Description of document: Corporation for National & Community Service (CNCS) records provided to Senator Charles E. Grassley and Senator Tom Coburn concerning the independence of Inspectors General necessary to promote efficiency and prevent fraud, waste and abuse in agency programs, in response to the Senators' inquiry, 2011-2012

Requested: 15-April-2012
Requested: 03-May-2012

Released date: 30-April-2012
Released date: 03-May-2012

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Source of document: Corporation for National and Community Service
Office of the General Counsel
Attn: Freedom of Information Act Officer
1201 New York Avenue, N.W., Room 10606
Washington D.C., 20525
Fax: (202) 606-3467

Note: This is one of several files on the same subject for various agencies available on governmentattic.org. See: http://www.governmentattic.org/6docs/GrassleyCoburn.htm

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April 30, 2012

This responds to your April 15, 2012, Freedom of Information Request for “a copy of each biannual response to Senators Grassley and Coburn regarding their April 8, 2010, request to the CNCS Office of Inspector General to provide a summary of your non-public management advisories and closed investigations.” Please find enclosed all records from our office responsive to this request.

If you should have any questions regarding this response to your request, I may be reached at (202) 606-9390.

Sincerely,

Vincent A. Mulloy
Counsel to the Inspector General

Enclosures
June 14, 2010

Sen. Charles Grassley  
Ranking Member  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Sen. Grassley:

In response to your letter of April 8, 2010, I am pleased to report that there have been no instances in which officials of the Corporation for National and Community Service have impeded the work of this office by resisting or objecting to Office of Inspector General oversight activities or by restricting our access to information.

As per your request, I have attached data on all closed investigations and audits that were not disclosed to the public for the period January 1, 2009, through April 30, 2010.

We will, of course, notify you of any future threats or other attempts by Federal officials to impede this office's ability to communicate important matters to Congress. We have also responded to Rep. Darrell Issa's request for data on unimplemented OIG recommendations.

My staff and I appreciate your support for the vital oversight mission of the Federal Inspectors General. If you have any questions about our response, please call me at (202) 606-9377.

Sincerely,

Kenneth Bach  
Acting Inspector General
June 14, 2010

Sen. Tom Coburn  
Ranking Member  
Permanent Subcommittee on Investigations  
Senate Homeland Security and Governmental Affairs Committee  
340 Dirksen Senate Office Building  
Washington, DC 20510  

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Sincerely,  

[Signature]  

Kenneth Bach  
Acting Inspector General
Office of Inspector General
Corporation for National and Community Service
Summary of Closed Investigations, January 1, 2009 – April 30, 2010

<table>
<thead>
<tr>
<th>OIG Case #</th>
<th>Summary of Investigation</th>
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<tbody>
<tr>
<td>2005-023</td>
<td>A joint Investigation with the FBI and IRS disclosed that an Executive Director of an AmeriCorps program in Connecticut embezzled $152,502.09 by enrolling “ghost” AmeriCorps members, collecting and forging their living allowance checks, and depositing the funds into his personal account. The subject pleaded guilty to the Theft of Federal Program Funds and Tax Evasion in Connecticut Federal District Court and was sentenced to six months’ imprisonment, 36 months’ parole, a $200 special assessment fee and ordered to pay restitution of $152,502.09. The subject was also debarred by the Corporation from participating in Federal procurement and non-procurement programs for three years, effective September 14, 2007.</td>
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<tr>
<td>2006-029</td>
<td>An OIG investigation disclosed that a Director of a Foster Grandparents Program (FGP) in Florida misapplied Federal program funds when he paid volunteers $49,926.66 in stipends after he had placed them on administrative leave because there were no assignments during the summer months. Further investigation disclosed the director conspired with his wife, a FGP volunteer, to inflate her time sheets and forge the supervisor’s signature to collect additional Federal program funds in the form of stipends. The director also admitted that, although his salary was being paid 100 percent by the grant, he stated only 50 percent of his time was directly related to the Corporation’s grant. In total, OIG determined more than $250,000 in Federal program funds were misapplied. The subjects signed a pretrial diversion agreement in which they agreed to make restitution in the amount of $15,993.50.</td>
</tr>
<tr>
<td>2007-004</td>
<td>An OIG investigation disclosed that officials of an AmeriCorps program in Florida falsified site partnership agreements when they forged the names and signatures of site officials. Upon contacting the individuals listed on the partnership agreements, several of them reported that they had never heard of the AmeriCorps program. Other individuals stated that the AmeriCorps</td>
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</table>

An OIG investigation disclosed that officials of an AmeriCorps program in Florida falsified site partnership agreements when they forged the names and signatures of site officials. Upon contacting the individuals listed on the partnership agreements, several of them reported that they had never heard of the AmeriCorps program. Other individuals stated that the AmeriCorps...
members had not performed the number of hours they had claimed on their time sheets and that they had not signed the time sheets.

Investigation also disclosed that AmeriCorps members were allowed to claim service hours toward their education awards for service performed outside the scope of the grant. Investigation disclosed the program officials misapplied $52,431 of Federal program funds.

The Civil Division of the Northern District of Florida accepted the investigation for civil litigation and later entered into an agreement in which the subject agreed to not seek employment with any Federal agency or program directly funded by Federal grants for five years, and to perform 265 hours of unpaid volunteer service having a value of $40,000 in an educational environment. The subject also agreed that, if she did not perform the service, she would allow a judgment against her for whatever amount was remaining on her service obligation.

An OIG investigation disclosed employees of a Washington, DC, AmeriCorps grantee inflated the number of service hours performed by ten AmeriCorps members, which resulted in the misapplication of Federal program funds totaling $47,500.

As a result of this investigation, Corporation management decided not to renew the grant and debarred two grantee employees from participating in Federal procurement and non-procurement programs; one for six months and the other for one year.

An OIG investigation disclosed program officials of a Florida grantee allowed AmeriCorps members to perform service outside the scope of the AmeriCorps grant. Our investigation determined AmeriCorps members were performing unauthorized services as dental assistants, receptionists and other duties normally performed by employees. Based on our findings, we questioned the expenditure of $19,222.08 of Federal program funds.

Further investigation of another grantee site disclosed that its AmeriCorps members were also performing service outside the scope of the grant. Based on our findings, we questioned the expenditure of $17,340.75 of Federal program funds.

Corporation management concurred with our findings and issued a demand payment letter to the grantee to recoup a total of $46,549.11, including other disallowed costs.

An OIG investigation disclosed an individual residing in Florida placed a web page on the OIG public website during a security breach at the OIG vendor’s host site, based in North Carolina. The Department of Justice declined to
prosecute this case as there was no monetary loss to the Government.

2007-055

The OIG conducted a proactive investigation of a Maryland grantee to determine if the grantee was properly following the provisions of 45 C.F.R. § 2522.230 when it certified prorated education awards for AmeriCorps members who had exited the program early for compelling personal reasons. The investigation disclosed the grantee falsely certified the compelling personal reasons of 18 AmeriCorps members, resulting in the loss of $62,584.36 of Federal program funds.

Corporation management concurred with most of our findings and issued a demand letter to the grantee to repay $34,327.73.

2007-056

An OIG investigation disclosed that officials of a Washington, DC grantee allowed AmeriCorps members to perform services not in compliance with the grant provisions and that the AmeriCorps members' service hours were inaccurately reported to the Corporation. As a result, we questioned the expenditure of more than $59,000 of Federal program funds.

The matter was referred to Corporation management, the questioned costs were substantiated and $59,478.47 was repaid by the grantee.

2007-058

An OIG investigation disclosed that a grantee in Puerto Rico failed to maintain time sheets for a program official and that two AmeriCorps members continued to receive their living allowances when one was suspended and the other was on leave, a violation of the program provisions. As a result, we questioned the expenditure of more than $12,000 of Federal program funds.

The matter was referred to Corporation management and the questioned costs were substantiated and $13,505.50 was repaid by the grantee.

2007-059

An OIG investigation disclosed program officials of an AmeriCorps grantee in Michigan improperly allowed four AmeriCorps to perform service as medical assistants, which was not in compliance with the provisions of the grant. Further investigation determined the program officials failed to maintain time sheets on two grantee employees. As a result, we questioned the expenditure of more than $81,000 of Federal program funds.

The matter was referred to Corporation management, the questioned costs were substantiated and $96,015.81 was repaid by the grantee.

2008-04

An OIG investigation disclosed that former VISTA supervisor misapplied $21,163.81 of Federal program funds when he requested living allowances and entitlement checks for former and current VISTA members. The subject intercepted the checks, forged the members' signatures and stole the funds.
This matter was referred to DOJ and the subject pled guilty to Theft from a Program Receiving Federal Funds. The subject was sentenced to six months of home confinement, five years of probation and ordered to pay $22,800 in restitution.

The matter was also referred to Corporation management and the subject was debarred by the Corporation from participating in Federal procurement and non-procurement programs for three years.

2008-008
An OIG investigation, initiated by a Qui Tam filed by employees of a Georgia grantee, disclosed that the grantee did not submit false claims as alleged. DOJ subsequently filed a Notice of Election to Decline Intervention on this matter.

2008-027
An OIG investigation disclosed that program officials of a California grantee allowed AmeriCorps members to serve in positions that did not comply with the grant. They served as personal assistants, a chauffeur, performed clerical and receptionist duties, and graded papers and prepared lesson plans for teachers.

Further investigation revealed that program officials inflated AmeriCorps members' service hours, allowing ineligible members to receive unearned education awards. Investigation also revealed that AmeriCorps members were used to solicit the local community to enroll their children at a local charter school operated by the grantee. As a result, more than $800,000 of Federal program funds were misapplied by the grantee.

The matter was referred to DOJ which declined criminal prosecution. Corporation management and DOJ negotiated a settlement in which the grantee agreed to repay $423,830.50 to the Corporation.

2008-033
The OIG received information that an AmeriCorps grantee in Missouri may have submitted false claims for reimbursement to the Corporation for disaster response activities. Our investigation determined there was no evidence of fraud or false claims.

2008-036
An OIG investigation disclosed officials of a Virginia grantee misapplied Federal program funds when they improperly expended more than the budgeted amount for AmeriCorps member living allowances. Further investigation determined the officials also certified partial education awards upon early exit of seven AmeriCorps members, citing reasons that did not qualify as compelling personal circumstances.

The matter was referred to Corporation management, the questioned costs were substantiated and $112,144.94 was repaid by the grantee.
An OIG investigation disclosed officials in a Puerto Rico AmeriCorps program misused Federal program funds when they overpaid AmeriCorps members $20,461.51 in living allowances and miscalculated the time served by two members who were subsequently awarded education awards.

The matter was referred to Corporation management, the questioned costs were substantiated and $20,461.41 was repaid by the grantee.

An OIG investigation determined an AmeriCorps member in a Kentucky program was working full time at a school and claimed service hours for the time he was a paid school employee. The AmeriCorps member was suspended and eventually resigned from the program.

An OIG investigation disclosed there was mismanagement, inadequate leadership, waste of Government equipment and internal control weaknesses in the accountability for Government property at one of the Corporation's NCCC campuses. The matter was referred to Corporation management and corrective action was implemented to correct the deficiencies.

The OIG investigated a complaint made by a VISTA member in Oklahoma, who alleged that the program did not reimburse local travel expenses when the member used their privately owned vehicle. Investigation disclosed there were funds available to reimburse the member, but the member had not requested reimbursement while serving.

Further investigation disclosed that the Executive Director of the program did receive reimbursement for travel although the grant provisions did not provide for travel reimbursement for staff employees. That matter was resolved when the Executive Director repaid the Corporation $1,300.

An OIG investigation determined a Corporation employee was wrongfully receiving commission checks from a prohibited vendor. We referred this matter to Corporation management and the employee was terminated.

An OIG investigation was initiated based on a report from a program official in Pennsylvania. The official suspected former AmeriCorps members of misusing their education awards. It was reported that AmeriCorps members would enroll in a local university and, once the education award was disbursed to the university, they would drop out so they could have the education award refunded to them. Our investigation found no evidence the education awards were being misused by the former members.

The OIG investigated a California grantee's financial status after a report from an AmeriCorps member that member living allowance checks, issued by the grantee, were being returned due to insufficient funds.
Our investigation determined the grantee was having financial problems. Its grant was subsequently terminated and all AmeriCorps members were paid their living allowances to include any bank fees they may have incurred.

2009-023 An OIG investigation disclosed that a Kentucky grantee improperly paid its AmeriCorps members living allowances totaling $46,809.44.

The matter was referred to Corporation management, the questioned costs were substantiated and $46,809.44 was repaid by the grantee.

2009-031 An OIG investigation disclosed that program officials of a Washington, DC grantee misused two AmeriCorps members by having them supervise employees and perform services not within the grant provisions.

This matter was referred to Corporation management, which determined the grantee would not receive a grant the following year.

2009-032 The OIG conducted a review of the award of a sole-source contract to determine if it was proper. The review determined that, when the American Recovery and Reinvestment Act was passed, the Corporation immediately recruited VISTA members who needed to be covered by medical insurance. We found the sole-source contract was issued to an insurance provider to meet the immediate need and no issues were uncovered.

2009-038 An OIG investigation disclosed a Corporation supervisor allowed staff to violate Corporation policy when the supervisor allowed employees to make purchases with a Government Purchase Card issued that had been issued to another employee. This matter was referred to management and the employees were reprimanded.

2009-039 An OIG investigation disclosed a Corporation employee directed a former AmeriCorps member to backdate her voucher for an education award that had expired. This matter was referred to Corporation management and the employee was reprimanded and transferred from the Trust department.

2009-040 An OIG investigation was conducted to determine if Corporation employees misused Corporation communications equipment and improperly participated in unauthorized lobbying efforts.

Further investigation determined Corporation employees did not engage in grassroots lobbying efforts or misuse Corporation equipment. However, it was determined the Corporation had weaknesses in its supervision of temporary employees working on special projects.

This matter was referred to Corporation management, which implemented new policies to strengthen supervision of temporary employees.
The OIG conducted a review of Corporation responses to our investigative and audit reports that question education awards. The responses stated that questioned education awards are placed into a potential debt category. Once the former AmeriCorps member accesses the education award, a demand letter is sent to the grantee, requiring it to repay the amount of the award that has been accessed. Our review found the Corporation did not have a procedure to routinely monitor such potential debts.

As a result of this review, Corporation management sent demand letters to collect $39,141 from grantees and implemented procedures to routinely monitor the potential debt.

An OIG investigation disclosed that a Corporation supervisor approved travel reimbursement for an employee for local travel that was unauthorized.

This matter was referred to Corporation management which sent a demand letter to the employee to collect $17,861.43 in unauthorized reimbursements.

The OIG conducted an investigation to determine if Corporation management violated employees' rights when it hired a private investigator to conduct interviews related to a criminal matter and informed the employees they had to answer questions without any rights advisement or warnings.

Further investigation determined the private investigator did not provide the employees with any rights advisements or warnings when interviewing the employees. Our investigation determined there was no violation of the employees' rights, as the testimonial evidence obtained without the rights advisement or warning would have been worthless and inadmissible to the government in any criminal proceedings.

This matter was forwarded to Corporation management for action it deemed appropriate.
The Honorable Tom Coburn  
Ranking Member  
Senate Finance Subcommittee on Social Security, Pensions, and Family Policy  
219 Senate Dirksen Office Building  
Washington, DC 20510  

Dear Senator Coburn:

I am pleased to share with you updated information on the status of recommendations made by the Office of Inspector General (OIG) to management of the Corporation for National and Community Service (Corporation), as well as data on non-public investigations, for the period November 1, 2011, through January 31, 2012.

My staff and I appreciate your interest in protecting Federal taxpayer dollars from waste, fraud, and abuse. I believe the recommendations we and other OIGs make concerning overall operational improvements or reforms provide lasting value to the Government. Based on their recent and recurring requests, we are also furnishing this data to Sens. Charles Grassley, Michael Enzi, Susan Collins and Richard Shelby, as well as Rep. Darrell Issa.

1. As of January 31, 2012, the OIG had five significant recommendations that were open and unimplemented by the Corporation.

2. Some of our as-yet unimplemented recommendations would result in cost savings.

3. The following are the most important Open and Unimplemented Recommendations.

Incomplete National Sex Offender Public Registry (NSOPR) Searches

a. The OIG continues to find instances of grantees not conducting proper NSOPR searches for their AmeriCorps members. Several grantees stated to the OIG that certain state databases were “temporarily unavailable” when they conducted a single search of NSOPR for their members. As a result, a complete check of all 50 state databases was not obtained. Legal requirements in the Kennedy Serve America Act require a search of all 50 states for checks of the national and state sex offender registries. Because of this requirement, we believe that grantees should perform multiple NSOPR searches until they have checked all 50 state databases.

Although Corporation officials continue to disagree with our recommendation, we believe that the Act’s requirement that the search include all AmeriCorps members and grant-funded staff and all 50 states’ databases emphasizes the seriousness with which the Act treats the subject of sex offenders. Moreover, given the youthful age and mobility of
many Corporation volunteers, who may join programs based on college campuses or in communities other than their hometowns, 50-state coverage is imperative.

In a related issue concerning the quality of the NSOPR searches, the Corporation did not concur with OIG recommendations to conduct NSOPR searches using both members’ married and maiden names. Grantees are conducting the searches based only on the member’s current name. The Corporation responded that the Kennedy Serve America Act does not require the NSOPR search of the maiden name, and that grantees, not the Corporation, are responsible for developing their internal policies and best practices to comply with the regulation.

We agree that conducting searches of maiden names is not required by the Act. However, performing the NSOPR search on the member’s maiden name is a best practice that the Corporation should require of grantees and subgrantees to meet the intent of the act. Failure to do so could potentially result in convicted sex offenders joining a program, thereby jeopardizing the safety of those being served.

b. There is no cost savings associated with these recommendations.

c. We are unaware of any plans by the Corporation to change its position.

Weakness Noted for the Partial Education Awards Review and Approval Process

a. Recent OIG audits and investigations repeatedly revealed findings and questioned costs related to partial education awards approved for early-exited AmeriCorps members, in spite of improper compelling personal circumstance (CPC) justifications and/or insufficient documentation. In response to these repetitive findings, the OIG initiated a cross-cutting audit to review “global” CPC cases, covering the entire population of CPC cases over a two-year period. We found widespread noncompliance for 75 percent of our tested population in FY 2009, a year in which more than $4 million in partial education awards were obligated. We also noted weaknesses in the Corporation and/or its’ AmeriCorps programs to validate, review, and approve CPC cases. We recommended the Corporation implement monitoring controls requiring a secondary level of review of each approved CPC case. We also recommended the Corporation implement the text description functionality in the MyAmeriCorps Portal to allow grantee personnel and the Corporation to document the CPC justification.

The Corporation disagreed with our recommendation to require secondary review of all CPC determinations. We believe that the Corporation currently lacks controls that would detect and prevent, on a real-time basis, the improper payments of partial education awards for ineligible members. Implementing a secondary review immediately following the AmeriCorps program’s submission of its’ members’ CPC approvals would allow the Corporation and/or State Commissions to independently evaluate and monitor the CPC cases. In addition, errors could be identified in a timely manner, thereby minimizing the risk of improper payments, and preventing the Corporation from “paying and chasing” grant money for improperly certified awards.

b. There is significant cost savings associated with this recommendation.

c. We are unaware of any plans by the Corporation to change its position.
Recurring Issues in the Internal Control Environment

a. During the Corporation’s FY 2011 Financial Statements Audit, we noted numerous repeat findings related to internal controls, which were reported in the Management Letter. There were nine internal control findings that were repeats from FY 2010. The significant findings and related recommendations that remain unimplemented include:

1. Weaknesses in Internal Control Assessments and Review Processes

Since FY 2009, we noted a wide variety of issues concerning the Corporation’s internal control assessment and review process, including the quality, sufficiency, and timeliness of Internal Control Reviews, the lack of independence of personnel who perform the reviews, the risk assessment and key controls not properly identified and documented, and the inability of the Senior Assessment Team to identify and resolve internal control issues. Although we have repeatedly voiced our concerns and made recommendations to the Corporation in the Management Letter and through comments in our role as observer at Senior Assessment Team meetings, the Corporation has made little progress to strengthen its internal control assessment and review process. As a result, the Corporation has not resolved repeated audit findings, and prevented and detected new internal control issues. For example, we reported a material weakness in the FY 2011 financial statements for grant accrual estimates that were due to the Corporation’s inadequate review process of its accrual calculation. This resulted in a $177.7 million restatement of the FY 2010 financial statements.

2. Untimely Grant Closeouts

In almost every year since FY 1999, we have made recommendations to the Corporation to improve closeouts of its grants. Despite this, the Corporation continues to have serious difficulties with its grant closeout. As reported in the FY 2011 Agency Financial Report, the actual percentage of grants closed out within 180 days was only 39 percent. As a result of this ongoing condition, the Corporation is not meeting its fiduciary responsibilities, and any amounts owed to the Federal government for unallowable costs or excessive drawdowns may not be recovered from grantees in a timely manner.

3. Inadequate OMB Circular A-133 Audit (Single Audit) Monitoring

Since FY 1998, we have repeatedly reported weaknesses in the Corporation’s process to track, monitor, and follow-up grantees’ issues resulting from their OMB Circular A-133 audits. These weaknesses range from lack of follow-up and corrective actions for A-133 audit findings, to failure to issue management decisions on audit findings and a lack of review of A-133 audit reports during grant closeouts. All of our prior year recommendations remain open and unimplemented, and will be included again in an OIG report due to be issued later this year.
b. There is no cost savings associated with these recommendations.

c. We are unaware of any plans by the Corporation to change its position.

4. Recommendations Accepted and Implemented.

During this period the Corporation accepted and implemented 105 OIG recommendations resulting from our audits and investigations.

Closed Investigations
November 2011 – January 2012

2010-021
The OIG received information that the executive director of an AmeriCorps program in Rhode Island submitted false monthly financial reports to obtain Federal program funds. Our investigation determined the executive director falsely reported the program had paid AmeriCorps members’ health insurance premiums so the program could obtain $135,000 in Federal program funds. The matter was referred to the Department of Justice for criminal prosecution, but was declined based on the low dollar amount. The matter was referred to Corporation management, which determined no action would be taken.

2010-027
The OIG received information that an AmeriCorps program in Georgia was not properly documenting the eligibility and background checks of its’ AmeriCorps members. The investigation disclosed the files for AmeriCorps members lacked proper eligibility documents and documentation of National Sex Offender Public Registry or State criminal registry checks being conducted prior to the members’ enrollment date. The loss to the Government was $59,000 in education awards made to ineligible members. The matter was referred to Corporation management, which agreed with our findings and issued a demand payment letter to the program to return more than $23,000 in grant funds.

2011-030
The OIG received information that volunteers in a Senior Companion Program in Tennessee were performing services not authorized by the grant. Our investigation determined volunteers performed more than 600 hours of unauthorized service in the form of administrative duties for the program, which resulted in a $1,780 loss to the Government. The matter was referred to Corporation management, which concurred with our findings and issued a demand payment letter to the program to repay the grant funds.

2012-009
The OIG received information that AmeriCorps members in Illinois were using their education awards to purchase computers and other items from a community college bookstore. Our investigation determined that AmeriCorps members were enrolling in non-credit continuing education classes and using their education awards to purchase computers. We determined there was no wrongdoing, as the provisions of 45 CFR 2528.10 allow such purchases as long as the members are enrolled at an institution of higher education.

2011-007
The OIG received a hotline complaint that officials of a RSVP program in Louisiana were submitting false timesheets by indicating they had completed a full day of work. Our
investigation disclosed the executive director of the program directed an employee to record on their timesheets that they had worked eight hours when, in fact, they had not. This action resulted in over $3,000 loss to the Government. The matter was referred to Corporation management, which concurred with our findings and issued a demand payment letter to the program to repay the grant funds.

If you have any questions concerning our response, please contact me at (202) 606-9377 or e-mail me at k.bach@cncsoig.gov.

Sincerely,

Kenneth Bach
Deputy Inspector General
February 13, 2012

The Honorable Charles Grassley
135 Hart Senate Office Building
Washington, DC 20510

Dear Senator Grassley:

In response to your standing request, I am pleased to share with you updated information on the status of recommendations made by the Office of Inspector General (OIG) to management of the Corporation for National and Community Service (Corporation), as well as data on non-public investigations, for the period November 1, 2011, through January 31, 2012.

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Although Corporation officials continue to disagree with our recommendation, we believe that the Act’s requirement that the search include all AmeriCorps members and grant-funded staff and all 50 states’ databases emphasizes the seriousness with which the Act treats the subject of sex offenders. Moreover, given the youthful age and mobility of many Corporation volunteers, who may join programs based on college campuses or in communities other than their hometowns, 50-state coverage is imperative.
In a related issue concerning the quality of the NSOPR searches, the Corporation did not concur with OIG recommendations to conduct NSOPR searches using both members' married and maiden names. Grantees are conducting the searches based only on the member's current name. The Corporation responded that the Kennedy Serve America Act does not require the NSOPR search of the maiden name, and that grantees, not the Corporation, are responsible for developing their internal policies and best practices to comply with the regulation.

We agree that conducting searches of maiden names is not required by the Act. However, performing the NSOPR search on the member's maiden name is a best practice that the Corporation should require of grantees and subgrantees to meet the intent of the act. Failure to do so could potentially result in convicted sex offenders joining a program, thereby jeopardizing the safety of those being served.

b. There is no cost savings associated with these recommendations.

c. We are unaware of any plans by the Corporation to change its position.

Weakness Noted for the Partial Education Awards Review and Approval Process

a. Recent OIG audits and investigations repeatedly revealed findings and questioned costs related to partial education awards approved for early-exited AmeriCorps members, in spite of improper compelling personal circumstance (CPC) justifications and/or insufficient documentation. In response to these repetitive findings, the OIG initiated a cross-cutting audit to review “global” CPC cases, covering the entire population of CPC cases over a two-year period. We found widespread noncompliance for 75 percent of our tested population in FY 2009, a year in which more than $4 million in partial education awards were obligated. We also noted weaknesses in the Corporation and/or its’ AmeriCorps programs to validate, review, and approve CPC cases. We recommended the Corporation implement monitoring controls requiring a secondary level of review of each approved CPC case. We also recommended the Corporation implement the text description functionality in the MyAmeriCorps Portal to allow grantee personnel and the Corporation to document the CPC justification.

The Corporation disagreed with our recommendation to require secondary review of all CPC determinations. We believe that the Corporation currently lacks controls that would detect and prevent, on a real-time basis, the improper payments of partial education awards for ineligible members. Implementing a secondary review immediately following the AmeriCorps program’s submission of its’ members’ CPC approvals would allow the Corporation and/or State Commissions to independently evaluate and monitor the CPC cases. In addition, errors could be identified in a timely manner, thereby minimizing the risk of improper payments, and preventing the Corporation from “paying and chasing” grant money for improperly certified awards.

b. There is significant cost savings associated with this recommendation.

c. We are unaware of any plans by the Corporation to change its position.
Recurring Issues in the Internal Control Environment

a. During the Corporation’s FY 2011 Financial Statements Audit, we noted numerous repeat findings related to internal controls, which were reported in the Management Letter. There were nine internal control findings that were repeats from FY 2010. The significant findings and related recommendations that remain unimplemented include:

1. Weaknesses in Internal Control Assessments and Review Processes

Since FY 2009, we noted a wide variety of issues concerning the Corporation’s internal control assessment and review process, including the quality, sufficiency, and timeliness of Internal Control Reviews, the lack of independence of personnel who perform the reviews, the risk assessment and key controls not properly identified and documented, and the inability of the Senior Assessment Team to identify and resolve internal control issues. Although we have repeatedly voiced our concerns and made recommendations to the Corporation in the Management Letter and through comments in our role as observer at Senior Assessment Team meetings, the Corporation has made little progress to strengthen its internal control assessment and review process. As a result, the Corporation has not resolved repeated audit findings, and prevented and detected new internal control issues. For example, we reported a material weakness in the FY 2011 financial statements for grant accrual estimates that were due to the Corporation’s inadequate review process of its accrual calculation. This resulted in a $177.7 million restatement of the FY 2010 financial statements.

2. Untimely Grant Closeouts

In almost every year since FY 1999, we have made recommendations to the Corporation to improve closeouts of its grants. Despite this, the Corporation continues to have serious difficulties with its grant closeout. As reported in the FY 2011 Agency Financial Report, the actual percentage of grants closed out within 180 days was only 39 percent. As a result of this ongoing condition, the Corporation is not meeting its fiduciary responsibilities, and any amounts owed to the Federal government for unallowable costs or excessive drawdowns may not be recovered from grantees in a timely manner.

3. Inadequate OMB Circular A-133 Audit (Single Audit) Monitoring

Since FY 1998, we have repeatedly reported weaknesses in the Corporation’s process to track, monitor, and follow-up grantees’ issues resulting from their OMB Circular A-133 audits. These weaknesses range from lack of follow-up and corrective actions for A-133 audit findings, to failure to issue management decisions on audit findings and a lack of review of A-133 audit reports during grant closeouts. All of our prior year recommendations remain open and unimplemented, and will be included again in an OIG report due to be issued later this year.
b. There is no cost savings associated with these recommendations.

c. We are unaware of any plans by the Corporation to change its position.

4. Recommendations Accepted and Implemented.

During this period the Corporation accepted and implemented 105 OIG recommendations resulting from our audits and investigations.

Closed Investigations
November 2011 – January 2012

2010-021
The OIG received information that the executive director of an AmeriCorps program in Rhode Island submitted false monthly financial reports to obtain Federal program funds. Our investigation determined the executive director falsely reported the program had paid AmeriCorps members’ health insurance premiums so the program could obtain $135,000 in Federal program funds. The matter was referred to the Department of Justice for criminal prosecution, but was declined based on the low dollar amount. The matter was referred to Corporation management, which determined no action would be taken.

2010-027
The OIG received information that an AmeriCorps program in Georgia was not properly documenting the eligibility and background checks of its’ AmeriCorps members. The investigation disclosed the files for AmeriCorps members lacked proper eligibility documents and documentation of National Sex Offender Public Registry or State criminal registry checks being conducted prior to the members’ enrollment date. The loss to the Government was $59,000 in education awards made to ineligible members. The matter was referred to Corporation management, which agreed with our findings and issued a demand payment letter to the program to return more than $23,000 in grant funds.

2011-030
The OIG received information that volunteers in a Senior Companion Program in Tennessee were performing services not authorized by the grant. Our investigation determined volunteers performed more than 600 hours of unauthorized service in the form of administrative duties for the program, which resulted in a $1,780 loss to the Government. The matter was referred to Corporation management, which concurred with our findings and issued a demand payment letter to the program to repay the grant funds.

2012-009
The OIG received information that AmeriCorps members in Illinois were using their education awards to purchase computers and other items from a community college bookstore. Our investigation determined that AmeriCorps members were enrolling in non-credit continuing education classes and using their education awards to purchase
computers. We determined there was no wrongdoing, as the provisions of 45 CFR 2528.10 allow such purchases as long as the members are enrolled at an institution of higher education.

2011-007
The OIG received a hotline complaint that officials of a RSVP program in Louisiana were submitting false timesheets by indicating they had completed a full day of work. Our investigation disclosed the executive director of the program directed an employee to record on their timesheets that they had worked eight hours when, in fact, they had not. This action resulted in over $3,000 loss to the Government. The matter was referred to Corporation management, which concurred with our findings and issued a demand payment letter to the program to repay the grant funds.

If you have any questions concerning our response, please contact me at (202) 606-9377 or e-mail me at k.bach@cnssoig.gov.

Sincerely,

Kenneth Bach
Deputy Inspector General
Enclosed please find records responsive to your May 3, 2012 Freedom of Information Act (FOIA) request, redacted based on considerations of personal privacy pursuant to FOIA exemption 6 and 7(C).

Your request asked for records relating to the summaries of non-public investigations this office and other Offices of Inspectors General provided to Senators Grassley and Coburn. Please be aware that the records provided are the closing memoranda to the investigative file. I did not include, nor have I yet begun to process, the full “report of investigations” or the exhibits to the memorandum, which were quite voluminous. If you would like me to continue to search for and process these documents as well, please so inform me. Otherwise, I will assume that this submission meets the object of your request.

If you should have any questions regarding this response to your request, I may be reached at (202) 606-9390.

Very truly yours,

Vincent Mulloy
Counsel to the Inspector General

Enclosures
TO: OIG File Number 05-023
THRU: Robert J. Walters
Assistant Inspector General for Investigations

FROM: Robert W. Holland
Supervisory Special Agent

SUBJECT: Final Report (05-023)

The Office of Inspector General has completed an investigation into Theft of Federal Funds involving Mr. [redacted], a former AmeriCorps Program Director, City Serve AmeriCorps Program, Meriden, CT. Our investigation disclosed evidence that, between February 2002 and August 2002, Mr. [redacted] stole and negotiated living allowance checks issued by the City of Meriden to numerous fictitious or former AmeriCorps members totaling $152,502.09.

Basis for Investigation:

On March 30, 2005, Ms. [redacted], Executive Director, Connecticut Commission on Community Service (CCCS), Hartford, CT, reported that during an audit of an AmeriCorps grantee, The City of Meriden, CT, auditors discovered that the former AmeriCorps program director, Mr. [redacted] may have embezzled Federal program funds.

On April 1, 2005, we coordinated with Detective [redacted], Meriden Police Department. Detective [redacted] advised their department became involved when the City of Meriden received a complaint from Ms. [redacted], who stated she was contacted by the Internal Revenue Service (IRS) informing the Ms. [redacted] that she failed to report income she received from the City of Meriden on her income tax return. Detective Persico reported internal auditors from the City of Meriden conducted an audit of the City Serve AmeriCorps Program and found that a large number of checks were issued by the city to AmeriCorps members but were negotiated by Mr. [redacted]. Detective [redacted] advised he had forwarded the information to the IRS and the Federal Bureau of Investigations (FBI) because the funds that were stolen were determined to be Federal program funds.

On April 1, 2005, we coordinated with Special Agent (SA) [redacted], FBI, Hartford Field Office, Hartford, CT. SA [redacted] agreed to conduct a joint investigation with our office and the IRS. SA [redacted] advised that he has obtained a subpoena for Mr. [redacted]'s bank account records and he is attempting to locate Mr. [redacted] for an interview.

On April 8, 2005, SA [redacted] reported that he and Special Agent [redacted], IRS, interviewed Mr. [redacted], who admitted that he stole the AmeriCorps living allowance checks, forged their signatures on the checks and deposited the checks into his checking account.
Mr. [redacted] admitted to stealing approximately $60,000. SA [redacted] advised further investigation was needed to clarify the discrepancy between the suspected loss report by the auditors of approximately $180,000 and the $60,000 that Mr. [redacted] admitted to stealing.

On April 13, 2005, we interviewed Mr. [redacted], Senior Associate, Grants and Contracts, CCCS, Hartford, CT. Mr. [redacted] related that in early February 2005, CCCS contracted with an audit firm to review City Serves AmeriCorps Program as the grant was not renewed. Mr. [redacted] stated when the auditors arrived in Meriden, CT, city officials advised the auditors that they found numerous living allowance checks that were signed and negotiated by Mr. [redacted]. Mr. [redacted] advised the City of Meriden conducted an audit of the living allowance checks for the period of July 2001 through September 2004, examining about 1,050 checks of which they suspect 801 checks to be fraudulent in that Mr. [redacted] signed and negotiated the checks. There were approximately 3,000 living allowance checks issued during that time frame. Mr. [redacted] advised that some of the checks indicated they were for supplemental living allowances. Mr. [redacted] related that he reviewed the grant files for the City Serve AmeriCorps Program and there were no provisions in the grant for supplemental living allowances. Mr. [redacted] stated Mr. [redacted] was the program director until September 2004 when the grant ended.

On April 13, 2005, we interviewed Ms. [redacted], Program Officer, CCCS. Ms. [redacted] stated she conducted several site visits with City Serve AmeriCorps Program over the years and noted a decline in performance and AmeriCorps member morale in her later visits. Ms. [redacted] advised that Mr. [redacted] was the program director for the past five or six years. Ms. [redacted] noted a decline in the program starting about September 2003.

On April 13, 2005, we met with SA [redacted] and SA [redacted] to coordinate our investigative efforts. SA [redacted] advised that the case was initiated when Ms. [redacted] received a letter from the IRS indicating she failed to report her income received from the City of Meriden. When Ms. [redacted] went to city officials to resolve the problem, she was referred to Mr. [redacted] because the city had her listed as an AmeriCorps member. Ms. [redacted] discussed the matter with Mr. [redacted] who told Ms. [redacted] that the city payroll office was disorganized and Mr. [redacted] wrote a letter to the IRS on behalf of Ms. [redacted] stating there was a mix up and that Ms. [redacted] was not an AmeriCorps member and did not receive the living allowance payments as reported to the IRS. SA [redacted] advised that Mr. [redacted] also admitted that he was involved in a tax evasion scheme. Mr. [redacted] admitted that at off-site betting facilities, he would cash in the winning tickets for other patrons for 10 percent of the winnings and in return, he would accept the tax liability on the total winnings. Mr. [redacted] stated that he did not claim the winnings on his Federal tax returns and evaded the tax liabilities.

Between April 19 and April 21, 2005, we conducted an analysis of the living allowances paid by the City of Meriden to the AmeriCorps enrollment listings for the City Serve AmeriCorps Program (Attachment 1). The analysis detailed those individuals who received living allowance checks but were not enrolled as AmeriCorps members and those AmeriCorps members who
continued to receive living allowance checks after they were exited from the program. The estimated loss is $165,079.81.

On May 18, 2005, we coordinated with SA who advised that he interviewed the top ten AmeriCorps listed as receiving the living allowance checks. All ten AmeriCorps members stated they did not receive the checks nor did they give permission to negotiate the checks on their behalf.

On November 14, 2005, Mr. pleaded guilty to theft of Federal program funds and tax evasion in the Connecticut Federal District Court, New Haven, CT. In the plea agreement, Mr. Holden agreed to pay restitution of $152,502.09 for the theft of the program funds and agreed to pay his tax liability to be determined. (Attachment 2)

On October 2, 2006, the Corporation issued a letter to the CCCS requesting payment of $152,502.09. (Attachment 3)

On March 1, 2007, the Corporation received a payment from the CCCS in the amount of $152,502.09.

On September 14, 2007, Mr. William Anderson, Debarment and Suspension Official, Corporation, debarred Mr. from participating in Federal procurement and nonprocurement programs for three years effective September 14, 2007 and terminating on September 15, 2010. (Attachment 4)

On August 25, 2009, Mr. was sentenced by the Honorable Ellen Bree Burns, Connecticut Federal District Court, New Haven, CT, to six months imprisonment, 36 months parole, $200 special assessment fee and ordered to pay restitution of $152,502.09.

This action is closed in the files of this office. No further action is anticipated.

5 Attachments
1. Spreadsheet of AmeriCorps members and living allowance checks received
2. Mr. Guilty Plea
3. Request for Repayment dated October 2, 2006
4. Mr. Debarment Letter dated September 14, 2007
5. Mr. Sentencing Document dated August 25, 2009
TO: OIG Investigation File Number 06-029

Thru: Robert J. Walters
Assistant Inspector General
For Investigations

FROM: Jeffrey Morales
Supervisory Special Agent

SUBJECT: Council on Aging of Volusia County, Inc. (Misuse of Grant Funds)

The Office of Inspector General (OIG) has completed its investigation into allegations against The Council on Aging of Volusia County, Inc. (COA), Daytona Beach, FL, in which COA officials misapplied $318,881.42 in Federal program funds.

On September 25, 2008, the results of the investigation were forwarded to Corporation management for administrative recovery after the local U.S. Attorney declined to prosecute or taken civil action against COA (Attachment 1).

On June 1, 2009, Corporation management notified the OIG that it had disallowed $256,670 in grant funds. This amount was offset by $183,000 due COA, leaving a balance due of $73,670 (Attachment 2).

No further investigative activity is anticipated and this matter is closed in the files of this office.

Attachments:

1. Results of Investigation, September 25, 2008.
TO: OIG Investigative File 07-004

THRU: Robert J. Walters
Assistant Inspector General
For Investigations

FROM: [Redacted]
Special Agent

SUBJECT: Ms. [Redacted] (OIG File Number 07-004)

The Office of Inspector General (OIG) Corporation for National and Community Service (Corporation) completed its investigation into allegations of False Statements, False Claims and Forgery regarding Ms. [Redacted], former Program Director, Leon Reads AmeriCorps Program, Tallahassee, FL.

Our investigation disclosed evidence that Ms. [Redacted] fraudulently certified and submitted members’ time sheets in which she authorized 6,868 service hours to which the members were not entitled. Mr. [Redacted], AmeriCorps Program Consultant, The Governor’s Commission on Volunteerism & Community Service, Tallahassee, FL, reviewed the members’ time sheets and determined that the hours were not authorized under the grant. Ms. [Redacted]’ actions resulted in the AmeriCorps members receiving $16,993.71 in living allowances and $35,437.50 in education awards to which they were not entitled. Total loss to the Federal government is $52,431.21.

On December 14, 2006, the OIG referred the case to AUSA Stephens Kunz, U.S. Attorney’s Office, Tallahassee, FL, who declined for criminal prosecution and referred our case to the civil division (Exhibit 1). On March 2, 2007, AUSA Benjamin Beard, U.S. Attorney’s Office, Pensacola, FL, accepted the case for possible civil prosecution.

On September 2, 2009, AUSA Beard informed the OIG, in lieu of civil litigation, the Government has entered into an agreement with Ms. [Redacted] which contains the following conditions:

- Ms. [Redacted] agrees not to seek employment with the Health and Human Services or any other federal educational agency or program directly funded by monies through federal grants for five (5) years.
- In addition, Ms. [Redacted] must provide 265 hours of unpaid volunteer service having a value of $40,000 in an educational environment.
- Ms. [Redacted] must periodically report her progress.
In the event that Ms. \[\text{redacted}\] fails to abide the public service, the government is free to seek judgment against her for the value of whatever voluntary service hours she did not complete. In order to ensure that this occurs, Ms. \[\text{redacted}\] has "confessed judgment," that is; should she fail to do complete her voluntary service, Ms. \[\text{redacted}\] will allow the entry of a judgment against her for whatever amount is remaining on her service obligation (Exhibit 2).

AUSA Beard stated that his office will continue to monitor Ms. \[\text{redacted}\]'s case until such time as she either completes her 265 hours of community service or they are forced to seek a judgment.

No further investigation activity is anticipated and this matter is closed in the files of this office.

Exhibits:

June 29, 2009

TO: OIG File Number 07-049
THRU: Robert J. Walters
   Assistant Inspector General
   For Investigations
FROM: Special Agent

SUBJECT: Earth Conversation Corps (OIG File Number 07-049)

The Office of Inspector General (OIG) has completed its investigation into allegations that AmeriCorps members’ service hours were inflated in the Web Based Reporting System (WBRS) by employees of Earth Conversation Corps (ECC), 2000 Half Street SW, Washington, DC. Investigation disclosed evidence that Mr. [redacted], former Youth Program Coordinator, ECC, inflated the hours for 10 AmeriCorps members for Program Year 2005-2006. Further investigation disclosed that Mr. [redacted], President and CEO, ECC, failed to adequately manage the AmeriCorps program, which resulted in members not serving the 1700 hours required for an education award. Once it was identified that members were in jeopardy of not completing the required service hours, Mr. [redacted] failed to properly manage Mr. [redacted]’s actions to increase members’ service hours.

Based on audit findings, reviews, and interviews conducted by the OIG, there is evidence that ECC management inflated members’ service hours in an effort to allow its members to earn an education award without requiring them to complete the required service. These actions show that ECC management failed to properly safeguard Federal program funds. Additionally, ECC officials would have certified 10 education awards, valued at $47,500, for members that served in Grant Year 2005-2006 if the OIG audit had not uncovered the fraudulent service hours.

On September 28, 2007 the results of this investigation was provided to management for administrative action deemed appropriate (Exhibit 1).

On September 21, 2008 management reported it had debarred Mr. [redacted] for a period of one year (Exhibit 2)

On June 18, 2009 management reported it had debarred Mr. [redacted] for a period of six months (Exhibit 3).
MEMORANDUM

DATE: June 29, 2009
SUBJECT: OIG File Number 07-049 (ECC)

No further investigative activity is anticipated and this matter is closed in the files of this office.

Exhibits:
3. Notice of debarment for Mr. [redacted], dated June 18, 2009.
TO: OIG Investigation File Number 07-052
THRU: Robert J. Walters
       Assistant Inspector General
       For Investigation
FROM: Jeffrey Morales
       Supervisory Special Agent

SUBJECT: Tampa Community Health Corps, Tampa, Florida
Failure to Comply with AmeriCorps Grant Provisions (07-052)

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), has completed an investigation into allegation reported by Ms. [redacted], former AmeriCorps member, Tampa Community Health Corps (TCHC), Tampa, FL. Ms. [redacted] stated TCHC was requiring AmeriCorps members to serve in staff positions.

The OIG found evidence that TCHC AmeriCorps members were not serving in accordance with AmeriCorps grant provisions. Further investigation revealed TCHC violated the Corporation’s non-displacement rule, 45 C.F.R § 2540.100 (f), when it allowed AmeriCorps members to perform service in lieu of a TCHC staff member. The OIG found that TCHC members received $19,222.08 in program funds to which they were not entitled under grant provisions. The investigation also found that the Program Director failed to document the number of hours she worked on the grant, allowing her to receive $9,986.28 in program funds. The OIG therefore questions all of the Program Director’s salary and other costs claimed against the grant (Exhibit 1).

On August 22, 2007, the results of the OIG investigation were provided to Corporation management for administrative action.

On February 3, 2008, Ms. [redacted], Financial Analyst, Office of Grants Management, reported that the Corporation has determined NACHC is financially responsible to repay the Corporation the $29,208.36 identified by the OIG (Exhibit 2).

No further investigative activity is anticipated and this matter is closed in the files of this office.
MEMORANDUM

DATE: February 18, 2009
SUBJECT: OIG File Number 07-052 (Tampa Community Health Corps)

Exhibits:
TO: OIG Investigative File 07-053
THRU: Robert J. Walters
Assistant Inspector General
For Investigations
FROM: Special Agent
SUBJECT: Web Page Intrusion

On July 24, 2007, Mr. [redacted], Department of Health and Human Services, Computer Forensics, Washington, DC, notified this office that he noticed that the Office of Inspector General website (www.cncsig.gov) was defaced with a page containing an anti-war message (Attachment 1). Subsequently, Mr. [redacted], former Chief Technology Officer, and Mr. [redacted], Information Technology Specialist, both of this office, confirmed that an unauthorized page had been added to the OIG website with no navigation to the page. Mr. [redacted] stated there was no damage to the website other than the added page.

On July 24, 2007, the OIG website host, Pinehurst Computer Support, LLC, Pinehurst, NC, updated the security on the website and returned the webpage to its original state.

A review of the website’s log revealed that, on July 22, 2007, an unknown person(s) using the IP Address 68.59.166.33, accessed the OIG website and inserted an unauthorized page.

On August 7, 2007, Special Agent [redacted], United States Army Criminal Investigation Command (USACIDC), Fort Belvoir, VA, contacted this office and stated his office had received information regarding the defacement of the OIG website. SA [redacted] stated that IP Address, 68.59.166.33, belonged to Mr. [redacted], 3172 Oakbrook Lane, Eustis, FL. SA [redacted] requested this office work jointly to present this investigation to the United States Attorney’s Office, Southern District of Florida, Miami, FL, since Mr. [redacted] had previously defaced a Department of Defense (DOD) website.

On November 19, 2007, a subpoena was issued to Comcast to obtain information regarding IP Address 68.59.166.33. On November 27, 2007, Comcast confirmed the subscriber for the IP address was Mr. [redacted] (Attachment 2 and 3).

On November 12, 2008, AUSA Tantillo declined to prosecute this case because the statute of limitations on the DOD investigation had expired and there was no monetary loss to the U.S. Government resulting from the defacement of the OIG website.

On March 25, 2009, per the IG's instruction, a request to A. Brian Albritton, U.S. Attorney, Tampa, FL, was submitted to consider our case for prosecution. On March 31, 2009, U.S. Attorney Albritton forwarded our letter to his criminal chief, AUSA Bob O'Neil, for review.

On July 8, 2009, AUSA O'Neil declined to prosecute this case, agreeing with AUSA Tantillo's previous decision.

Attachments:
1. Copy of website defacement page.
2. Copy of OIG Subpoena number 07-053-S1.

Not Attached: The originals of the logs are retained in the files at Pinehurst Computer Support, LLC, Pinehurst, NC.
OFFICE OF INSPECTOR GENERAL

May 18, 2008

TO: OIG Investigation File Number 07-055

THRU: Robert J. Walters
Assistant Inspector General
For Investigation

FROM: Jeffrey Morales
Supervisory Special Agent

SUBJECT: Target Analysis of National Association of Community Health Centers, Bethesda, MD, management of AmeriCorps programs.

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), has concluded its Target Analysis of the National Association of Community Health Centers (NACHC), Bethesda, MD, a National Direct and State Commission(s) AmeriCorps grantee. Four reports of investigation were opened and we identified a loss of $164,809.51 in Corporation program funds, $33,083 in education awards.

An analysis of NACHC's awarding of pro-rated education award for compelling reasons revealed NACHC awarded $62,584.36 in education award of which $38,174.44 fail to meet the criteria set forth in 45 C.F.R. § 2522.230.

On March 6, 2008, the results of our findings concerning the education awards for compelling reasons were provided to Corporation management for administrative action (Exhibit 1).

On March 13, 2009, Ms. [redacted], Corporation Director of Grants Management, reported that six of the thirteen education awards were improperly awarded. The improper certified education awards totaled $19,469.00. The Corporation has established a debt of $10,918.00 and identified a potential debt of $8,551.00 (Exhibit 2).

On March 25, 2009, the OIG submitted a rebuttal to Corporation Management requested the review there discussion regarding the AmeriCorps member serving in Yakima Valley, WA (Exhibit 3).

On April 27, 2009, Ms. [redacted], reported although the OIG information was correct however the member may not have been able to continue service beyond the end of the second year. Therefore the Corporation will not change its original determination (Exhibit 4).
On April 27, 2009, the OIG requested Ms. [redacted] consult the Office of the General Counsel (OGC) and obtain a legal opinion in that the OIG believed that the members' failed to meet the requirement for the awards.

On April 30, 2009, Ms. [redacted] reported that after discussing with OGC personnel it was confirmed that circumstances for the members at Yakima Valley site do not meet the compelling personal circumstance. The Corporation will disallow the pro-rated education awards, totaling $14,858.73 (Exhibit 5).

No further investigative activity is anticipated and this matter is closed in the files of this office.

Exhibits:
The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), has completed an investigation in conjunction with the National Association of Community Health Centers (NACHC), Bethesda, MD, to determine if Unity Health Care Inc., Washington, DC, (Unity) was operating within AmeriCorps grant provisions, based on OIG findings at a service site in Tampa, FL.

The OIG found evidence that three Unity AmeriCorps members were not serving in accordance with AmeriCorps grant provisions. The OIG found that three Unity AmeriCorps members received $32,900.87 in program grant funds and $18,908 in federally funded education awards, to which they were not entitled under the grant provisions (Exhibit 1, Attachment 1).

The OIG and NACHC AmeriCorps program officials reviewed Unity's financial records and discovered Unity used Federal funds to increase the members' stipends by drawing down the full stipend line budget amount when all AmeriCorps member slots were not filled; this resulted in a disallowed cost of $7,677.60 in unauthorized payments. The OIG and NACHC addressed the finding with Unity, which stated that the drawdown was an error, resulting in an overpayment (Exhibit 1, Attachment 2).

This matter was referred to Corporation management who reported on February 3, 2009, that it had disallowed the amount identified by the OIG. (Exhibit 2)

Exhibit
TO: Report of Investigation File (07-058)

THRU: Robert J. Walters
Assistant Inspector General
For Investigation

FROM: Jeffery Morales
Senior Special Agent

SUBJECT: Corporacion de Servicos de Salud y Medicina Avanzada, Cidras, PR
Failure to Comply with OMB Circular A-122 and AmeriCorps Provisions

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), has completed an investigation in conjunction with the National Association of Community Health Center (NACHC), Bethesda, MD, grant to determine if their subgrantee the Corporacion de Servicos de Salud y Medicina Avanzada (COSSMA), Cidras, PR, was operating within AmeriCorps grant provisions, based on OIG findings at another service site. (Exhibit 1)

The OIG found evidence that COSSMA violated OMB Circular A-122 when it did not maintain a time record for the former and/or current AmeriCorps special projects coordinator for grant years 2004 through 2006. Failure to properly maintain such records allowed the grantee to receive $12,960.

The OIG further found evidence that two AmeriCorps members improperly received stipend payments when one member was on leave and the other was suspended. Neither member performed AmeriCorps service during those periods. Additionally, there were no time sheets to reflect the time the members were not available. Each member received $272.50 in federal stipend payments that were not authorized, which resulted in a loss of $545.

This matter was referred to Corporation management who reported on February 3, 2009, that it had disallowed $13,505.50 as identified by the OIG. (Exhibit 2)

Exhibits:
TO: Report of Investigation File (07-059)

THRU: Robert J. Walters
Assistant Inspector General
For Investigations

FROM: Jeffery Morales
Senior Special Agent

SUBJECT: Cherry Street Health Center, Grand Rapids, MI
Failure to comply with AmeriCorps grant provisions
Improper awarding of AmeriCorps Education Award

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), has completed an investigation in conjunction with the National Association of Community Health Centers (NACHC), Bethesda, MD, to determine if Cherry Street Health Center, Grand Rapids, MI, (Cherry St.) was operating within AmeriCorps grant provisions, based on OIG findings at a service site. (Exhibit 1)

The OIG found evidence that four Cherry St., AmeriCorps members were not serving in accordance with AmeriCorps grant provisions. The OIG found that the four Cherry St. AmeriCorps members received $26,371.62 in program grant funds. Further investigation revealed that, although the subgrantee was advised the members were not serving in accordance with AmeriCorps grant provisions, the subgrantee still certified three members’ service hours, allowing them to receive $14,175 in federally funded education awards to which they are not entitled.

Further, the OIG found evidence that Cherry St. violated OMB Circular A-122 when it did not maintain a time record for the Ms. AmeriCorps Program Director, and Ms. former AmeriCorps Outreach Coordinator, for Grant Years 2004 through 2007. According to the subgrantee’s records, the subgrantee charged the grant 25 percent for both the program director’s services and outreach coordinator. Failure to properly maintain such records allowed the subgrantee to receive $55,469.19 ($50,848.98) and ($4,620.21) to which it was not entitled.

This matter was referred to Corporation management who reported on February 3, 2009, that it had disallowed the $96,015.81 identified by the OIG. (Exhibit 2)
MEMORANDUM

DATE: February 18, 2009

SUBJECT: OIG File Number 07-059 (Cherry Street Health Center - Grand Rapids, MI)

Exhibit

TO: OIG Investigative File 08-004

THRU: Robert J. Walters
Assistant Inspector General
For Investigations

FROM: Special Agent

SUBJECT: (OIG File Number 08-004)

Investigation disclosed evidence that Mr. , former AmeriCorps*VISTA program manager for the City of Manchester, NH, devised a scheme in which he fraudulently requested and obtained by delivery to him checks, purportedly for living allowances and other entitlements, to the order of current and former AmeriCorps*VISTA members. In fact, as to most of these checks, the member to whom the check was drawn was not entitled to any such payment. As to the small number of checks to which the member was entitled, those members were unaware of their entitlement. Mr. took possession of all of these checks, forged the payee’s signature and deposited them into his personal bank account. Mr. also filed fraudulent claims for reimbursement to which he was not entitled. Mr. thereby caused the City of Manchester, the program’s Grantee, improperly and unlawfully to disburse more than $21,163.81 in Federal program funds, which he kept for his personal use. (Exhibit 1)

On January 16, 2009, AUSA Mark Zuckerman, U.S. Attorney’s Office, District of New Hampshire, Concord, NH, reported that Mr. , pled guilty to Theft from Program Receiving Federal Funds. Mr. , was sentenced to six months of home confinement, five years of probation and ordered to pay $22,800 in restitution. (Exhibit 2)

On July 14, 2009, management reported that it had debarred Mr. for a period of three years. (Exhibit 3)

No further investigation activity is anticipated and this matter is closed in the files of this office.

Exhibits:
1. Report of Investigation 08-004
2. Court Judgment pertaining to Mr. , filed January 8, 2007.
TO: OIG Investigative File Number 08-027

THRU: Robert J. Walters
Assistant Inspector General
For Investigation

FROM: Jeffrey Morales
Supervisory Special Agent

SUBJECT: Mr. [Redacted] and Ms. [Redacted] (False Statement, Misuse of Federal Grant Funds and False Claims); St. HOPE Academy (False Claims)

The Office of Inspector General (OIG) conducted an investigation into allegations reported by Ms. [Redacted], Director of Service Programs, California Commission, Sacramento, CA, that Mr. [Redacted], CEO, St. HOPE Academy (St. HOPE), Sacramento, CA, placed AmeriCorps members to perform services outside of the grant provisions and used several AmeriCorps members to perform personal services for him.

Summary of Investigation

Investigation disclosed evidence that Mr. [Redacted] converted for his personal use and for the use of St. HOPE, Federal grant funds paid directly to St. HOPE, instead of applying those funds to the purposes for which St. HOPE had sought the AmeriCorps grant. Further, Mr. [Redacted]'s actions caused the Corporation to be fraudulently misled to finance the Education Awards for its members, which were not legally earned. Ms. [Redacted], at the time Executive Director, Neighborhood Corps, St. HOPE, Sacramento, CA, assisted Mr. [Redacted] in these violations by submitting and instructing her staff to submit Financial Status Reports (FSR), in order to obtain Federal grant funds. Ms. [Redacted] knowingly inflated, and/or falsely reported to the Corporation, hours served by AmeriCorps members in the Corporation's on-line records system, Web Based Reporting System (WBRS), thereby commencing the procedure whereby Federal funds were set aside for the payment of education awards by the Corporation to which AmeriCorps members were not entitled because the members had not served the statutorily required number of service hours to earn the awards. Both Mr. [Redacted] and Ms. [Redacted] also directed the impermissible payment of Federal grant funds to three employees of St. HOPE in order to reduce St. HOPE's operational expenses.

Between April 21, 2008, and October 1, 2008, four Inspector General Subpoenas were issued to St. HOPE for the production of documentation required to be maintained under the grant. A
review of the subpoenaed documents revealed that St. HOPE failed to maintain adequate and accurate documentation of the expenditures of Federal funds as required by the grant. (Exhibits 1 through 4)

On May 21, 2008, a recommendation to suspend Mr. [redacted], Ms. [redacted] and St. HOPE was submitted by the OIG to Corporation management. (Exhibit 5)

On August 7, 2008, an OIG referral was submitted to the U.S. Attorney’s Office, Eastern District of California, Sacramento, CA, reflecting the OIG investigation and recommending criminal prosecution and/or civil action. (Exhibit 6)

On September 24, 2008, Corporation management issued a suspension notice to Mr. [redacted], Ms. [redacted] and St. HOPE. (Exhibits 7 through 9)

On March 18, 2009, OIG Audit personnel issued a fiscal report on St. Hope that was submitted to AUSA Kendall Newman, identifying a loss to the Government of $847,673.00. (Exhibit 10)

Between April 29, 2008, and April 6, 2009, this office coordinated this investigation with AUSA John Vincent, Criminal Chief, and AUSA Kendall Newman, Civil Chief, U.S. Attorney’s Office, Eastern District of California, Sacramento, CA. During this period, AUSA Newman requested that the OIG to conduct a desk audit on St. HOPE’s AmeriCorps grant.

On April 9, 2009, Corporation management informed the Inspector General that the U.S. Attorney’s Office and Corporation management had reached a settlement with Mr. [redacted], Ms. [redacted] and St. HOPE. As a result of the settlement no debarment recommendation action will be initiated by this office. (Exhibit 11)

No further investigative activity is anticipated and this matter is closed in the files of this office.

Exhibits:

1. (1-4) Subpoena, dated April 21, 2008.
4. (1-5) Subpoena, dated October 1, 2008.
7. (1-4) Notice of Suspension for St. HOPE, dated September 24, 2008.
8. (1-4) Notice of Suspension for Mr. [redacted], dated September 24, 2008.
9. (1-4) Notice of Suspension for Ms. [redacted], dated September 24, 2008.
TO: OIG File 008-036

FROM: Robert J. Walters
Assistant Inspector General for Investigations

SUBJECT: Boaz and Ruth AmeriCorps Endeavor Program (Improper Use of Grant Funds / Improper Awarding of Education Awards) (08-036)

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), has completed its investigation of Boaz and Ruth, Inc. (B&R), Richmond, VA. The investigation found that, between 2005 and 2008, program officials from B&R overcharged their AmeriCorps grant by $90,714.95 in AmeriCorps member living allowances by improperly charging the grant 85 percent of the total living allowance costs instead of the percentage authorized under the grant. The investigation also found evidence that B&R improperly approved and certified seven AmeriCorps members to receive partial education awards upon early release from the program, citing reasons that did not qualify as compelling personal circumstances. The loss to the Government for those awards is $20,949.64 (Exhibit 1).

On August 18, 2009, Ms. [redacted], Director of Grants Management, reported that it had established a debt against B&R to recoup disallowed costs in the amount of $112,144.94. (Exhibit 2)

Exhibits:
OFFICE OF INSPECTOR GENERAL

March 30, 2010

TO: OIG Investigative File 2009-014

THRU: Robert Holland
Acting Assistant Inspector General
For Investigations

FROM: Jeffrey Morales
Supervisory Special Agent

SUBJECT: NCCC – Sacramento Campus

The Office of Inspector General (OIG) Corporation for National and Community Service (Corporation) has completed its investigation allegations concerning mismanagement, inadequate leadership, waste of Government equipment, failure to pay invoices, lack of inventory and accountability controls for Government equipment, and ethical issues involving personnel at the Sacramento NCCC campus.

On October 26, 2009, Mr. [redacted], Acting Director, AmeriCorps NCCC, responded in a response letter (Exhibit 1) to the OIG management letter (Exhibit 2) that AmeriCorps NCCC has enforced procedures about the accountability of government property and inventory procedures. The campus has implemented the Maximo inventory control database to more closely manage all government property and supplies on AmeriCorps NCCC campuses and headquarters. Ms. [redacted], Resource Manager was reprimanded for failing to follow Corporation procedures with respect to forwarding member fines to the Department of Accounting for processing.

Mr. [redacted] stated that at no time during the period in question was the AmeriCorps NCCC program anti-deficient. Mr. [redacted] explained although each Campus is given an operational budget the actual funding for the Campus's are management at the Corporation Headquarters. Mr. [redacted] stated that he has reiterated to Resource Managers, Deputy Directors and Region Directors that all obligations must be in momentum prior to purchases being made. On December 23, 2009, Mr. [redacted] informed Special Agent Morales that Mr. [redacted], Region Director was placed a Performance Improvement Plan (PIP).

No further investigation activity is anticipated and this matter is closed in the files of this office.

Exhibits

2. Response to OIG Investigations, dated October 26, 2009
3. Email from Mr. [redacted], dated November 23, 2009.
SUBJECT: Crawford County VISTA (Misapplication of Grant Funds) (Unfounded)

The Office of Inspector General (OIG) received a complaint from Ms. [redacted], State Program Director, Oklahoma City, OK, who reported that Ms. [redacted], VISTA member, Crawford County Volunteers for Literacy, Soaring with Eagles VISTA Project, Van Buren, AR (CCVL), made a complaint to her office. Ms. [redacted] told Ms. [redacted] that she just completed her VISTA service and was concerned that she had to drive her personal car as part of her service and when she asked Ms. [redacted], Project Director, CCVL, about mileage reimbursement, Ms. [redacted] stated there were no funds available for mileage reimbursement. Ms. [redacted] told Ms. [redacted] she previously received mileage reimbursement on one occasion, in June 2008. Ms. [redacted] stated that according to the program budget there was $10,000.00 for mileage reimbursement for the VISTA members during the last grant year and that there were only three VISTA members enrolled during the time in question. The program ended December 2, 2008. Ms. [redacted] stated that the program grant budget for the year was $28,000.00; $18,000.00 was budgeted for 1/2 of the Program Director's salary and $10,000.00 for member mileage reimbursement. Ms. [redacted] advised that VISTA members provided services in three counties in Oklahoma. Ms. [redacted] stated that program has drawn down approximately $26,900.00 and has $1,100.00 in grant funds remaining. Ms. [redacted] stated she suspects that the funds for member mileage reimbursement were misused by the program.

On March 31, 2009, the OIG interviewed Ms. [redacted], regarding this incident. Ms. [redacted] stated she had not personally paid the VISTA members but the treasurer was responsible for that task. Ms. [redacted] was asked about the allegation that they had not used the money for the reimbursement for mileage but had used it for other costs. Ms. [redacted] denied this accusation and said that they would be returning money to the U.S. Government upon completion of the close out documents. Ms. [redacted] said they had just completed the VISTA project after a no-cost extension was issued by the Corporation so that the VISTA members remaining at her site could finish their term of service in order to qualify for their education awards.
DATE: June 26, 2009
SUBJECT: CCVL (Misapplication of Grant Funds) (Unfounded) (OIG File Number 09-017)

Ms. said the last VISTA members completed their service on February 2, 2009, and they had very recently completed the paperwork and were pending completing the final closeout with Health and Human Services, Payment Management System database.

On March 31, 2009, the OIG reviewed the CCVL general ledger along with the check register. Upon reviewing the ledger and the register the OIG confirmed the CCVL intended to return about $3,100.00 to the U.S. Government. Further review indicated that the VISTA members were paid what appears to mileage reimbursement as was required under the grant. The ledger and the checks indicated that Ms. had been paid $3,133.35 in mileage reimbursement more than any other VISTA. Additionally, it was determined that Ms. had received about $1,300.00 in reimbursement for mileage that she had driven. When questioned about the mileage reimbursement, Ms. admitted she received reimbursement for the mileage she drove when closing the VISTA project and thought it was allowable. Ms. stated that CCVL would return the money when the unused grant monies were returned. Ms. indicated that the financial closeout was being completed and that the return of the money would be made in the next couple weeks. Ms. stated that Ms. in Rockville, MD was the HHS point of contact for the program.

On March 31, 2009, the OIG interviewed Ms. regarding her knowledge of this incident and the information provided to Ms. Ms. confirmed she had made the complaint to Mr. regarding the reimbursement for the mileage. Ms. was asked about the reimbursement checks that she had received and Ms. confirmed that she had received all of the checks listed in the ledger. Ms. was asked if there was a time that she requested reimbursement for mileage driven and did not receive reimbursement. Ms. said that she had received reimbursement for her mileage every time she requested it. Ms. had nothing further to add concerning this incident.

On April 30, 2009, the OIG received a letter from the CCVL indicating that the financial closeout was completed and that a check for $4,433.35 was sent to Health and Human Services, Payment Management System Service Center.

On June 26, 2009, the OIG queried the PMS database and confirmed that the financial closeout payment from CCVL in the amount of $4,433.35 was posted in the PMS database.

On June 26, 2009, the results of this investigation were coordinated with Mr. Vincent Mulloy, Counsel to the Inspector General. Mr. Mulloy opined there was no evidence of criminality.

This investigation is closed within the files of this office. No further action is anticipated.
TO: OIG Investigative File 09-023
THRU: Robert J. Walters
Assistant Inspector General
For Investigations
FROM: Special Agent

SUBJECT: Louisville Metro Community Action Partnership (OIG File Number 09-023)

The Office of Inspector General (OIG) Corporation for National and Community Service (Corporation) completed its investigation into the improper disbursement of Federal funds by the Louisville Metro Community Action Partnership (LMCAP), Louisville, KY.

During the investigation of an unrelated case (OIG case 09-013) the OIG found evidence that LMCAP violated AmeriCorps Special Provisions, Section IV I.1, when it improperly paid several AmeriCorps member’s $46,809.44 in living allowance payments between grant years 2006 and 2009, they were not entitled (Exhibit 1).

On September 9, 2009, Ms. Senior Grants Officer, Corporation, advised that the Corporation has completed its review of the OIG Investigation, discussed the findings with the state commission and concurs with the findings. As the April 7, 2009, investigation memorandum reflects, the Kentucky Commission’s Executive Director was aware of the overpayment. The Louisville Metro Community Action Partnership’s subgrant is currently in the closeout process under the Kentucky Commission on Community Volunteerism prime grant number 06ACHKY001. The commission is collecting the funds from the program by requiring the program to use its own funds to operate the program until the correct amount is recovered. Collection will be completed by September 30, 2009, and noted in the final close out documents (Exhibit 2).

No further investigation activity is anticipated and this matter is closed in the files of this office.

Exhibits

1. Letter to management, dated April 7, 2009.
TO: OIG Investigative File 2010-021
THRU: Robert W. Holland
Deputy Assistant Inspector General for Investigations
FROM: [Redacted]
Special Agent
SUBJECT: Mt. Hope Learning Center (MHLC)
False Certification/False Claims Act Violations- Founded (OIG Case Number 2010-021)

The Office of Inspector General (OIG) has completed its investigation into allegations by program official(s) from the Mt. Hope Learning Center, Providence, RI that AmeriCorps members were performing service outside of the grant provisions. Investigation in coordination with Serve Rhode Island (SRI) did not substantiate the allegation of unauthorized service; however, SRI identified several fiscal irregularities at MHLC. Further investigation by the OIG revealed that Ms. [Redacted], former Executive Director, MHLC, submitted false monthly financial reports to SRI. Ms. [Redacted]s false certifications allowed MHLC to fraudulently draw down $135,000 in Recovery Act grant funds by falsely reporting the payments of member health insurance premiums to SRI.

On July 8, 2010, the results of the OIG investigation were forwarded to Corporation management for action they deemed appropriate (Attachment 1).

On May 26, 2011, at the request of the Corporation, a supplemental OIG report was submitted to the Corporation which further explained the legal basis of the OIG findings (Attachment 2).

On September 30, 2011, Corporation Management provided a memorandum detailing the decision to take no action regarding the $135,000 in fraudulent claims made by MHLC (Attachment 3).

No further investigation activity is anticipated and this matter is closed in the files of this office.
DATE: November 9, 2011
SUBJECT: Report of Investigation (2010-021)

Attachment(s):


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December 13, 2011

TO: OIG Investigative File 2012-009

THRU: Robert W. Holland
Deputy Assistant Inspector General
for Investigations

FROM: [Redacted]
Special Agent

SUBJECT: Lutheran Social Services of Illinois (LSSI), False Statement/False Certification Unfounded (OIG Case Number 2012-009)

The Office of Inspector General (OIG) has completed its investigation into allegations by a program official from the McHenry County Community College (MCCC) that former AmeriCorps members may be mis-using their education awards.

On November 28, 2011, Ms. [Redacted], Financial Aid Assistant, McHenry County Community College (MCCC), made a hotline complaint that there may be problems with education awards being used by seniors who served as AmeriCorps members at the Legacy Faith in Action/Lutheran Social Services of Illinois in Crystal Lake, Illinois.

Ms. [Redacted] reported that as the financial aid assistant at the MCCC she noticed a number of former AmeriCorps members, who were senior citizens as well, would come to the college and request the laptop they were promised. Ms. [Redacted] reported that the program, Legacy Faith in Action, part of Lutheran Social Service of Illinois used the enticement of getting a laptop for their AmeriCorps service and reported that the program was selling the use of education awards in this fashion to get AmeriCorps members to serve at the program. As a result of this Ms. [Redacted] was concerned because the seniors were registering for non-credit continuing education classes and then purchasing laptops from the bookstore using the education award as payment.

On November 29, 2011, the OIG coordinated with Mr. [Redacted], Corporation who explained his knowledge of this incident and his coordination with Ms. [Redacted], Financial Aid Specialist, MCCC, in which he said Ms. [Redacted] had questions about potential fraud involving education awards (Attachment 1).
DATE: December 13, 2011
SUBJECT: Report of Investigation (2012-009)

On November 29, 2011, the OIG coordinated with Ms. [Redacted], MCCC, who explained that former AmeriCorps members who had earned education awards were using the awards to purchase laptops and other items. Ms. [Redacted] said she was concerned about this because the award recipients were enrolled in non-credit classes (Attachment 2).

On December 7, 2011 the OIG reviewed 45 CFR 2528.10 which pertains to the Corporation's Segal Education Award authorized uses. Essentially the CFR states the following pertaining to Segal Education Awards, 45 CFR 2528.10 - For What Purposes May An Education Award Be Used? "(a)(2) To pay all or part of the current educational expenses at an institution of higher education".

On December 7, 2011 the Counsel to the Inspector General reviewed the Corporation policy and opined there was no apparent violation.

This investigation is closed within the files of this office. No further investigative activity is contemplated by this office.

Attachment(s):

1. Agents Investigative Report detailing coordination with Mr. [Redacted], dated November 29, 2011.


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