

May 27, 2009

The Honorable Joseph R. Biden, Jr.
President of the Senate
Washington, DC 20510

Dear Mr. Vice President:

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, 2008 through March 31, 2009. During this period, the Corporation made management decisions on 15 audits and completed final action on or closed 13 audits. Subsequent to the end of this period, the Corporation made management decisions on three additional audits and completed final action on one audit.

The semi-annual report makes reference to the Inspector General's disagreement with the Corporation's settlement of a matter involving St. HOPE Academy, a former AmeriCorps grantee. We note that the Acting United States Attorney for the Eastern District of California, in announcing the terms of the settlement agreement on April 9, 2009, stated as follows: "The agreement reached strikes a proper balance between accountability and finality." The Acting U.S. Attorney also issued a letter of commendation, dated April 17, 2009, praising our Office of General Counsel for its outstanding work in resolving the matter to protect the interests of the United States while ensuring a just result. The Corporation has been advised that the Acting U.S. Attorney has formally communicated concerns about the Inspector General's conduct in this matter to the Chair of the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency. Accordingly, we are constrained from commenting substantively on the Inspector General's concerns.

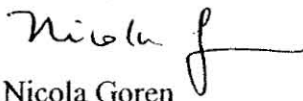
The semi-annual report also objects to Corporation revisions to the AmeriCorps grant provisions covering delays in obtaining signatures on member agreements and completion of end-of-term evaluations. The Corporation believes the clarifications are consistent with the applicable statutory and regulatory framework. The Corporation carefully considered the Inspector General's views on both issues and concluded that, while these issues are important compliance matters, they are not proper bases for recovering grant costs. We believe that Corporation responses to OIG's audits have directly and substantively addressed the merits of the OIG's concerns, even if we reached different conclusions.



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 Gerald Walpin.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicola Goren", with a long horizontal flourish extending to the right.

Nicola Goren
Acting Chief Executive Officer

Enclosures

Semiannual Report to Congress: October 1, 2008 – March 31, 2009

Table I

Table II

Table III

Distribution List

Response to Semi-Annual Report

TABLE I

**ACTION TAKEN ON AUDIT REPORTS
(for the Period October 1, 2008 through March 31, 2009)**

	<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	\$599
B. Audit reports issued by the OIG during the reporting period	10	0
C. Audit reports for which final action was taken during the reporting period	13	\$994
1. Recoveries ¹		
(a) Collections and offsets	9	\$137
(b) Property in lieu of cash		
(c) Other (reduction of questioned costs)		
2. Write-offs	0	
3. Audits with no disallowed costs	4	0
D. Audit reports for which final action was not taken by the end of the reporting period. ²	17	\$23
E. <hr style="width: 40%; margin-left: 0;"/> Audit reports for which management decisions were made during or prior to the six-month reporting period and for which final action is underway.	9	\$47

¹ Recoveries include audits for which final action was taken in prior reporting periods

² This includes 16 audits issued this period and those from the previous periods for which final action is not overdue.

TABLE II
REPORTS WITH RECOMMENDATIONS THAT
FUNDS BE PUT TO BETTER USE
(for the period October 31, 2008-March 31, 2009)

	<u>Number of Audit Reports</u>	<u>Dollar value (\$000s)</u>
A. Reports for which final action had not been taken by the commencement of the reporting period	13	\$1,485
B. Reports for which management decisions were made during the reporting period	10	\$904
C. Reports for which final actions was taken during the reporting period	7	\$604
i. Dollar value of recommendations completed		\$180
ii. Dollar value of recommendations that management has concluded should not or could not be implemented		\$424
D. Reports for which no final action had been taken by the end of the reporting period	9	\$891

Table III
Reports Described in Prior Semiannual Reports Without Final Action

Audit Number	Title	Date Issued	Date Due	Disallowed Cost	Status of Action/Reason No Final Action was Taken
	None				