



May 29, 2008

The Honorable Richard Cheney
President
United States Senate
Room S-212, The Capitol
Washington, DC 205 10

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.

The Inspector General notes his candid working relationship with Corporation management in the report, which is indicative of the constructive relationship we have. We share a mutual interest in protecting and using taxpayer resources wisely. As stated by the IG, there have been a few situations in which the IG disagrees with the Corporation's management decisions on audits. The Corporation will continue to work with the OIG to reach agreement to the fullest extent possible, and we are committed to improving the timeliness of our management decisions on audits.

These reports cover the six-month period from October 1, 2007 through March 31, 2008. During this period, the Corporation made management decisions on eight audits and completed final action on or closed 13 audits. Subsequent to the end of this period, the Corporation reached final management decisions on four audits and completed action on four additional audits.

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 (202-606-6737) or the Corporation's Inspector General, Gerald Walpin (202-606-9366).

Sincerely,

David Eisner
Chief Executive Officer

Enclosures:

Table I

Table II

Table II1

Semiannual Report to Congress:

October 1, 2007 to March 31, 2008

Distribution List



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TABLE I
ACTION TAKEN ON AUDIT REPORTS
(for the Period October 1, 2007 through March 31, 2008)

	<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.	38	\$1,151
B. Audit reports issued by the OIG during the reporting period	13	\$0
C. Audit reports for which final action was taken during the reporting period	12	\$808
1. Recoveries ¹		
(a) Collections and offsets	12	\$896
(b) Property in lieu of cash		
(c) Other (reduction of questioned costs)		
2. Write-offs	0	
3. Audits with no disallowed costs ²	6	0
D. Audit reports for which final action was not taken by the end of the reporting period. ³	26	\$342
E. Audit reports for which management decisions were made during or prior to the six-month reporting period and for which final action is underway.	8	\$254

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

² These 6 audits had no questioned costs and, therefore, no costs to allow or disallow.

³ This includes 18 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 1, 2007-March 31, 2008)

	<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	10	\$531
B. Reports for which management decisions were made during the reporting period	1	\$5
C. Reports for which final actions was taken during the reporting period	4	\$133
i. Dollar value of recommendations completed		\$142
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	6	\$398

TABLE III

**REPORTS DESCRIBED IN PRIOR SEMIANNUAL REPORTS
WITHOUT FINAL ACTION
(As of March 31, 2008)**

<u>Audit Number</u>	<u>Date Issued</u>	<u>Title</u>	<u>Disallowed Costs</u>	<u>Date Due</u>	<u>Status of Action/Reason No Final Action Was Taken</u>
06-05	2/13/06	Audit of Grants Awarded to the Puerto Rico State Commission on Community Service and Social Action	\$12,697	2/13/07	The Corporation accepted the OIG non-concurrence with the PMD and agreed to review additional documentation before submitting the MD.
06-31	7/18/06	Kentucky Dept of Mental Health/Foster Grandparent	\$39,332	7/18/07	PMD issued to OIG subsequent to March 31, 2007.
06-39	8/1/06	CNS Internet use	N/A	8/1/07	Addressed internet use of internal staff through implementation of Cyfin Reporter and auditing procedure. OIT, PMO, and NCCC are discussing alternatives.
06-43	9/25/06	Agreed upon procedures Review FEMA Hurricane Relief	N/A	9/25/07	Remaining corrective action related to policies which are being prepared for internal clearance
07-05	10/4/06	Maryland Commission	\$74,597	10/4/07	Two corrective actions remain open.
07-06	10/12/06	Kansas Big Brothers Big Sisters	\$97,957	10/12/07	Subsequent to March 31, 2007, the Corporation completed final action on the audit.
07-08	1/19/07	Public Allies	\$45,014	1/19/08	Subsequent to March 31, 2007, the Corporation completed final action on the audit.
07-10	11/22/06	HIPPY USA	\$20,479	11/22/07	Four corrective actions remain open.