

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

June 3, 2004

The Honorable Richard Cheney  
President of the Senate  
Washington, DC 20510

The Honorable Dennis Hastert  
Speaker of the House of Representatives  
The Capitol  
Washington, DC 20515

Dear Mr. Vice President and Mr. Speaker:

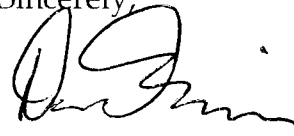
Enclosed is the Inspector General's Semi-Annual Report to the Congress along with the Corporation's Report on Final Action, as required under Section 5 of the Inspector General Act.

These reports cover the six-month period from October 1, 2003 through March 31, 2004. During this period, the Corporation made management decisions on 15 audits and completed final action on or closed 11 audits. Subsequent to this period, the Corporation made no additional management decisions but completed final action on one additional audit.

We are sending copies of this semi-annual report to interested Congressional committees, the Office of Management and Budget, and the Corporation's Board of Directors. We will also make copies available to others on request.

If you have any questions concerning these reports, please contact me or the Corporation's Inspector General J. Russell George.

Sincerely,



David Eisner  
Chief Executive Officer



1201 New York Avenue, NW ★ Washington, DC 20525  
202-606-5000 ★ [www.nationalservice.org](http://www.nationalservice.org)

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**TABLE I**  
**ACTION TAKEN ON AUDIT REPORTS**  
**(for the Period October 1, 2003 through March 31, 2004)**

	<u>Number of Reports</u>	<u>Disallowed Costs (\$000)</u>
A. Audit reports with final action not taken by the commencement of the reporting period.	20	
B. Audit reports issued by the OIG during the period	11	
C. Audit reports for which final action was taken during the reporting period	12	
1. Recoveries		
(a) Collections and offsets	6	\$2,269
(b) Property in lieu of cash		
(c) Other (reduction of questioned costs)		
2. Write-offs	0	
3. Audits with no disallowed costs	6	
D. Audit reports for which final action was not taken by the end of the reporting period. <sup>1</sup>	19	
E. <hr/> Audit reports for which management decisions were made during or prior to the six-month reporting period and for which final action is underway.	7	

<sup>1</sup> This includes 16 audits for which final action is not due.

**TABLE II**  
**AUDITS WITH RECOMMENDATIONS TO PUT FUNDS TO BETTER USE**  
**(for the period October 1, 2003 through March 31, 2004)**

	<u>Number of Audit Reports</u>	<u>Dollar value (\$000s)</u>
A. Audit reports with management decisions on which final action had not been taken at the beginning of the period.	2	1,664
B. Audits which were issued during the period	0	0
C. Total audit reports on which management decisions were made during the period.	2	1,664
D. Audit reports pending action during the period	0	0
E. Audit reports for which final action was taken during the period		
1. Value of recommendations that were completed	2	1,664
2. Value of recommendations that management concluded should not or could not be implemented or completed	0	0
3. Total of 1 and 2	2	1,664
F. Audit reports for which no management decisions were made during the reporting period	0	0

**TABLE III****STATUS OF AUDIT REPORTS WITH MANAGEMENT DECISIONS THAT HAD NO FINAL ACTION  
WITHIN ONE YEAR OF THE ISSUANCE OF THE REPORT  
(As of March 31, 2004)**

<u>Audit Number</u>	<u>Date Issued</u>	<u>Title</u>	<u>Disallowed Costs</u>	<u>Status of Action/Reason No Final Action Was Taken</u>
01-31	7/9/01	Report on the Review of the CNCS National Direct Grant Application Review Process	N/A	The Corporation has completed corrective action on audit number 01-31; this was reported to OIG on June 3, 2004.
02-17	09/30/02	Incurred-Cost Audit of CNCS Grants Awarded to the New Jersey Community Service Commission	\$85,381	The Corporation conducted a monitoring visit on May 5, 2004 and determined that the New Jersey Commission has implemented all of the corrective actions. Final action is now complete and was reported to OIG on 5/12/2004.
02-21	09/30/02	Incurred-Cost Audit of CNCS Grants Awarded to the Alabama Governor's Office on National and Community Service	TBD	The Alabama Commission is still gathering documentation from several subgrantees which has prevented the Corporation from completing corrective action. Completion is not likely until July 2004.
03-03	03/27/03	Incurred Cost Audit of Grants Awarded to the Indiana Commission for Community Service and Volunteerism	\$780,565	The Corporation has completed corrective action as of 10/24/2003. Notice of final action was submitted with proposed management decision transmitted to OIG on November 28, 2003.
03-14	03/28/03	Audit of Costs Claimed by the Navajo Nation Under Grant no. 399W023-21, Foster Grandparent Program	\$9,261	The Corporation has not finalized corrective action with grantee. Grantee has a due date of June 3, 2004 to comply with three requirements.