond the scope of the Corporation's authorization. Therefore, this Subcommittee requests that the Office of Inspector General review the Presidio Leadership Center's costs and activities.

Thank you in advance for your assistance. Should you have any questions regarding this request, please feel free to contact Derrick Max or Leigh Stadthaus at 202/225-7101.

Sincerely,  



PETE HOEKSTRA  
Chairman  
Subcommittee on Oversight  
and Investigations

cc: The Honorable William Clay  
The Honorable Thomas Sawyer



August 16 , 1996

The Honorable Peter Hoekstra  
Chairman, Subcommittee on  
Oversight and Investigations  
Committee on Economic  
and Educational Opportunities  
House of Representatives  
1122 Longworth HOB  
Washington, D.C. 20515

CORPORATION  
FOR NATIONAL  
 SERVICE

Dear Chairman Hoekstra,

Your July 17, 1996 letter requested that my office review CNS Presido Leadership Center's costs and activities. During a July 25, 1996 meeting with you and your staff, we reached agreement on the scope of the work to be performed. The purpose of this letter is to confirm the agreements reached during that meeting.

We will review the Presido Leadership Center's costs and activities to provide information on:

- CNS' authority for establishing the center;
- training activities provided by the center and how they relate to CNS' mission;
- who is eligible to attend the training and an analysis of those who have attended to determine if CNS' training activities are within the scope of its authority under the National Service Trust Act of 1993;
- how the courses are advertised; and
- cost estimates of the training center and a cost comparison to similar training provided by commercial entities.

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

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We plan to start the work within the next thirty days and anticipate completing the review during the 1st quarter of fiscal year 1997. CNS will be provided the customary opportunity to comment on the report and any recommendations it contains prior to the release of our final report.

We will keep your staff informed of our progress. If you have any questions, please contact me at (202) 606-5000, extension 490 or Bill Anderson at (202) 606-5000, extension 395.

Sincerely,



Luise S. Jordan  
Inspector General