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

**Review of the Corporation's
February 19, 1999 Action Plan Progress Report**

**Report Number 99-23
March 19, 1999**

March 19, 1999

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Capitol Building
Washington, D.C. 20510-6025

The Honorable C. W. Bill Young
Chairman
Committee on Appropriations
U.S. House of Representatives
H-218 Capitol Building
Washington, D.C. 20515-6015

Dear Mr. Chairmen:

This is our second report to you in compliance with the requirements established in the House of Representatives Conference Committee Report accompanying HR 105-769.¹ In the Committee Report, the Conferees require that the Office of the Inspector General review and comment on the Corporation for National and Community Service's Action Plan and subsequent updates within 30 days of their submission to the Congress.

Changes to the Plan

Our review of the Corporation's February 19, 1999 update² revealed that the Corporation has made two significant substantive changes to the December 21st Action Plan, adding cost estimates and a new goal related to procurement. First, the Corporation has included cost estimates related to \$3 million earmarked for financial management reforms.³ The Corporation estimates that it will

¹In the House of Representatives Conference Committee Report accompanying HR 105-769, the Conferees stated that \$3 million of the Corporation's fiscal year 1999 administrative appropriation was earmarked for funding financial management reforms. The Conferees stipulated that within 60 days of enactment, the Corporation must submit to the House and Senate Committees on Appropriation a detailed Plan for the expenditure of the funds and provide Plan updates every 60 days on the use of the funds. The Corporation's OIG is to independently review and comment upon the Plan and each update within 30 days of their submission to the Congress. On December 21, 1998, the Corporation submitted to the Congress its "Action Plan," in response to the Conferees' requirements. On January 13, 1999, OIG issued its analysis of the December 21st Action Plan (OIG Report Number 99-17).

²The Corporation's Action Plan Progress Report is included as Appendix A.

³The Corporation's expenditure estimate is included as Appendix B.

spend \$1.6 million for staff (by reassigning current staff and hiring additional personnel), primarily to prepare the Corporation's financial statements, "clean up" accounting data, and implement a new financial management system.⁴ The Corporation estimates it will spend about \$1.4 million for contracts, primarily to expand a pilot project for an internet based system that allows grantees to report information on AmeriCorps Members to the Corporation electronically, develop a grants management system, and to train staff. The Corporation has provided OIG with some supporting documentation for these cost estimates. However, it did not provide information on actual amounts expended to date. We have requested that the Corporation provide actual expenditure information in future updates.

As we have stated in previous reports, the Corporation lacks a reliable cost accounting system. Further, the Corporation has not established an alternative means of systematically tracking these expenditures.

We expect that, after completion of the Plan, there will be evidence to support the \$1.4 million in contracted services, and payroll data to support the cost of staff dedicated to Action Plan tasks. However, approximately \$565 thousand (18 percent) of the \$3 million estimate relates to staff who will spend some of their time on Action Plan tasks. The Corporation stated that the staff will not maintain records to support time spent on these tasks. Therefore, for these charges, OIG and Congress will have to rely on management's assertions.

The second substantive change to the Plan is the inclusion of an additional goal to address material weaknesses reported in OIG Audit Report 98-24, *Audit of the Corporation's Procurement and Contracting Processes and Procedures*. In that report we concluded that the Corporation lacks an effective procurement system and that it has not complied with all applicable statutory and regulatory requirements. Moreover, the number, nature, and significance of the audit's findings indicated that the Corporation's procurement process is vulnerable to fraud, waste, and abuse. To address these findings, the Corporation has added a ninth goal to the Plan: "to award and administer contracts in compliance with statutory and regulatory requirements." However, the objectives and tasks in this new goal are focused primarily on providing training to procurement staff. Given the nature and extent of our findings and recommendations, we do not believe that training alone will correct these conditions.

Progress to Date

As we stated in our first report, the Action Plan lists many separate tasks related to achieving specific objectives or corrective actions. Most, if not all, of the tasks necessary to achieve a given objective must be completed before we can assess their effectiveness, or determine whether improvements in financial management have occurred.

⁴The Corporation's fiscal year 1999 appropriation provided \$1.5 million in new funds and directed the Corporation to redirect an additional \$1.5 million to be spent on financial management reforms and other urgent program administrative needs.

The Corporation reports that 69 tasks have been completed as of February 19, 1999. Thirty of these tasks were already completed when the Corporation sent the December 21st Action Plan to Congress.

The Corporation is still very early in the process of this Plan, and numerous action items are not yet scheduled for completion. As expected, the tasks completed to date are not concentrated within any particular goal, and, with the exception of two objectives related to Year 2000 compliance, no individual objective under any goal is complete. Consequently, OIG cannot conclude as to the extent of improvements resulting from these efforts.⁵

In its February update to the Action Plan the Corporation extended the milestones for 35 tasks. Although the Corporation provided explanations for some extensions, the Plan is silent as to the reasoning behind others. Importantly, five of the extended completion dates are tasks needed to implement the Corporation's new financial management system (Goal five). The Corporation's current financial management system is not Year 2000 compliant and timely replacement of the system is critically important to continued financial operations. While the Plan states that the extensions will have no impact on the date for implementation of the financial management system (currently estimated to be June 29, 1999), OIG is concerned that the Corporation will be unable to meet this milestone, given the extensive amount of modifications to transactions, system interfaces, testing, and user training that will be required.

Other Observations

To achieve its goal of improved financial management, the corrective actions designed by the Corporation must be fully implemented and a process established to determine that the corrective actions are working as intended. However, as we stated in our first report, the Plan lacks sufficient detail and standards or objective measures against which to assess progress. Moreover, several of the objectives in the revised Plan (as well as the December 21st Action Plan) end with the development of a Corporation policy and/or procedure, but do not carry through to the implementation of the corrective action. For example

- Goal four, Objective one is to improve grant management processes. It discusses the development of Corporation-wide recommendations and policies for three grant processes, with no indication of policy implementation or later evaluation of whether the policy, once implemented, is functioning as intended.
- Goal four, Objective four is to develop and implement close-out procedures for grants and cooperative agreements. Task two of this objective is to draft and issue interim policies and procedures for closing out NCSA grants. However, after these and other eligible grants are

⁵In addition to responding to each of the Corporation's submissions within the 30-day time frame established in the Conferees' report, OIG will expand its reporting to include a comprehensive study of the Corporation's progress to improve its financial management. The study will be performed during the final quarter of this fiscal year after the scheduled completion date of most of the Corporation's efforts under the Plan.

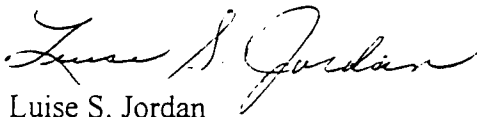
closed out, there are no tasks to develop and implement final close-out policies and procedures to be used in the normal course of business.

- Goal eight, Objective two is to improve State Office connectivity to Headquarters. However, the only task under this objective is to perform a cost/benefit analysis of the options available for improving access. There is no task to analyze the options and select one, nor is there a task to actually improve State Office connectivity.
- Goal eight, Objective three is to design a grants information system. The tasks for this objective end at starting the design work for the grants information system. To achieve the improvement in work processes and data access desired by the Corporation, this objective should result in the implementation of an information system for grants and an evaluation of whether the system is functioning as intended.
- Goal eight, Objective four is to design a procurement module. This objective ends at *selecting* a procurement module. Similar to our observation above, it would seem this objective should result in the implementation and evaluation of a procurement module for the financial management system and not end at its design.

OIG recommends that, as the Corporation refines and revises the Action Plan, it include tasks under each objective designed to result in the effective implementation of a corrective action(s) and to monitor the actions and assess whether they are achieving the intended goal.

This OIG letter is being sent to all members of the Senate and House Appropriation Subcommittees on Veterans Affairs, Housing and Urban Development, and Independent Agencies. Because of the nature of the Conferees' request, as well as the short time frame for preparation and submission, we did not obtain agency comments. If you or your staff have any questions or wish to discuss these matters, please contact Bill Anderson, Assistant Inspector General for Audit, or me at (202) 606-5000, extension 390.

Sincerely,



Luise S. Jordan
Inspector General

APPENDIX A

Corporation Action Plan Progress Report Dated February 19, 1999

Corporation for National Service February, 1999 Progress Report

Action Plan

Goal 1	General Control Environment	Establish a strong and effective general control environment, including a commitment to competence, organizational structure, and assignment of authority and responsibility	Planned Completion Date	Revised Date	Actual Date
Objective 1 Obtain an unqualified opinion on the Corporation's financial statements					
Task 1	Develop a comprehensive plan to correct material weaknesses and other reportable conditions identified in Inspector General financial statement audit reports and auditability assessments		12/21/98		12/21/98
Task 2	Monitor progress (formal report to Congress every 60 days). Next report due: 4/21/99		2/21/99		2/19/99
Task 3	Prepare draft FY 1998 financial statements		12/11/98	12/18/98	12/17/98
Task 4	Inspector General issues audit of the FY 1998 financial statements (statutory date)		3/31/99		
Task 5	Corporation issues audited FY 1998 financial statements and Annual Report		4/30/99		
Objective 2 Issue a comprehensive set of Corporation policies and procedures.					
Task 1	Contact responsible officials to assess existing policies and determine appropriate action (eliminate or revise/issue)		1/7/99		12/31/98
Task 2	Receive feedback from responsible officials, including which new policies need to be written		1/31/99		1/28/99

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

Objective 3 Improve Corporation infrastructure

		Planned Completion Date	Revised Date	Actual Date
Task 1	Implement NAPA recommendation regarding appointment of a Chief Operating Officer			6/ 8/98
Task 2	Establish and implement new management team			6/22/98
Task 3	Revise and implement new organization structure			11/24/98
Task 4	Establish Executive Secretariat			12/15/98
Task 5	Allocate FY 1999 program administration funds in support of urgent management needs	1/ 8/99	1/20/99	1/22/99
Task 6	Appoint Chief Information Officer	2/28/99	3/20/99	
Task 7	Reorganize and establish Executive Officers for improved budget and management control	3/15/99		
Task 8	Review and update Corporation delegations of authority	4/30/99		

Task 6: CIO vacancy announcement closed on January 22. We received 84 applications which are now under review.

Objective 4 Implement an effective performance management system

		Planned Completion Date	Revised Date	Actual Date
Task 1	Develop Corporation-wide Annual Plan			9/30/98
Task 2	Obtain approval of Board of Directors			10/ 6/98
Task 3	Draft FY 2000 GPRA Performance Plan			10/ 6/98
Task 4	Include key financial management goals in FY 2000 performance plan	2/ 1/99		2/15/99
Task 5	Transmit FY 2000 GPRA Performance Plan to Congress	2/28/99		

Objective 5 Improve staff competencies through training

		Planned Completion Date	Revised Date	Actual Date
Task 1	Establish training initiatives group, co-chaired by Human Resources and the Department of Evaluation and Effective Practices			12/ 9/98
Task 2	Identify FY 1999 corporate training needs (most critical areas)	1/15/99		1/14/99
Task 3	Develop implementation plan and training schedule for FY 1999	2/15/99		2/11/99
Task 4	Develop implementation plan for FY 2000	6/30/99		
Task 5	Throughout year, conduct training for specific areas, e.g. AmeriCorps grant monitoring, travel, etc.	9/30/99		

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

	Planned Completion Date	Revised Date	Actual Date
Task 1	Set up task forces to review NAPA recommendations		9/30/98
Task 2	Draft reports from task forces to CEO for review	12/ 1/98 1/31/99	1/28/99
Task 3	Issue response to NAPA recommendations	2/28/99 3/12/99	

Task 3: Date revised to allow for presentation to Corporation's Board of Directors at March 7-8 meeting.

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

	Planned Completion Date	Revised Date	Actual Date
Task 1	For FY 1998, obtain assurances from managers of selected units that assess management controls and identify weaknesses	1/31/99 2/ 5/99	2/ 8/99
Task 2	Management determines Corporation-level weaknesses	2/15/99	2/19/99
Task 3	Issue FY 1998 management control report with financial statements	4/30/99	
Task 4	Establish formal management control plan	3/31/99	

Objective 8 Improve the audit resolution process

	Planned Completion Date	Revised Date	Actual Date
Task 1	Revise and implement effective audit resolution procedures	2/28/99 4/30/99	

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|--------|---|---------|---------|---------|
| Task 2 | Monitor timeliness of audit resolution and completion of corrective action. Next review: 2/23/99 | 1/15/99 | 1/20/99 | 1/20/99 |
| Task 3 | Establish a position in the Grants Office dedicated to resolution of grantee audits; recruit and select qualified candidate | 2/28/99 | 3/31/99 | |

This objective has been moved from Grants Management because the audit resolution process applies more broadly to audits of grantees, the Corporation itself and of the Corporation's financial statements.

Goal 2 National Service Trust Ensure the integrity of the National Service Trust, accurately recording member information and service award liability, and efficiently processing transactions related to enrollment and award processing

Objective 1 Improve the quality of historic records in the Trust

		Planned Completion Date	Revised Date	Actual Date
Task 1	Electronically capture through imaging technology all existing Trust file documents		4/15/99	
Task 2	Analyze historical files electronically to determine where records could be improved and develop improvement plan	6/30/99		
Task 3	Improve the historic files	12/31/99		

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

		Planned Completion Date	Revised Date	Actual Date
Task 1	Provide phone coverage services through an outside vendor	1/5/99		12/21/98
Task 2	Provide data verification services through an outside vendor	1/5/99	3/15/99	
Task 3	Begin to digitally image all incoming documents	2/28/99	4/1/99	
Task 4	Be able to retrieve documents electronically	3/31/99	4/15/99	
Task 5	Utilize electronic workflow software for Trust processing and workload management	5/31/99		

Objective 3 Improve the quality and timeliness of Trust data

		Planned Completion Date	Revised Date	Actual Date
Task 1	Reorganize Trust staff to align individuals responsible for data quality with a defined set of programs	1/ 5/99		1/ 4/99
Task 2	Begin to provide rosters quarterly to state commissions and programs by fax	4/30/99		
Task 3	Begin to send letters to all new enrollees asking them to verify data in the Trust database	6/ 1/99		
Task 4	Systematically resolve past year open data	9/30/99		

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

		Planned Completion Date	Revised Date	Actual Date
Task 1	Continue work on a system utilizing the internet (a Web Based Reporting System - WBRS, version 1.5) for state commission programs to manage member participation and, through edit controls, ensure accurate information is captured upon enrollment	1/31/99		1/15/99
Task 2	Pilot the use of WBRS in a limited number of states	1/31/99		1/28/99
Task 3	Pilot the transfer of enrollment data from WBRS to the Trust system electronically	2/28/99		
Task 4	Increase the number of state commissions using WBRS and transferring data electronically until all state commissions are participating	10/ 1/99		
Task 5	Add the electronic transfer of changed data and end of term information to the Trust database	10/ 1/99		

Tasks 2 and 3: Staff from 10 states have been trained in WBRs and are using the database within the state. Maine and California will be the first to transfer enrollment data electronically to the Corporation.

Objective 5 Examine and strengthen procedures for AmeriCorps service hour reporting

		Planned Completion Date	Revised Date	Actual Date
Task 1	Conduct training sessions for commission staff and national non-profit grantees on reporting standards and procedures	1/15/99		1/13/99
Task 2	Issue proposed regulations related to consistency of treatment of AmeriCorps members released for "compelling personal circumstances"	2/28/99	3/31/99	
Task 3	Issue final regulations on "compelling personal circumstances"	6/30/99	7/30/99	
Task 4	Eliminate the 95% rule (members who complete 95% of their service are eligible for a full education award)	9/1/99		

Tasks 2 & 3: Dates have been revised to allow the Corporation to update various technical provisions related to the education awards at the same time, (e.g. eliminate references to Stafford Loan Forgiveness program).

Objective 6 Improve the management of Trust investments

		Planned Completion Date	Revised Date	Actual Date
Task 1	Update outside expert advice obtained at Trust's inception on investment strategy and procedures	3/31/99		
Task 2	Prepare an annual plan of Trust investments and monitor progress quarterly	3/31/99		
Task 3	Throughout year, periodically update investment policies and procedures and publish on Corporation intranet site	9/30/99		

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

Objective 1 Reconcile fund balance with Treasury

Task	Description	Planned Completion Date	Revised Date	Actual Date
Task 1	Initiate review of monthly report to Treasury by Team Leader			10/ 1/98
Task 2	Start written notification by Trust Fund to Accounting on investments with Treasury			11/ 5/98
Task 3	Issue schedule for timely preparation and submission of monthly Statement of Transactions to Treasury	1/ 9/99		1/ 8/99
Task 4	Determine cash adjustments to be made based on the first SF-224 produced from Momentum and report on June SF-224 to Treasury	7/ 8/99		
Task 5	Throughout year, Statement of Differences reviewed upon receipt and adjustments identified by end of every month	9/30/99		
Task 6	Throughout year, report monthly to Treasury on cash adjustments resulting from data cleanup activities	9/30/99		

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

Task	Description	Planned Completion Date	Revised Date	Actual Date
Task 1	Procurement and Accounting Office Heads jointly develop contract data clean-up plan and define criteria for contract closeout	12/23/98		12/29/98
Task 2	Reconcile and initiate adjustments to contract data prior to conversion	4/16/99		

Task 3	Grants and Accounting offices jointly develop grant data clean up plan and establish criteria for financial closeout	1/11/99	2/16/99
Task 4	Validate grant data to be loaded into new accounting system, Momentum	4/16/99	
Task 5	Make adjustments to appropriate records based on analysis	5/14/99	
Task 6	Perform reconciliation of grants in HHS-PMS system with accounting system	5/21/99	

Objective 3 Make payments via Electronic Funds Transfer (EFT)

		Planned Completion Date	Revised Date	Actual Date
Task 1	Inform VISTA volunteers of ability to convert to EFT			10/26/98
Task 2	Send followup notifications to VISTA volunteers not responding			12/11/98
Task 3	Second followup to non-respondents	2/11/99		2/16/99
Task 4	Notify Corporation vendors, contractors and grantees of EFT requirements			10/30/98
Task 5	Throughout year, monitor progress in converting recipients to EFT	9/30/99		

Objective 4 Improve cash management

Task 1	Publish proposed Debt Collection regulations	1/29/99		1/28/99
Task 2	Finalize debt servicing agreement with Treasury	3/31/99		

Task 3	Update Accounts receivable procedures to reflect new Treasury process	3/31/99
Task 4	Develop procedures for direct deposit and convenience checking in lieu of Imprest Fund	2/ 1/99
		2/10/99

Goal 4 Grants Management

Create a single grants management program--from application through evaluation, award, administration and close-out--that provides stewardship over Federal funds in a cost-effective manner.

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

		Planned Completion Date	Revised Date	Actual Date
Task 1	Review NAPA report and prepare recommendations for CEO on grant processes and policies	12/12/98	1/31/99	1/28/99
Task 2	"Map" the Corporation's current grant processes for VISTA and NSSC	12/5/98	1/15/99	1/12/99
Task 3	"Map" the Corporation's current grant processes for NCSA grants	1/15/99	1/28/99	2/1/99
Task 4	Review current processes based on the "map," identify redundancies, inefficiencies and gaps, and prepare recommendations for change	5/15/99		
Task 5	Examine the AmeriCorps grants process for formula programs and make recommendations for improvement/simplification	2/1/99		1/28/99
Task 6	Implement fixed grant award policies for AmeriCorps Promise Fellows			10/30/98
Task 7	Revise the process for review and award of 1999 commission administrative funds, PDAT & disability grants to improve efficiency. Goal is to make awards within 30 days of receipt of application.	1/31/99		
Task 8	Issue final regulations for three Senior Corps programs	3/31/99		

Task 7: As of 2/16/99, 36 of 42 grants for administrative funds and 31 of 42 PDAT grants had been awarded to state commissions

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

		Planned Completion Date	Revised Date	Actual Date
Task 1	Establish a timeline for issuing FY 1999 program awards on an earlier schedule	2/15/99	2/26/99	
Task 2	Throughout year, regularly monitor comprehensive timeline	9/30/99		
Task 3	Develop an executive reporting system for grant awards	4/ 1/99		
Task 4	Develop a consolidated timeline for the FY2000 NCSA grant cycle that supports earlier award processes	3/15/99		
Task 5	Complete the revision of grant application guidelines for FY2000 program year	7/ 1/99		

Objective 3 Enhance monitoring activities

		Planned Completion Date	Revised Date	Actual Date
Task 1	Conduct training program for NCSA grantees on program and financial administration	1/15/99		1/13/99
Task 2	Identify NCSA site visits based on defined risk assessment criteria	1/31/99		1/31/99
Task 3	Develop and implement A-133 (Single Audit) procedures for Corporation grant programs	5/15/99		
Task 4	Perform comprehensive assessment of 5 or 6 state commissions focusing on oversight systems for financial management and compliance with grant requirements	9/30/99		
Task 5	Throughout year, monitor implementation of new policy requiring a compliance monitoring site visit once every three years for 1200 Senior Corps grants	9/30/99		

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

		Planned Completion Date	Revised Date	Actual Date
Task 1	Discuss with current grantees policies and strategies to end current awards	1/15/99		1/12/99
Task 2	Draft, coordinate with Accounting, and issue interim policies and procedures for close out of NCSA grants	2/28/99	3/15/99	
Task 3	Close out Commission on National and Community Service (Subtitle C and D grants)	3/31/99		
Task 4	Complete close out of remaining Commission on National and Community Service grants (Subtitle B)	6/30/99		
Task 5	Complete the close out of expired NCSA awards (except for open awards due to audits or investigations)	6/30/99		

Objective 5 Automate the cost-share billing system

		Planned Completion Date	Revised Date	Actual Date
Task 1	Develop a cost-share module for the VMS system			12/ 1/98
Task 2	Test the new module in the Chicago and Philadelphia service centers	1/15/99		1/ 8/99
Task 3	Identify problems and implement modifications	1/29/99	2/28/99	
Task 4	Complete test of system on first-quarter billings	2/19/99	3/10/99	
Task 5	Complete documentation and user manuals	3/12/99		
Task 6	Train service center staff on new system	4/ 1/99		

Task 7 Implement the new system in all service centers for 2nd quarter statements

5/ 1/99

Goal 5 Financial Systems

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

Objective 1 Implement new financial management system

		Planned Completion Date	Revised Date	Actual Date
Task 1	Momentum selected as new financial management system			11/25/98
Task 2	Configure documents in Momentum	2/ 9/99	3/ 2/99	
Task 3	Complete modification of VISTA Management System (VMS) related to accounting transactions	3/19/99		
Task 4	Complete National Finance Center payroll interface	3/16/99	5/21/99	
Task 5	Test system	4/ 8/99		
Task 6	Complete reconciliation of current Federal Success data	4/ 9/99		
Task 7	Complete VMS interface	4/22/99	6/ 1/99	
Task 8	Complete Momentum user manual	4/23/99		
Task 9	Begin user training	5/ 3/99		
Task 10	Complete HHS Payment Management System interface	5/26/99	6/14/99	
Task 11	Complete SPAN (Trust Fund) interface	6/10/99	6/18/99	
Task 12	Complete user training	6/18/99		

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

Per 2/17 mtg w/cross-servicing partner, the National Business Center, overall schedule remains unchanged but completion dates for interfaces w/external systems have been revised. Task 2: As of 2/19, 67% of documents (35 of 52) have been configured.

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

		Planned Completion Date	Revised Date	Actual Date
Task 1	Define accounting events that need to be passed to the accounting system (Federal Success)	1/15/99		1/13/99
Task 2	Develop requirements and program modifications	3/2/99	3/31/99	
Task 3	Test results and install modifications	3/19/99		
Task 4	Install new interfaces for Momentum	4/30/99		

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

Objective 1 Issue FY 1998 Audited Financial Statements

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

Goal 7 Information Technology -- Year 2000

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

Objective 1 Make PC workstations Year 2000 compliant

Task	Planned Completion Date	Revised Date	Actual Date
Task 1 Assemble Y2K software release	12/7/98		12/7/98
Task 2 Test software release (Human Resources Department)	12/7/98		12/7/98
Task 3 Begin roll-out	12/8/98		12/8/98
Task 4 Complete workstation upgrade (HQ and Service Centers)	12/30/98		1/25/99

Objective 2 Remediate headquarters network

Task	Planned Completion Date	Revised Date	Actual Date
Task 1 Upgrade Headquarters server	11/27/98		11/27/98
Task 2 Begin Service Center server upgrades	2/1/99		12/1/98
Task 3 Complete Service Center server upgrades	2/25/99		12/7/98
Task 4 Assure Internal mail system is compliant	12/2/98		11/28/98
Task 5 Install firewall necessary for external mail compliance	12/9/98	2/19/99	2/19/99

Objective 3 Remediate disaster recovery network

	Planned Completion Date	Revised Date	Actual Date
Task 1 Initiate upgrade	2/4/99		2/4/99
Task 2 Complete upgrade and test disaster readiness	2/24/99	3/24/99	

Objective 4 Deploy software to State offices

	Planned Completion Date	Revised Date	Actual Date
Task 1 Prepare software upgrade on computer disc (CD) for state offices			12/8/98
Task 2 Replace legacy equipment	1/31/99	2/28/99	
Task 3 Determine state office modem requirements for existing equipment	1/31/99	2/26/99	
Task 4 Workstation software upgrades start	1/31/99		1/28/99
Task 5 Re-assess strategies for remaining field office personal computers	3/31/99		

Objective 5 Make each NCCC Campus compliant

	Planned Completion Date	Revised Date	Actual Date
Task 1 Confirm status of NCCC administrative network upgrade	1/31/99	3/31/99	
Task 2 Determine requirements for NCCC classroom	2/28/99		
Task 3 Make NCCC network compliant with Corporation standards	6/30/99		

Task 1: Date revised because confirmation will require site visits to each campus.

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

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

Objective 7 Independent verification and validation

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

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

Objective	Task	Planned Completion Date	Revised Date	Actual Date
Objective 1 Recruit Chief Information Officer (CIO) and provide appropriate resources for IT improvements	Task 1 Post vacancy announcement for CIO	12/22/98		12/22/98
	Task 2 Select CIO	2/28/99	3/20/99	
	Task 3 CIO develops plan and budget for IT improvements			

CIO vacancy announcement closed January 22, 1999; 84 applications were received which are currently under review.

Objective	Task	Planned Completion Date	Revised Date	Actual Date
Objective 2 Improve State Office connectivity to HQ	Task 1 Perform cost benefit analysis of options for improving State Office access to email and Corporation databases	3/31/99		

Objective	Task	Planned Completion Date	Revised Date	Actual Date
Objective 3 Design Grants Information System	Task 1 Design interim DVSA grants system to replace Federal Success grant module for award generation	6/1/99		
	Task 2 Start design work on single Grants Information System for DVSA and NCSA programs	7/15/99		

Objective 4 Design Procurement module

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

Goal 9 Procurement Management Award and administer contracts in compliance with statutory and regulatory requirements

Objective 1 Ensure that Corporation staff correctly use up-to-date procurement policies and procedures

		Planned Completion Date	Revised Date	Actual Date
Task 1	Revise procurement policies and procedures; ensure that related audit findings are addressed	6/30/99		
Task 2	Provide training on use of Purchase Cards	4/30/99		
Task 3	Provide training for procurement staff on FAR changes	5/31/99		
Task 4	Provide training for Contracting Officer Technical Representatives (COTRs) and procurement staff on contract management	6/30/99		
Task 5	Complete corrective actions to address findings in procurement audit (98-24) except for procurement module (see Goal 8, Objective 4)	9/30/99		

Objective 2 Ensure that the Office of Procurement Services is organized and staffed to carry out its mission

		Planned Completion Date	Revised Date	Actual Date
Task 1	Hire new contract specialist	3/15/99		
Task 2	Redistribute workload	5/28/99		

Objective 3 Address audit findings related to personal services contracts

		Planned Completion Date	Revised Date	Actual Date
Task 1	Assess requirements for administrative support services. Recruit personnel in lieu of contracted administrative support (Encore contract expires)			12/31/98
Task 2	Assess requirements for professional services and determine appropriate manner in which to obtain	4/30/99		

APPENDIX B

**Corporation's Expenditure Estimate For \$3 Million Appropriation
For Financial Management Reforms**

Use of Set-Aside Funds for Urgent Program Administration Requirements

Goal	New Funds (000's)	Redirected Funds (000's)	Comments
General Control Environment	\$652.8	\$191.7	<p>New funds cover \$441.4 in personnel costs for new financial management staff, Executive Officers, Chief Information Officer, and staff devoted to management control work. Accounting staff are budgeted at a full year; other staff are budgeted for ½ year. New funds include \$200 for additional training. New funds also include \$11.4 for contracted support for financial management.</p> <p>Redirected funds include \$191.7 in personnel costs for staff working on new procedures, management infrastructure, re-engineering recommendations from NAPA study, and management control.</p>
National Service Trust	177.0	137.5	<p>New funds include \$177.0 in contract costs for programming, trust record improvement, and confirmation of new enrollee data in the Trust.</p>
Financial Operations	70.6	136.5	<p>Redirected funds include \$37.5 in personnel costs for Trust and GC staff and \$100.0 in contracted costs for programming related to web-based reporting from state commissions and imaging software, new enrollee letter, and mailing costs for new enrollee letter.</p> <p>New funds include 40.6 in personnel costs and \$30.0 for temporary assistance for data clean-up in Accounting.</p>
Grants Management	130.0	270.4	<p>Redirected funds include \$136.5 in personnel costs in Accounting for data clean-up and debt collection.</p> <p>New funds include \$80.0 in costs for temporary personnel for grants closeout initiative, \$30.0 for contract expertise for grants re-engineering, and \$20.0 in increased travel costs for grant monitoring</p>
Financial System	180.0	244.7	<p>Redirected funds include \$270.4 in personnel costs for AmeriCorps training conference, grants staff (1/2 year), and grants re-engineering work.</p> <p>New funds include \$180.0 for personnel for new financial systems implementation.</p>
Information Technology	289.6	519.2	<p>Redirected funds include \$244.7 in personnel costs in Accounting.</p> <p>New funds include \$289.6 for systems design.</p>
Total	1,500.0	1,500.0	<p>Redirected funds include \$519.2 for systems design and programming costs for projects, such as initial work on new integrated grants system, expansion of web-based reporting system to national direct grantees, and Trust imaging system enhancements.</p>