Office of Inspector General
Corporation for National and Community Service

PRE-AUDIT SURVEY OF THE NEBRASKA VOLUNTEER SERVICE COMMISSION

OIG REPORT NUMBER 04-06
SEPTEMBER 5, 2003, except for Appendix A as to which the date is October 6, 2003

Corporation for NATIONAL & COMMUNITY SERVICE

Prepared by:

COTTON & COMPANY LLP
333 North Fairfax Street, Suite 401
Alexandria, Virginia 22314

This report was issued to Corporation management on January 28, 2004. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than July 28, 2004, and complete its corrective actions by January 28, 2005. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Office of Inspector General
Corporation for National and Community Service
Audit Report 04-06

Audit of Corporation for National and Community Service Grants Awarded to the Nebraska Volunteer Service Commission

Introduction

The Corporation for National and Community Service, pursuant to the National and Community Service Trust Act, as amended, awards grants and cooperative agreements to State commissions, nonprofit entities, tribes, and territories to assist in the creation of full- and part-time national and community service programs. Currently, under the Act's requirements, the Corporation awards approximately three-fourths of its AmeriCorps*State/National funds to State commissions. The State commissions in turn fund and are responsible for the oversight of subgrantees who execute the programs. Through these subgrantees, AmeriCorps members perform service to meet educational, human, environmental, and public safety needs.

The Office of Inspector General retained Cotton & Company LLP to perform a pre-audit survey of the Nebraska Volunteer Service Commission. The objective of the pre-audit survey was to evaluate: (1) the adequacy of the pre-award selection process; (2) the administration of grant funds; and (3) grant monitoring. The audit period included Program Years 2000–2001 and 2001–2002.

The Commission was awarded AmeriCorps Formula, AmeriCorps Competitive, Program Development and Training, and Administrative grants of approximately $4,126,932 for the period covered by the survey. The auditors noted that the Commission had no written policies and procedures for the pre-audit survey period. Also, Commission records of administering grant funds and evaluating and monitoring subgrantees were incomplete for the survey priod. The auditors recommended performing of a full-scope audit for Program Years 2000-2001 and 2001-2002.

The Office of Inspector General has reviewed the report and the work papers supporting the auditors' conclusions. Our review of the auditors' work papers disclosed no instances where Cotton & Company LLP did not comply, in all material respects, with generally accepted government auditing standards.

The Office of Inspector General provided the Nebraska Commission and the Corporation with a draft of this report for their review and comment. Their responses are included in their entirety as Appendices C and D, respectively.

OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
PRE-AUDIT SURVEY OF THE
NEBRASKA VOLUNTEER SERVICE COMMISSION

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COTTON & COMPANY LLP
auditors • advisors

333 NORTH FAIRFAX STREET • SUITE 401 • ALEXANDRIA, VIRGINIA 22314 • 703/836/6701 • FAX 703/836/0941 • WWW.COTTONCPA.COM

September 5, 2003, except for Appendix A, which is dated is October 6, 2003

Office of Inspector General
Corporation for National and Community Service

Cotton & Company LLP performed a pre-audit survey of the Nebraska Volunteer Service Commission in accordance with the terms of the statement of work, dated June 24, 2003, by and between Cotton & Company and the Office of Inspector General (OIG), Corporation for National and Community Service (Corporation).

The primary survey objectives were to evaluate:

- The adequacy of the Nebraska Commission's pre-award selection process.
- The procedures for fiscal administration of Corporation grants.
- The effectiveness of the Nebraska Commission's procedures for monitoring subgrantees, including AmeriCorps member activities, service hours, and statistics, and other information related to program accomplishments.

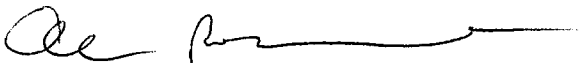
We also issued a letter to the OIG concerning our conclusions on audit risk and recommendations as to the nature and scope of additional procedures.

We conducted our procedures in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States in 2003. We were not engaged to and did not conduct an audit of financial statements, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Further, our procedures were not sufficient to express an opinion on the Nebraska Commission's internal control or on its compliance with laws, regulations, contracts, and grants. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

As required by *Government Auditing Standards,* we obtained written management representations from the Nebraska Commission. However, we were unable to obtain management representations for the entire period of our procedures, which is a limitation on the scope of our engagement.

This report is intended solely for the information and use of the OIG and is not intended to be and should not be used by anyone other than the OIG.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

SUMMARY OF RESULTS

We were engaged by the Office of Inspector General, Corporation for National and Community Service, to provide an assessment of the systems and procedures in place at the Nebraska Volunteer Service Commission (Commission) for administering its AmeriCorps grants and monitoring the fiscal activity of its subgrantees. The primary purpose of this pre-audit survey was to evaluate:

- The adequacy of the pre-award selection process
- The administration of grant funds
- Grant monitoring

During fieldwork, the Commission was unable to produce any written documentation of policies and procedures for the pre-audit survey period. The executive director advised Cotton & Company that written policies and procedures for the period of the pre-audit survey did not exist, and that all personnel who had worked at the Commission during the survey period were no longer employed by the Commission. Accordingly, we were not able to conduct interviews or obtain any oral information from employees with regard to policies, procedures, and processes at the Commission for the pre-audit survey period. We have made the following preliminary assessments regarding the Commission's systems for administering its AmeriCorps grants:

- For the pre-audit survey period, the Commission did not have written policies and procedures for:
  - Internal control
  - Selecting subgrantees
  - Administering grant funds
  - Evaluating and monitoring subgrantees
- For Program Years 2000-2001 and 2001-2002, Commission files were incomplete for:
  - Administering grant funds
  - Evaluating and monitoring subgrantees

The findings and recommendations presented in this report describe these matters in detail and address additional issues noted during the survey.

During the period of our pre-audit survey, the Commission's AmeriCorps grants were not audited as a major program under Office of Management and Budget (OMB) Circular A-133. Based on the findings outlined above and the fact that the Commission's programs have not been audited as major programs, we recommend a full-scope, cost-incurred audit for Program Years 2000-2001 and 2001-2002.

We also recommend that the Corporation follow up with the Commission to determine that appropriate corrective actions have been taken to address the conditions reported herein, and that

the Corporation consider these conditions in its future oversight and monitoring of the Commission.

BACKGROUND

The Corporation for National and Community Service

The National and Community Service Trust Act of 1993, which amended the National and Community Service Act of 1990, established the Corporation for National and Community Service. The Corporation funds opportunities for Americans to engage in service that fosters civic responsibility, strengthens communities, and provides educational opportunities for those who make a substantial commitment to service.

The Corporation awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in creating full- and part-time national and community service programs. Through these grants, AmeriCorps members perform service to meet educational, human, environmental, and public safety needs throughout the nation, with special attention focused on needs related to poverty. In return for their service, program participants may receive a living allowance and a monetary award presented for educational purposes.

The Corporation awards approximately 75 percent of its AmeriCorps funds to State commissions. State commissions are responsible for developing and communicating a vision and ethic of service throughout their State.

Additionally, State commissions, acting as grantees, distribute funds to subgrantees to enable them to administer service programs. State commissions are responsible for monitoring subgrantee compliance with grant requirements. The commissions are also responsible for providing training and technical assistance to the service programs. State commissions, however, are prohibited from directly operating service programs.

The Nebraska Volunteer Service Commission

The Nebraska Volunteer Service Commission was established in December 1994 by executive order of the Governor to promote, mobilize, and support the efforts of all Nebraskans in strengthening their communities, State, and Nation through community service. The Corporation funds the Commission. The Department of Health and Human Services of the State of Nebraska provides accounting support to the Commission.

The Commission has had significant employee turnover in the past few years. It currently has four full-time employees and one contract employee. The positions include the executive director, two program officers, a Program Development Assistance and Training (PDAT)/disability coordinator, and the fiscal/office manager. The executive director assumed that position in January 2001. The rest of the staff have joined the Commission since 2002.

The Commission is included in the Nebraska state wide OMB Circular A-133 audit. However, the Corporation's grants were not tested as major programs during the pre-audit survey period.

The Commission provided the following information for Program Years 2000-2001 and 2001-2002:

Program Year	Expenditures of Corporation Funding	Number of Subgrantees
2000-2001	$2,116,711	7
2001-2002	$2,010,221	9

OBJECTIVES, SCOPE, AND METHODOLOGY

Cotton & Company was engaged by the OIG to assess systems and procedures in place at the Nebraska Commission for administering AmeriCorps grants and monitoring subgrantee fiscal activity. The primary purpose of this pre-audit survey was to evaluate:

- The adequacy of the pre-award selection process
- The administration of grant funds
- Grant monitoring, including:
  1. Fiscal monitoring of AmeriCorps State subgrantees;
  2. Monitoring of program accomplishments and other performance statistics; and
  3. Monitoring of AmeriCorps member-eligibility and service-hour reporting.

Our survey included the following procedures:

- Reviewing applicable laws, regulations, grant provisions, the Corporation's *State Administrative Standards Tool*, and other information to gain an understanding of legal, statutory, and programmatic requirements.
- Reviewing OMB Circular A-133 reports and grant agreements between the Corporation and the Commission for Program Years 2000-2001 and 2001-2002.
- Obtaining information from Commission management to complete the flowcharts in Appendix A, which document the hierarchy of Corporation funding to the Commission for Program Years 2000-2001 and 2001-2002.
- To the extent possible, conducting inquiries, observations, investigations, and examinations of a limited sample of source documents to meet the objectives and methodology specified in Appendix B.

We summarized the results of our work to develop the findings and recommendations presented in this report. We discussed all findings with Commission management during an exit conference on September 5, 2003. Additionally, we provided a draft of this report to the Commission and the Corporation. Commission and Corporation responses to our findings and recommendations are included as Appendices C and D, respectively.

RESULTS OF FIELDWORK

Internal Control

According to 45 CFR § 2541.200, the Commission must maintain financial management systems that provide "accurate, current, and complete disclosure of the financial results of financially assisted activities." The Commission must also provide "[e]ffective control and accountability ...for all grant and subgrant cash, real and personal property, and other assets."

At the beginning of this engagement, a list of documents required for fieldwork was forwarded to the Nebraska Commission. The list included a request for copies of written policies and procedures for Program Years 2000-2001 and 2001-2002. During fieldwork, however, the Commission was unable to produce any written documentation of policies and procedures for the pre-audit survey period. The executive director advised us that written policies and procedures for the period of the pre-audit survey did not exist, and that all personnel who had worked at the Commission during that time were no longer employed by the Commission.

As a result, we were unable to interview or obtain any oral information from employees with regard to the Commission's internal controls for the pre-audit survey period. Additionally, we were unable to determine if the Commission had established any internal controls for this period. As a result, we were unable to determine the adequacy of internal controls or perform any procedures to determine if these controls were operating as intended.

Finding: The Commission did not have written policies and procedures for internal control for the pre-audit survey period.

45 CFR § 2541.200(b)(3) states:

> **Internal Control**. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Recommendation: The Commission represented that it is in the process of developing and implementing internal control policies and procedures. We recommend that the Corporation review these newly formulated policies and procedures to determine if they comply with grant requirements and ensure that they are properly implemented.

Selecting Subgrantees

45 CFR § 2550.80(b)(1) states that each State commission must:

> Administer a competitive process to select national service programs to be included in any application to the Corporation for funding.

As indicated in the preceding discussion of internal controls, the Commission's executive director stated that written policies and procedures for the pre-audit survey period did not exist. However, in response to our request for information the executive director did prepare a memorandum that detailed her understanding of the selection process in use during Program Year 2001-2002.

The Commission maintained certain records of subgrantees selected during this period and provided a list of subgrantee applicants. This list included ten applications that were accepted and an eleventh application that was rejected. We selected four of the accepted applicants to test the records maintained by the Commission to determine if the subgrantee selection process was open and competitive during the pre-audit survey period.

We obtained a copy of the Notice of Funds Available (NOFA) letter distributed to potential applicants. However, there was no documentation that the Commission administered an open, competitive application process. Additionally, Commission files did not contain documentation of the pre-award financial and programmatic risk assessments for the subgrantees.

We obtained and reviewed guidance provided to subgrantee selection officials. Subgrantee applications are reviewed by a peer review panel. Peer reviewers are required to sign a conflict-of-interest and privacy statement. Grant applications, along with instructions and score sheets, are sent to reviewers. Score sheets did not, however, contain documentation to support the conclusion that a review of subgrantee financial systems was included as part of the review process.

Reviewers then meet to discuss and combine their score sheets to arrive at one final score. Based on the peer review panel recommendation, the Commission notifies applicants by letter if the application was accepted. The file for the one rejected applicant did not contain a letter to notify them that the application was rejected. We reviewed the score sheet for this applicant and noted that it received the lowest score. The peer review panel did not recommend that this applicant receive a grant.

Finding: The Commission did not have written policies and procedures for selecting subgrantees for the pre-audit survey period.

Although the Commission's executive director provided a memorandum of her understanding of the selection process that had been in use during the pre-audit survey period, we were unable to determine if the Commission's subgrantee selection process was open and competitive, in accordance with 45 CFR § 2550.80(b)(1). Further, there was no documentation as to whether the subgrantees' financial systems were evaluated in the selection process.

Recommendation: The Commission represented that it is in the process of developing and implementing policies and procedures for selecting subgrantees. We recommend that the Corporation review these new policies and procedures to ensure their compliance with grant requirements and their proper implementation.

Administering Grant Funds

According to 45 CFR § 2550.80(d), State commissions "will be responsible for administering the grants and overseeing and monitoring the performance and progress of funded programs."

As discussed above in the internal control finding, the Commission did not have policies and procedures for administering grant funds during the pre-award survey period, and it did not maintain complete subgrantee files. Thus, we were unable to perform test procedures to determine the adequacy of grant administration.

Finding: The Commission did not have written policies and procedures for administering grant funds for the pre-audit survey period.

45 CFR § 2541.200(b)(3) requires effective control and accountability over grants.

Recommendation: The Commission represented that it has implemented policies and procedures for administering grant funds. We recommend that the Corporation review these new policies and procedures to determine if they comply with grant requirements and ensure that they are properly implemented.

Finding: The Commission's files for administering grant funds were inadequate for Program Years 2000-2001 and 2001-2002.

Documentation contained in the files was inconsistent with regard to the types of documents on file for the subgrantees and the amount of documents on each subgrantee. Thus, we were unable to determine what grant administration procedures were performed by the Commission during the pre-audit survey period.

45 CFR § 2550.80(d) requires State Commissions to "be responsible for administering the grants and overseeing and monitoring the performance and progress of funded programs."

Recommendation: The Commission represented that it is in the process of developing and implementing policies and procedures for administering grant funds. We recommend that the Corporation review these new policies and procedures to determine if they comply with grant requirements and ensure that they are properly implemented.

Evaluating and Monitoring Grants

45 CFR § 2550.80(e) states that the Commission, "in concert with the Corporation, shall be responsible for implementing comprehensive, non-duplicative evaluation and monitoring systems."

As discussed above in the internal control finding, the Commission did not have policies and procedures for administering grant funds during the pre-award survey period, and it did not maintain complete subgrantee files. Thus, we were unable to test procedures to determine if the Commission followed procedures that adequately evaluated and monitored grants.

Finding: The Commission did not have written policies and procedures for evaluating and monitoring subgrantees for the pre-audit survey period.

45 CFR § 2541.200(b)(3) requires effective control and accountability over grants.

Recommendation: The Commission represented that it is in the process of developing and implementing policies and procedures for evaluating and monitoring grants. We recommend that the Corporation review these new policies and procedures to determine if they comply with grant requirements and ensure that they are properly implemented.

Finding: The Commission's files related to evaluating and monitoring subgrantees were incomplete for Program Years 2000-2001 and 2001-2002.

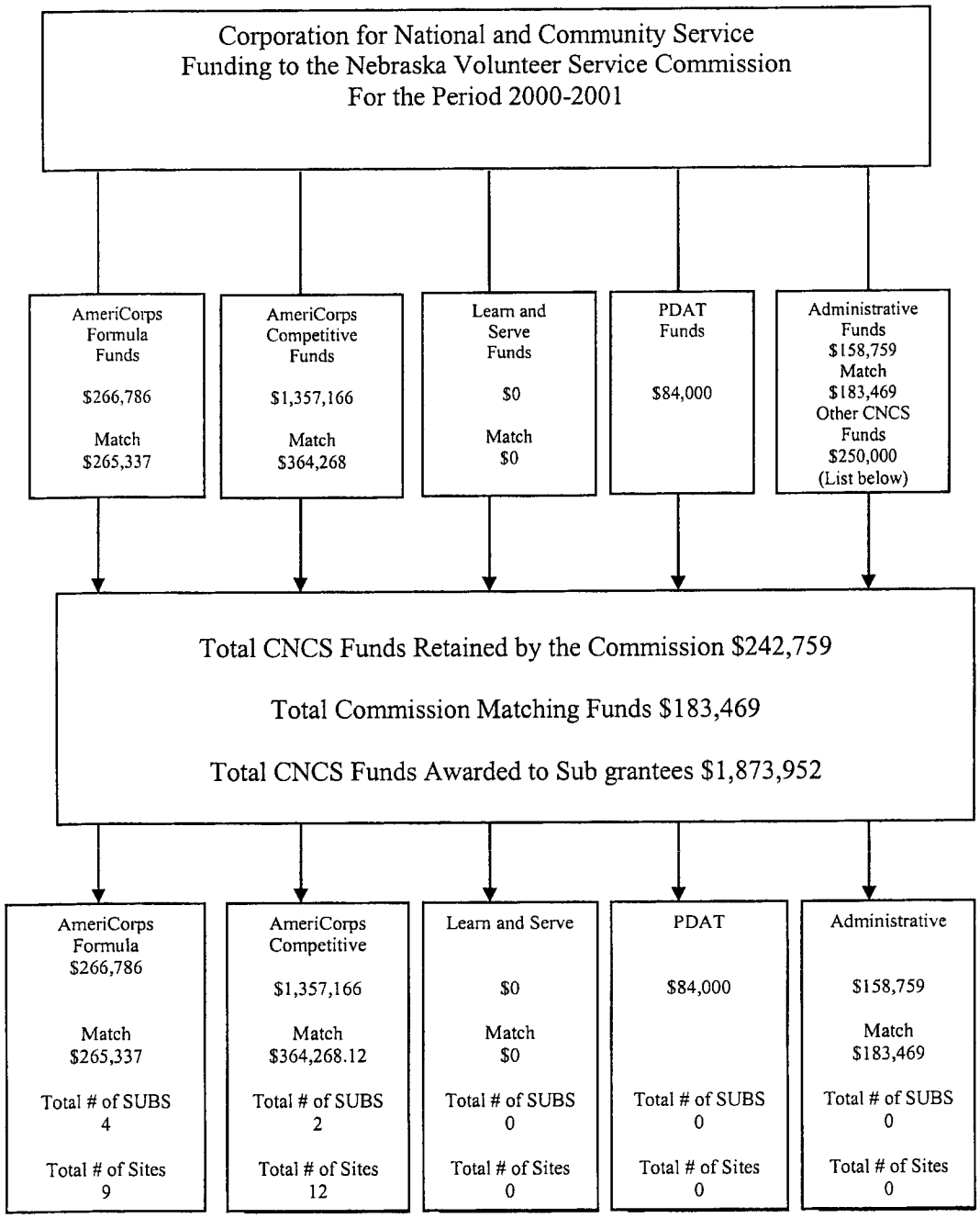
Documentation contained in the files was inconsistent with regard to the types of documents on file for the subgrantees and the amount of documents on each subgrantee. Thus, we were unable to determine if the Commission followed any grant evaluation and monitoring procedures during the pre-audit survey period. Such procedures are required by 45 CFR § 2550.80(e).

Recommendation: The Commission represented that it is in the process of developing and implementing policies and procedures for evaluating and monitoring grants. We recommend that the Corporation review these new policies and procedures to determine if they comply with grant requirements and ensure that they are properly implemented.

APPENDIX A

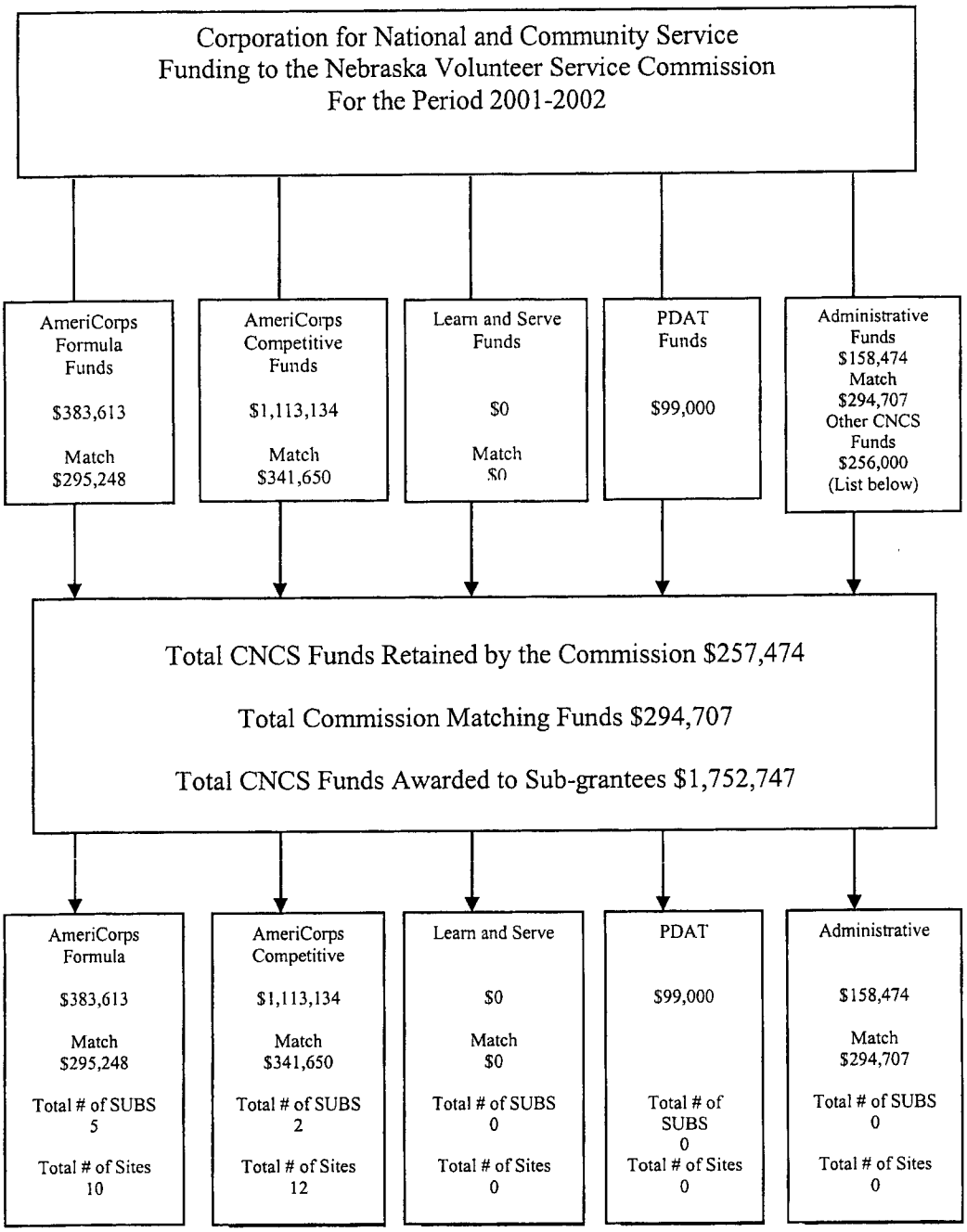
FUNDING HIERARCHY FLOWCHARTS

Office of Inspector General
Corporation for National and Community Service
State Commission Pre-Audit Survey: Nebraska
Funding Hierarchy Flowchart



Notes: Other CNCS funds of $250,000 consist of Education Awards to one subgrantee, Nebraska Teacher Corps.
FSRs did not reconcile to amounts in WBRS. Corrected FSRs were submitted by the Commission on October 6, 2003.

Office of Inspector General
Corporation for National and Community Service
State Commission Pre-Audit Survey: Nebraska
Funding Hierarchy Flowchart



Note: Other CNCS funds in the amount of $256,000 consist of Education Awards only to two subgrantees; Nebraska Teacher Corps. for $250,000 and Nebraska Educational Consortium for $6,000.

APPENDIX B

DETAILED ENGAGEMENT OBJECTIVES AND METHODOLOGY

Office of Inspector General
Corporation for National and Community Service
State Commission Pre-Audit Survey: Nebraska
Detailed Engagement Objectives and Methodology

INTERNAL CONTROL

Our objective was to assess the adequacy of financial systems and documentation maintained by the Commission to provide reasonable assurance that transactions were properly recorded and accounted for to: (1) permit preparation of reliable financial statements and Federal reports; (2) maintain accountability over assets; and, (3) demonstrate compliance with laws, regulations, and other compliance requirements.

To achieve these objectives, we reviewed promulgated guidance as well as identified internal control objectives and characteristics related to the Commission's ability to ensure compliance with Federal laws, regulations, and program compliance. Because of the lack of documents, we were unable to determine the Commission's control related to the control environment, activities allowed or unallowed, and allowable costs (eligibility, matching, period of availability of Corporation funds, procurement, suspension and debarment, program income, subgrantee monitoring, and Commission reporting to the Corporation).

SELECTING SUBGRANTEES

Our objective was to determine if the Commission had an open, competitive process to select national service subgrantees, including policies and procedures related to assessing the adequacy of potential subgrantee financial systems, subgrantee controls to administer a Federal grant program, and processes for preventing conflicts of interest in the selection process at the Commission. Due to the lack of documented policies and procedures, we were unable to determine if the Commission's systems and controls for selecting subgrantees were functioning as designed.

To achieve these objectives, we interviewed Commission management, to the extent possible, to determine procedures performed by the Commission during the pre-award financial and programmatic risk assessment of potential subgrantees for the pre-audit survey period.

Next, we obtained and reviewed available documentation to determine if selection officials signed conflict-of-interest and privacy forms for each subgrantee applicant tested and if the Commission maintained these forms. Documentation included peer review packages, correspondence, memoranda, scorecards, and peer review assessment sheets.

ADMINISTERING GRANT FUNDS

Our objectives were to:

- Assess the adequacy of systems and controls used by the Commission to maintain appropriate financial management systems to disburse funds and track Commission and program expenses according to legal and grant requirements.

- Determine if the Commission's organizational structure, staffing level, and staffing mix were conducive to effective grant administration.

- Determine if the Commission provided adequate guidance to subgrantees related to the maintaining of financial systems, records, supporting documentation, and the reporting of subgrantee activity.

- Assess the adequacy of financial systems and documentation maintained by the Commission to support oversight of subgrantees and required reporting to the Corporation, such as FSRs, enrollment and exit forms, change of status forms, and audit reports.

- Determine if the Commission had procedures in place to verify the accuracy and timeliness of reports submitted by subgrantees.

Because of the lack of supporting documentation, we were unable to achieve these objectives.

EVALUATING AND MONITORING GRANTS

Our objectives were to:

- Identify and assess the adequacy of systems and controls used by the Commission to implement a comprehensive evaluation and monitoring process for its subgrantees.

- Determine if the Commission had an established subgrantee site visit program in place and assess the effectiveness of its design in achieving monitoring objectives.

- Determine the adequacy of Commission procedures to assess subgrantee compliance with Corporation regulations (e.g., eligibility of members, service-hour reporting, prohibited activities, payment of living allowances to members, and allowability of costs claimed under grants by subgrantees).

- Assess the adequacy of Commission procedures for obtaining, reviewing, and following up on findings included in subgrantee single audit reports, where applicable.

- Determine if program goals were established, and if program results and performance statistics were accurately reported and compared to these goals.

- Assess the adequacy of procedures in place to evaluate whether subgrantee programs were achieving their intended purposes.

Because of the lack of supporting documentation, we were unable to achieve any of these objectives.

APPENDIX C

NEBRASKA VOLUNTEER SERVICE COMMISSION RESPONSE

Nebraska Volunteer Service Commission
serve your neighbor•serve your community•serve your country

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Lincoln, NE 68509-8927
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Web Address: http://www.nol.org/home/NVSC E-mail: nvsc@hhss.state.ne.us

Executive Director
Debra Hartmann

Honorary Chair
Stephanie Johanns

Chair
Jamesena Moore

Vice Chair
John Manna

Conference Planning Committee
Lois Wine, Chair

Awards Committee
Lana Burr, Chair

Grant Review Committee
Doug Gibbs, Chair

Finance Committee
Patrick Beans, Chair

Legislative Committee
Ron Sedlacek, Chair

Nominations Committee
Bruce Trautwein, Chair

Public Relations Committee
Cynthia Buettner, Chair

State Plan Committee
Diann Muhlbach

Susan Aguilar
Colleen Bostock-Zoubek
Beatty Brusch
W. Gary Gates
Yvonne Norton Leung
Arthur May
Rick Nation
G.W. "Gerry" Osborn
Jim Pace

December 2, 2003

J. Russell George
Inspector General
Corporation for National and Community Service
1201 New York Avenue, NW
Suite 830
Washington, DC 20525

Dear Mr. George:

The Nebraska Volunteer Service Commission appreciates the opportunity to participate in the pre-audit survey review and to respond to the draft report.

In order to respond properly and accurately to this draft report, the Commission requests a 90-day extension to the December 5, 2003, deadline. The reasons for the extension are:

- After the Pre-Audit Survey, Commission staff located several boxes of computer diskettes that had been placed in storage following the Commission's two moves during the last few years. These diskettes were created by former staff and we believe will contain documentation helpful in responding accurately to the draft report. The diskettes are filed and named by date rather than subject and many are still in DOS format. It will take some time to ascertain what information is on the diskettes.
- A review of Commission meeting minutes and files has provided additional evidence of the Commission's compliance. We require additional time to properly and accurately respond to findings in the draft report using this information.

We believe it is important to clarify that internal controls have always been in place at the Commission. As an agency of the State of Nebraska, and as a part of the Health and Human Services System, state controls related to the commitment and expenditure of funds have always directed the Commission's work. In addition, the Commission was always guided by the direction provided in the Corporation's Provisions and Guidelines in its selection of subgrantees and its monitoring of programs and expenditures.

In order to adhere to the Corporation's Administrative Standards, the Commission developed and approved specific policies and procedures for the Commission and a

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risk-based monitoring strategy for its subgrantees. All of these were fully implemented in the 2002-2003 program year. The administrative standards review took place in September 2002, and outstanding issues have been resolved such that Nebraska is now compliant with all Standards.

Again, we appreciate the opportunity to respond to this report. We want to accurately respond to all of the findings, but with the total change of staff during 2001 and the two moves of the office due to the remodeling of the capital it has been made it a challenge to complete within the 30 days given. We want to respond back to you with accuracy, but need the additional time to complete. Please feel free to contact either of us, should you have any additional questions.

Sincerely,

Debra Hartmann
Executive Director

Pat Beans

Patrick Beans
Finance Committee Chair

Corporation for
NATIONAL & COMMUNITY SERVICE

OFFICE OF INSPECTOR GENERAL

December 19, 2003

Ms. Debra Hartmann, Executive Director
Nebraska Volunteer Service Commission
State Capitol, 6th Floor
P.O. Box 98927
Lincoln, NE 68509-8927

Dear Ms. Hartman:

We have carefully considered the Nebraska Volunteer Service Commission's request for an extension to respond to the Office of Inspector General's draft pre-audit survey report. Due to strict time constraints, we are unable to grant this request for an extension.

On May 16, 2003, the Nebraska Commission was notified of an approaching pre-audit survey, three and one-half months before the entrance conference. On July 22, 2003, one and one-half months prior to the entrance conference, the auditors sent the Nebraska Commission a list of documents the auditors would need to perform the pre-audit survey. The Nebraska Commission was unable to furnish many of the documents requested for the pre-audit survey entrance conference held on September 3, 2003.

Based on the limited data and documentation provided to auditors for the pre-audit survey, additional information would not change the Office of Inspector General's decision to perform a full-scope, incurred cost audit of the Nebraska Commission. The incurred cost audit will follow up on issues identified in the pre-audit survey, and any documentation of Commission oversight of its programs will certainly assist the Office of Inspector General with its review.

If you have any questions, please contact Carol Bates, Audit Manager, at (202) 606-5000, extension 248, or Dan Lybert, Assistant Inspector General for Audit, at (202) 606-5000, extension 548.

Sincerely,

J. Russell George
Inspector General

Copy to:
Rosie Mauk, Director, AmeriCorps
Peg Rosenberry, Director, Office of Grants Management
Alan Rosenthal, Cotton & Company

APPENDIX D

CORPORATION RESPONSE

Corporation for
NATIONAL & COMMUNITY SERVICE

To: Russell George, Inspector General

From: Margaret Rosenberry, Director of Grants Management

Cc: Michelle Guillermin, Chief Financial Officer
Rosie Mauk, Director of AmeriCorps

Date: December 5, 2003

Subject: Response to OIG Draft Audit Report 04-06 and Management Decision, Pre-Audit Survey of Nebraska Volunteer Service Commission

We have reviewed the draft Pre-Audit Survey of the Nebraska Volunteer Service Commission and this response also serves as the Corporation's Management Decision. We agree with the auditors' recommendations and the Commission has indicated they are implementing the policies and procedures recommended in the report. Within the next four months, the Corporation will follow up with the Commission to confirm that correction action is complete.