

**Office of Inspector General  
Corporation for National and  
Community Service**

**AUDIT OF CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE GRANTS AWARDED TO THE  
NEW YORK CITY OFFICE OF THE MAYOR (NYC  
MAYOR'S OFFICE)**

**OIG REPORT 11-11**



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This report was issued to Corporation management on July 25, 2011. 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 January 25, 2012 and complete its corrective actions by July 25, 2012. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

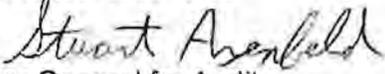


July 25, 2011

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SUBJECT: Office of Inspector General (OIG) Report 11-11: *Audit of Corporation for National and Community Service Grants Awarded to the New York City Office of the Mayor (NYC Mayor's Office)*

Attached is the final report on the OIG's audit of Corporation for National and Community Service grants awarded to the NYC Mayor's Office. This audit was performed by OIG staff in accordance with generally accepted government auditing standards.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by January 25, 2012. Notice of final action is due by July 25, 2012.

If you have questions pertaining to this report, please contact me at (202) 606-9360 or [s.axenfeld@cncsoig.gov](mailto:s.axenfeld@cncsoig.gov); Thomas Chin, Audit Manager, at (202) 606-9362 or [t.chin@cncsoig.gov](mailto:t.chin@cncsoig.gov); or Sheyi Idowu, Auditor, at (202) 606-9361 or [o.idowu@cncsoig.gov](mailto:o.idowu@cncsoig.gov).

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## CONTENTS

Section	Page
Executive Summary .....	1
Audit Conclusions .....	3
Results of Audit .....	8
Objectives, Scope, and Methodology .....	17
Background .....	18
Exit Conference .....	19

### Appendices

- A: NYC Mayor's Office VISTA Application Timeline
- B: OIG's Response to the NYC Mayor's Office and the Corporation's Response to the Draft Audit Report
- C: Corporation for National and Community Service's Response to the Draft Audit Report
- D: NYC Mayor's Office Response to the Draft Audit Report

### TABLE OF ACRONYMS

ACL	Audit Command Language
ARRA	American Recovery and Reinvestment Act of 2009
CPO	Chief of Program Operations
DOA	Department of Aging
DVSA	Domestic Volunteer Service Act of 1973
MOA	Memorandum of Agreement
NYC	New York City
OIG	Office of Inspector General
USC	United States Code
VISTA	Volunteers in Service to America

## EXECUTIVE SUMMARY

The President and Congress provided the Corporation for National and Community Service (Corporation) approximately \$200 million in funding under the American Recovery and Reinvestment Act of 2009 (ARRA), to be obligated by September 30, 2010. In response to the ARRA mandate of accountability, transparency, and efficient allocation of funds, the Office of Inspector General (OIG) performed an audit of the Volunteers in Service to America (VISTA) programs and AmeriCorps grants awarded to the New York City Office of the Mayor (NYC Mayor's Office), located in New York, NY. VISTA programs are awarded non-competitively. Our audit objectives were to determine whether: (1) the NYC Mayor's Office's financial, Memorandum of Agreement (MOA), and program management were compliant with the requirements of the ARRA terms and conditions; (2) the NYC Mayor Office, VISTA members, and the programs (sponsor and sub-recipients) in which VISTA resources are awarded under ARRA were compliant with applicable laws, regulations, and MOAs provisions; (3) internal controls were effective; and (4) AmeriCorps State and National members and their service were compliant with applicable laws, regulations, policy, and, where appropriate grant provisions.

Through ARRA funding, the NYC Mayor's Office, in partnership with the Corporation expanded its VISTA program to engage about 200 VISTA volunteers in the NYC Civic Corps. NYC Civic Corps was launched in April 2009 to mobilize residents in the five boroughs of NYC in public service: to build, support, and manage volunteer programs in the critical impact areas of economic opportunity, health, education, clean energy, and the environment. NYC Civic Corps is administered through NYC Service, an arm of the NYC Mayor's Office. NYC Service is also a pioneer program of the Cities of Service initiative, a coalition launched by NYC Mayor and other mayors across the country to promote volunteerism as a way to help cities address their most-pressing problems. NYC Civic Corps members were deployed, in small teams of VISTAs, to 56 NYC agencies and non-profit organizations (host site organizations) for a one-year period from August 2009 through July 2010. The NYC Civic Corps members received a monthly living stipend, a NYC transit metro card, health care coverage, and an education award or an end-of-service stipend.

In conducting our audit, we interviewed VISTA members, NYC Service management, and current and former Corporation management personnel. We also reviewed relevant Federal laws, regulations, guidance, and other documentation. We identified several areas of concern in the process and administration of the VISTA resources. For example, we expressed concerns relating to a situation that appeared to be undue influence from Corporation senior management in the review and award process of the VISTA resources to NYC Mayor's Office. The Corporation, in its response, did not dispute the stated facts of events that took place (testimonies of the Corporation senior management); rather, the Corporation justifies the actions of the former Chairman of the Board of Directors and the then- CPO. In addition, the Corporation, in its response did not acknowledge that, upon receiving our preliminary draft report, it proactively and swiftly implemented our first recommendation (1a) relating to amending the bylaws to preclude Board of Director members from influencing operational decisions for grants that are currently under review. The amended bylaws, including an Ex Parte Communications section, were recently approved by the Board of Directors and, in our opinion, mitigates the risk of undue influence identified in our audit.

We further expressed concerns relating to the large size of the project. The NYC Mayor's Office received a traditional VISTA sponsorship with 200 VISTA slots, the largest single sponsorship in VISTA's history. Due to the large size of the project, some red flags in the application review process were missed. The State Office official and the Office of Field Liaison Area Manager stated that, absent the intervention from the then CPO, the State Office would have awarded a smaller sized project and expanded it gradually based on the success of the program. In its response to Finding 4 of the Report, the Corporation reiterated that "in the ordinary course, projects such as this one typically start out small and grow in a more measured way."

Furthermore, we expressed concerns that activities conducted at NYC Parks and Recreation, Million Trees, were not compatible with VISTA goals and objectives; in fact a member quit the program for the same reason (inconsistency with the VISTA program). VISTA members are to serve in low-income communities. We learned through interviews with VISTA members, as well as our analysis, that members provided services to benefit non impoverished areas.

In addition, we found that some VISTA members were underutilized and poorly managed by the host site organizations; the members were asked to work from home with no substantial assignments. We also found that the host site organizations were precluded from the decision-making process relating to recruitment of members and setting up project goals and milestones.

Our fieldwork testing, conducted from October 18, 2010, through February 23, 2011, revealed the following findings:

1. Appearance of undue influence<sup>1</sup> from Corporation senior management in the review and award process of the VISTA resources to NYC Mayor's Office;
2. Unclear and questionable host site organization applications, i.e. vague goals and unclear relevance to VISTA's mission of relieving poverty;
3. VISTA members engaged in unallowable direct service<sup>2</sup>;
4. Uncertainty that service provided by certain host sites met the statutory mandate of VISTA to strengthen and supplement efforts to eliminate and alleviate poverty;
5. A few host site supervisors did not attend the mandatory supervisor orientation; and
6. Certain host sites hired VISTA members prior to the end of the program, resulting in early terminations of their VISTA service.

As a result of our audit findings, we are questioning costs of \$100,297 in education awards and living allowance for violations of terms and conditions of the MOA, law, regulation, or policy. The Corporation disputes the recovery of the questioned costs

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<sup>1</sup> Undue influence as used in this report refers to any act of persuasion that over-comes the free will and judgment of another, inducing that person to do something he or she would not otherwise do. In this case, the appearance of undue influence occurred between the then CPO and the State Office Officials, which was initiated in order to satisfy the interests of the former Chairman of the Board.

<sup>2</sup> According to the AmeriCorps VISTA Handbook, "[a] member assignment does not include the delivery of individual services to a limited number of clients, that is, "direct service," or activities more appropriately performed by the sponsoring organization's administrative support staff."

because the costs are VISTA living allowances paid by the Corporation, not grant costs incurred by the Mayor's Office. We believe the NYC Mayor's Office should reimburse the Corporation for all member related costs because the member was not eligible. Federal funds were expended and there must be accountability for any misuse or mismanagement of those funds, irrespective of whether the cost was incurred directly by the Corporation for the sponsor or whether the cost was incurred directly by the sponsor.

## **AUDIT CONCLUSIONS**

We conclude that the process used to review and accept host site organizations was compromised by the appearance of undue influence exercised by Corporation senior management. As a result, some of the host sites selected did not meet the intent of the VISTA program. Overall, we believe the VISTA program and its specific poverty-fighting mission was not the best fit for the NYC Mayor's Office. There further appeared to be widespread misunderstanding of VISTA program requirements among officials of the host site organizations, resulting in violations of the VISTA terms and conditions.

The NYC Mayor's Office had implemented a strong internal controls system to ensure the proper administration of ARRA funds and compliance with the ARRA terms and conditions. However, during our audit we identified areas in which the Corporation should improve its internal review process, prior to making awards, for VISTA-sponsored programs. Specifically, we are concerned by a high likelihood that Corporation senior management unduly influenced the decisions of the Corporation's New York State Office (State Office) during the selection of host site organizations. Our concerns are based in large part on the interest, evidenced by the former Chairman of the Corporation's Board of Directors, in a partnership between the NYC Mayor's Office and the Corporation. The former Chairman of the Board of Directors<sup>3</sup> recommended the NYC Mayor's Office to the Corporation for VISTA funding in January 2009, while he was serving as the Chairman of the Board of Directors. The major contributing factor to the appearance of undue influence is fueled by the former Chairman of the Board's intervention in the host site selection process (an operational function).

Given the former Chairman of the Board's ties to NYC Mayor's Office, he should not have intervened in the host site selection process. The former Chairman of the Board's ties to the NYC Mayor's Office, as we understand, are listed below:

- During our interview with the former Chairman of the Board, he informed us that he had a prior working relationship with one of the Deputy Mayors of NYC while working on case studies related to a grant. The aforementioned Deputy Mayor was notified when the NYC Mayor's Office was introduced to the Corporation by the former Chairman of the Board of Directors.
- While the former Chairman of the Board served as the Director of the Innovations in American Government Awards at Harvard Kennedy School, the NYC's

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<sup>3</sup> The former Board of Director was first named Chairman of the Corporation Board of Directors on June 1, 2001, and served in that role until February 2, 2009, when he became Vice Chairman. He was Vice Chairman from February 2, 2009, to October 6, 2009, when he was named Interim Chairman. He served in that role until May 31, 2010. Since June 1, 2010, he has served as Deputy Mayor of New York City. The announcement to that post was announced by the Mayor of New York City on April 30, 2010.

Acquisition Fund<sup>4</sup> was selected as the winner of the Innovations in American Government Award in September 2008. At the time, the former Chairman of the Corporation Board was concurrently serving as the Director of the Innovations in American Government Awards.

- We observed that the Mayor of NYC contributed to the former Chairman's book, "The Power of Social Innovation," by writing the foreword for the book, dated November 2009.

Our interview with the Corporation's New York State Office officials, the then Chief of Program Operations (CPO), and the Office of Field Liaison Area Manager, revealed that NYC Mayor's Office had contacted the former Chairman of the Board to intervene in the host site selection dispute between the State Office and NYC Mayor's Office. Consequently, some of the admitted host sites in dispute ended up being problematic to the VISTA program as evidenced by their performance.

The Corporation's New York State Office officials stated it had initially rejected some host sites, which had been proposed by NYC Mayor's Office, from participating in the VISTA program based on past performance, the State Office's professional judgment, and its concerns that the sites could not meet the VISTA's anti-poverty requirement. The NYC Mayor's Office sought to include the disputed host sites in the program, and utilized the former Chairman of the Board of Directors to achieve approval of its request. According to the then CPO, the Corporation's intervention in the host site dispute began after the then CPO was contacted by the former Chairman of the Board of Directors. The then CPO stated she intervened at the request of the former Chairman of the Board of Directors. The then CPO intervened in the process and subsequently asked the State Office to revisit the applications of the disputed host sites and work with NYC Mayor's Office to make them acceptable.

According to interviews with the State Office officials, our review of supporting documentation, and interviews with VISTA members, we learned that two of the three disputed host sites that were accepted into the program turned out to be problematic. One host site, Long Island Business Development Corporation (allocated three VISTA members), withdrew its commitment three months after the program started due to its inability to meet VISTA requirements. The other host site, NYC Department of Parks and Recreation, was the subject of allegations from several VISTA members that the project was political in nature and did not promote VISTA goals. One VISTA member quit the program early because the member felt its activities did not address poverty and were inconsistent with the VISTA program.

Our audit identified instances in which host site organizations were in violation of VISTA regulations, including engaging VISTA members in direct service, and supervisors not attending mandatory orientation. As a result, the supervisors did not fully comprehend the VISTA goals and provisions. This led to the misuse of members. In addition, based on interviews with VISTA members, some host site organizations were not prepared for the VISTA members. For example, VISTA members that served at NYC Department of Education, Division of Schools Support, stated they were not provided with the resources and capacity to achieve their VISTA goals and missions. During the first

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<sup>4</sup> The Ash Institute for Democratic Governance and Innovation Communiqué (Spring 2009 Volume 4) described the NYC Acquisition Fund as a key element of NYC Mayor's New Housing Marketplace plan. The Fund is a \$230 million partnership which finances the purchase of land and buildings for affordable housing.

quarter of their service term, they were not provided basic accommodation (computers, phones, and office space). In their first month they had no host site supervisor. The assigned supervisor was on vacation and no replacement was provided. In their last month of service, they were told to work from home with no substantial assignments. The VISTA members stated they were underutilized for an estimated 70 percent of their service terms, resulting in an ineffective and inefficient use of Federal resources.

We further found that some host site organizations were selected without an adequate analysis to determine if they were the best fit for the VISTA program. Our review of selected host site applications led us to determine that, based on the information disclosed in their applications, some host sites should not have been approved for the program. For example, the application for New York Legal Assistance Group disclosed its intention of engaging VISTA members in direct service. The VISTA members that served at the New York Legal Assistance Group subsequently did engage in direct service. Under VISTA policy, members are prohibited from providing direct service.

The State Office officials and the Office of Liaison Area Manager stated that in the absence of the intervention from the Corporation management, the State Office would have awarded a smaller-sized project and then expanded it gradually, based on the success of the program. In addition, the State Office officials stated that, in the absence of the intervention from the former Chairman of the Board through the then CPO in the decision-making process, the State Office would have exercised greater prudence in selecting effective and appropriate host site organizations.

The following table provides a summary of the exceptions we identified during our member interviews and reviews of host site organization application files. We interviewed 19 VISTA members and reviewed 19 host site organization applications, 6 of which were NYC government agencies.

SUMMARY OF FINDINGS BASED ON SELECTED SAMPLES				
Finding Description	Members Involved	Host Site Organizations Involved		Questioned Costs
		NYC Agencies	Not-For-Profit Organizations	
Host sites with questionable applications (i.e. vague goals and unclear relevance to VISTA)	10	2	5	-
VISTA members engaged in direct service	7	1	3	\$50,999
Host sites with uncertainty if services met VISTA's anti-poverty requirement	9	2	2	\$35,342
Host site supervisors did not attend the mandatory supervisor orientation	4	1	1	-
Host sites prematurely hired VISTA members	2	2	-	\$13,956
<b>Total</b>	<b>32</b>			<b>\$100,297</b>

To address the issues raised by our audit, we recommend that the Corporation implement the following:

- Develop clear policies and procedures, in its Board of Directors bylaws, to preclude Board members from interfering/participating in operational decisions involving the awarding of grants or VISTA resources. The policy should specifically address contacts with applicants during the decision-making process that could be misconstrued as undue influence. (Refer to finding no. 1 for further details).
- Establish a formal internal panel for reviewing VISTA applications and assessing host site applications prior to the award of grants or VISTA resources. This will ensure that selected organizations have a demonstrated need for VISTA members and are qualified and eligible to conduct a VISTA program. In addition, the Corporation should develop a standard procedure manual to provide guidance for the review panel. It should include guidance on the responsibilities of reviewers, formal documentation of the review process, and procedures for dispute resolution. We believe the establishment of such a panel will enhance

the transparency and integrity of the review and award process. (Refer to finding no. 2 for further details).

- Enhance control mechanisms to ensure that VISTA recipients comply with the laws, regulations, and policies. These should emphasize policies that delineate the requirements and expectations for VISTA recipients and outline the consequences of violating the laws and regulations, for example, cost reimbursement, adverse past performance track record, etc. To enhance compliance with terms and conditions of VISTA MOAs, ensure that all supervisors attend the supervisor orientation. Mandatory attendance will increase awareness of allowed and prohibited activities. (Refer to findings no. 3 and no. 5 for further details).
- Emphasize a proactive means by which VISTA members can communicate their concerns or report alleged prohibited services they have been assigned to engage in, such as direct service or non-VISTA related activities. This will enhance early intervention and detection in instances of noncompliance. (Refer to findings no. 3 and no. 4 for further details).
- Recover the questioned costs of \$100,297 from NYC Mayor's Office for noncompliance with VISTA terms and conditions. (Refer to findings no. 3, 4, and 5 for further details).
- Enhance the VISTA performance reporting tool to capture relevant data that will provide the Corporation with sufficient information to determine the success of the program. The performance report should clearly include measures that can be used to establish a baseline to sufficiently analyze performance. Implementing an effective tool will enhance accountability and transparency. (Refer to finding no. 4 for further details).
- Include, in all MOAs, a clause that VISTA sponsors/host site organizations are prohibited from hiring VISTA members prior to the end of their one-year term of service. This will help ensure that VISTA programs and their members fully meet their objectives and goals. (Refer to finding no. 6 for further details).
- Place a strong emphasis on the past performance of existing grantees when considering recipients for subsequent grants or VISTA resources. (Refer to finding no. 6 for further details).

Based on our limited review of the ongoing AmeriCorps State and National program grant, we did not find any major issue during the member compliance testing.

## RESULTS OF AUDIT

### **Finding 1. Appearance of undue influence, from Corporation senior management, in the review and award process of VISTA resources to NYC Mayor's Office.**

We reviewed the application process for the NYC Mayor's Office and associated host site organizations and determined there appeared to be an exercise of undue influence from the Corporation's senior management team and the former Chairman of the Board of Directors in the review of host site applicant organizations.

According to the *Guidelines for Selection of AmeriCorps\*VISTA Sponsors and Projects*, Part III. *AmeriCorps \*VISTA Project Approval Process*, Paragraph 2.d, states, "the Corporation State Director is given the authority to review the project application and render a final decision within 15 working days of receipt." 60 Fed. Reg.7172, 7174 (Feb.7.1995).

According to interviews with the State Office officials, the then CPO, the then Acting Director of VISTA, the Office of Field Liaison Area Manager, and our review of supporting documentation, we found that the Corporation State Office personnel had originally rejected five host sites proposed by NYC Mayor's Office because, in their professional judgment, they had concerns about the projects' alignment with VISTA standards. The NYC Mayor's Office was dissatisfied with the State Office's decision and sought to include the five rejected host sites in the program. The then CPO and State Office officials stated the NYC Mayor's Office contacted the former Chairman of the Board of Directors, who then contacted the then CPO to request her intervention in the matter. The then CPO stated she intervened in the host site dispute because the project was important to the former Chairman of the Board of Directors<sup>5</sup>. The State Office was then notified by the then CPO that the project was a high priority of the former Chairman of the Board of Directors. The State Office official and the then Acting Director of VISTA stated the former Chairman of the Board of Directors recommended NYC Office of the Mayor to the Corporation for VISTA funding. We also reviewed supporting documentation to confirm that the NYC Mayor's Office was introduced to the Corporation's then Acting Chief Executive Officer by the former Chairman of the Board of Directors. At the request of the then CPO, the State Office was asked to revisit the applications of the rejected host sites and work with NYC Mayor's Office to revise the applications for reconsideration and acceptance into the program. The State Office reconsidered and accepted three of the five rejected host sites.

The State Office officials stated that, in the absence of the intervention from Corporation senior management, the State Office would not have accepted the three host sites to participate in the program. Subsequently, two of the three disputed host sites became problematic and performed poorly, confirming the initial concerns of the State Office: 1) The Long Island City Business Development Corporation withdrew from the program three months after inception due to a determination by NYC Service that it was not an appropriate host site for the VISTA program and it was not in need of capacity building; 2) NYC Parks and Recreation experienced early termination of a VISTA member because the member felt the activities conducted did not address poverty and were

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<sup>5</sup> During our interview with the former Chairman of the Board of Directors, he stated he had no recollection of intervening in the host site dispute.

inconsistent with the VISTA program. In addition, some VISTA members that served at NYC Department of Parks and Recreation reported they were engaged in prohibited direct service.

Our audit also raised concerns that the project was large in scope, considering that the NYC Mayor's Office was a new sponsoring organization to the Corporation with no relevant past performance of VISTA-related projects (with the exception of NYC Department of Aging (DOA) which, according to the State Office Official, had an unfavorable past performance from a prior NYC project. DOA was the third disputed host site that was accepted into the program in spite of its adverse past performance record). The NYC Mayor's Office received a traditional VISTA sponsorship with 200 VISTA slots, the largest single sponsorship in VISTA's history. The State Office official and the Office of Field Liaison Area Manager stated that, absent the intervention from the then CPO, the State Office would have awarded a smaller sized project and expanded it gradually based on the success of the program.

We believe that the appearance of undue influence resulted in part from the Corporation's lack of clear policies and procedures in the Board of Directors bylaws, to prevent Board members from interfering or intervening in operational decisions during the review and award process of VISTA programs. Moreover, the Corporation lacks policies and procedures on Board of Directors' contacts with outside parties or applicants during the review and awarding of Corporation programs, an operational function.

## **Recommendations**

We recommend that the Corporation:

- 1a. Develop clear policies and procedures, in the Board of Directors bylaws, to preclude Directors from intervening/participating in the operational decisions of awarding grants or VISTA resources. This would avoid the appearance or perception of preferential treatment or undue influence. The policy should specifically address contacts with applicants during the decision-making process that could be misconstrued as undue influence; and
- 1b. Establish a formal internal review panel for reviewing VISTA applications and assessing host site applications prior to the award of VISTA resources. The review panel should have a standard procedure manual to provide guidance for the review process, including the responsibilities of reviewers, documenting the review process, and dispute resolution procedures.

## **Finding 2. Unclear and questionable host site organization applications.**

Of the 19 host site applications reviewed, 11 did not include measurable terms or outcomes related to the sustainability of the project activities.

According to the *Guidelines for Selection of AmeriCorps\*VISTA Sponsors and Projects*, Part II. *Criteria for Selection of AmeriCorps VISTA Sponsors and Projects*, Paragraph A.2.d a proposed project "must describe in measurable terms the anticipated self-

sufficiency outcomes at the conclusion of the project, including outcomes related to the sustainability of the project activities.” 60 Fed.Reg.at 7173.

The host site organization applications listed below are samples of applications that did not address how the applicants would help alleviate poverty or how they would use VISTA members to build sustainable projects. Their missions and goals were not clearly linked to the VISTA mission and, in some instances, could not be classified into any of the three priority programming areas stated in the Fiscal Year 2010 VISTA Program Guidance: independent living, financial development, and education:

- **New York City Department of Parks & Recreation** - The application did not specify how it would alleviate poverty and did not demonstrate how the proposed missions and goals were relevant to the VISTA's anti-poverty requirement. The application also indicated NYC Department of Parks and Recreation will partner with one of the five host sites previously rejected by the State Office, the New York Restoration Project. The New York Restoration Project partnered with NYC Department of Parks and Recreation during the course of the project, circumventing the decision of the State Office.
- **New York Legal Assistance Group** - The application indicated that VISTA members would take part in direct service as a means of gaining a strong knowledge of New York Legal Assistance Group's programs and services and the large and diverse realm of needs that many New Yorkers face. VISTA members are prohibited from providing direct services. The VISTA members did provide direct service, violating the terms and conditions of the VISTA program.
- **Long Island City Business Development Corporation** - This host site did not seem to qualify as a participant in the VISTA program, as demonstrated by its early termination from the program. This host site was initially challenged by the State Office, which struggled with correlating its proposed mission and goals with that of VISTA. Long Island City Business Development Corporation was assigned three VISTA members from August to October 2009. This inability to meet the VISTA requirements resulted in misallocation of valuable resources that could have been utilized elsewhere, considering that the demand for VISTA members outweighs the supply for VISTA members.
- **Year Up** - The application did not specify how it will alleviate poverty and did not indicate if its target was solely composed of low-income families. In addition, the application disclosed that the current VISTA member assigned to Year Up was teaching professional skills to students, which is a form of prohibited direct service. VISTA members that served at Year Up revealed they performed direct services, in violation of the terms and conditions of the MOA.

The Corporation's review and acceptance of the 56 host site organizations that participated in the program was completed after the award of the VISTA resources, which is not the standard process. Typically, host site organizations are reviewed and assessed prior to awarding VISTA resources. Corporation management said the review was conducted after the fact because of time constraints and the size of the project.

## Recommendations

We recommend that the Corporation:

- 2a. Establish a formal internal review panel for reviewing VISTA applications and assessing host site applications prior to the award of VISTA resources. This will ensure that host site organizations selected have a need for VISTA members and are qualified and eligible to conduct a VISTA program; and
- 2b. Develop a standard procedure manual to provide guidance for the review panel. The manual should include the responsibilities of reviewers, formal documentation of the review process, and procedures for dispute resolution. The establishment of a formal internal review panel will enhance the transparency and integrity of the review and award process.

### **Finding 3. VISTA members engaged in unallowable direct service.**

During our interviews with VISTA members, we learned that several members provided direct service, which is prohibited according to VISTA program policy. For example, a VISTA member who served at New York Legal Assistance Group performed about 55 percent of the term providing direct service. This included answering the phone and communicating and providing guidance directly to clients. The member expressed concerns about this to the supervisors, both at NYC Service and the host site. The member believed there was a discrepancy between the needs of the host site and the VISTA program's mission. The member reported being frustrated with the situation and not knowing how to handle it. The NYC Service supervisor made several attempts to explain to the host site supervisor that direct service was in violation of the VISTA program policy; however, the problem continued. Another member who served at New York Legal Assistance Group mentioned the services provided did not entail capacity building, but was mainly devoted to direct services such as assisting Haitian immigrants with legal residency applications.

A VISTA member who served at Year Up reported engaging in activities that were approximately 50 percent devoted to direct service. For example, the member interacted with students on an individual basis and taught and trained the students on mentoring. Another member at Year Up reported spending 10 percent of the term on direct service, acting in the role of an administrative assistant.

Two VISTA members who served at NYC Department of Parks and Recreation stated they performed about 20 percent of their terms providing direct service by planting trees and conducting training to citizens on how to take care of trees. Also, a VISTA member who served at Federation Employment and Guidance Service reported devoting 20 percent of the term providing direct service by teaching classes.

According to the *Guidelines for Selection of AmeriCorps\*VISTA Sponsors and Projects*, Part II. *Criteria for Selection of AmeriCorps VISTA Sponsors and Projects*, Paragraph B.2.b, AmeriCorps \*VISTA sponsoring organizations are prohibited by law from "assigning AmeriCorps VISTAs to activities which would otherwise be performed by employed workers." 42 U.S.C. § 5044(a). VISTA members are prohibited from engaging in direct services because direct services runs counter to projects building capacity.

Engagement in direct services is in violation of the terms and conditions of the MOA and is a mismanagement of VISTA resources. As a result of the direct service provided, we have calculated \$50,999 in questioned costs as follows:

Host Organization	Members Involved	% of Direct Services Provided	Annual Stipend	Cost of Direct Services	Education Award	Total Questioned Cost
New York Legal Assistance Group	2	55%	\$27,912	\$15,352	\$9,450	\$24,802
NYC Department of Parks and Recreation	2	20%	\$27,912	\$5,582	\$4,725	\$10,307
Federation Employment and Guidance Service	1	20%	\$13,956	\$2,791	-	\$2,791
Year Up	1	50%	\$13,956	\$6,978	\$4,725	\$11,703
Year Up	1	10%	\$13,956	\$1,396	-	\$1,396
Total	7			\$32,099	\$18,900	\$50,999

### Recommendations

We recommend that the Corporation:

- 3a. Enhance control mechanisms to ensure that VISTA sponsors comply with laws, regulations, and policies. These should emphasize policies that delineate the requirements and expectations for VISTA recipients and outline the consequences of violating the program’s laws and regulations;
- 3b. Emphasize a proactive means by which VISTA members can communicate their concerns or report alleged prohibited services they have been assigned to engage in, such as direct service or non-VISTA related activities. This will enhance early intervention and detection of noncompliance; and
- 3c. Recover the questioned costs of \$50,999 from NYC Mayor’s Office for noncompliance with VISTA terms and conditions.

### **Finding 4. Uncertainty that service provided by certain host sites met the statutory mandate of VISTA to strengthen and supplement efforts to eliminate and alleviate poverty.**

The statutory mandate of VISTA is “to eliminate and alleviate poverty and poverty-related problems in the United States” 42 U.S.C. §4951 (restated in the *Guidelines for Selection of AmeriCorps\*VISTA Sponsors and Project*, at 60 Fed Reg.7172). Based on our interviews with VISTA members and our review of selected host site applications, we found that some of the host sites selected were not equipped to carry out the VISTA anti-poverty requirement. The list of host sites that participated in the VISTA program was submitted and reviewed only after the NYC Mayor’s Office VISTA application was approved for funding. We understand the time constraints to quickly obligate the ARRA funds; however, adequate due diligence should have been performed on the proposed host sites to verify their eligibility and ensure that the sponsor and host sites were capable of fulfilling the VISTA anti-poverty requirement.

Based on our review of the last NYC Mayor's Office quarterly performance report (reporting period April 1, 2010, to August 14, 2010), the year-end reports for host sites, and interviews with selected VISTA members, we found little or no evidence that some host sites met the VISTA anti-poverty requirement. The last quarterly performance report provided insufficient information to determine the success of the program. It revealed that a few milestones were not met, especially those relating to ensuring sustainability of the program – a key element of the VISTA mandate. As a result, the State Office requested a supplemental year-end report to obtain further information on the successes and shortcomings of each host site organization. We found that only 12 of the 56 host site organizations provided their accomplishments in the year-end report to the State Office. The host site organizations listed below did not submit their accomplishments as requested by the State Office. The following are reasons we do not believe certain host sites met the VISTA anti-poverty requirements:

- At NYC Department of Education, Division of Schools Support, VISTA members disclosed that the host site was not prepared for the program. The members were not provided with the resources and capacity to achieve their VISTA goals and missions. In the first quarter of their service term, the members were not provided basic accommodations such as computers, phones, and office space. In their first month of service, they did not have access to a host supervisor because the assigned supervisor was on vacation and was not replaced. The members stated they were underutilized for about 70 percent of their service term. After being idle for a month, the VISTA members were transferred to a school in Brooklyn to volunteer in the computer lab for about three weeks. The members did not provide VISTA related services; rather, they helped rearrange the tables, cleaned and refurbished the computer lab.

In June 2010, the VISTA members were asked to work from home because the division they were assigned to within NYC Department of Education was being dissolved. Throughout their time at home, they did not receive any substantial assignments. Our interviews revealed that the members felt their time at NYC Department of Education did not accomplish the goal and intent of the VISTA program. They stated the services they rendered did not contribute to capacity building. In their opinion, they did not build any long-term solutions to alleviate poverty in their community. They did not view the service they performed as meaningful and constructive. The VISTA members stated they felt this host site mismanaged the VISTA resources available to it. Also, the members said they did not understand why NYC Department of Education was selected as a host site as it did not demonstrate the need for, or proper utilization of, VISTA members.

- In addition, during our review of the monthly performance report for April and May 2010, we found that the NYC Department of Education, Division for School Support, did not meet its VISTA goals. The performance reports lacked information on accomplishments and progress. This is consistent with the statements of VISTA members obtained through our interviews.
- The performance reports from April to August 2010 revealed that VISTA members serving at Broadway Housing Communities were left idle without

volunteer opportunities once the school year ended in June 2010. The VISTA program ended at the end of July 2010.

- At NYC Department of Parks and Recreation, a VISTA member left the program early because the member felt the activities conducted did not address poverty and were inconsistent with the VISTA program. Several of the VISTA members interviewed stated that the program offered by NYC Department of Parks and Recreation, Million Trees, did not qualify as a VISTA program. The VISTA members believed the Million Trees program was not focused on low-income priorities, as some of the events took place in the wealthier areas of the city as opposed to the low-income areas that were proposed in the application. According to a VISTA member, only 3 of the 20 tree workshops conducted were in low-income areas. The experiences of the VISTA members confirmed the initial concerns of the State Office, which had initially rejected and challenged this host site as a participant, citing doubts that its mission would fulfill the VISTA anti-poverty requirement.
- In interviews with VISTA members that served at New York Legal Assistance Group, the members said their service work was administrative in nature.
- During our review of the VISTA monitoring guide form completed by a host site organization, and discussions with the Corporation State Office officials, we learned that NYC Mayor's Office did not involve the host sites in the development of the VISTA project work plans. The project work plans highlight the overall goals and objectives of the project. According to the host site supervisor, the overall work plan was prepared by NYC Mayor's Office and the host sites applied it to be a part of their initiatives. In addition, we learned that host sites were not provided with the opportunity to participate in recruiting of VISTA members. It appears that NYC Mayor's Office developed a canned project work plan for all host sites. The Federal Register, Vol. 60, No 25, requires that projects should be determined and defined by those to be served. According to the *Guidelines for Selection of AmeriCorps\*VISTA Sponsors and Projects, Part I. Program Directions* "AmeriCorps\*VISTA project sponsors must actively elicit the support and/or participation of local public and private sector elements in order to enhance the chances of a project's success, as well as to make the activities undertaken by AmeriCorps\*VISTA self-sustaining when the Corporation for National Service no longer provides those resources." Project work plans need to be tailored to specific host sites' needs since there is no "one-size-fits-all" solution. As a result, some host site organizations were unable to meet the canned VISTA goals because they did not fit into the host site's organizational model.

As a result of the under-utilization of VISTA members assigned to the NYC Department of Education, Division of Schools Support, we have calculated \$35,342 in questioned costs as follows:

Host Organization	Members Involved	% of Under utilization	Annual Stipend	Cost of Under Utilization	Education Award	Total Questioned Cost
Department of Education, Division of Schools Support	1	41.67% <sup>6</sup>	\$13,956	\$5,815	\$4,725	\$10,540
	2	55% <sup>7</sup>	\$27,912	\$15,352	\$9,450	\$24,802
<b>Total</b>	<b>3</b>			<b>\$21,167</b>	<b>\$14,175</b>	<b>\$35,342</b>

## Recommendations

We recommend that the Corporation:

- 4a. Emphasize a proactive means by which VISTA members can communicate their concerns or report alleged prohibited services they have been assigned to engage in, such as direct services or non-VISTA related activities. This will enhance early intervention and detection in instances of noncompliance;
- 4b. Enhance the VISTA performance reporting tool to capture relevant information that will provide the Corporation with sufficient information to determine the success of the program. The performance report should clearly include measures that can be used to establish a baseline to sufficiently analyze the performance of the project. Implementing an effective tool will enhance accountability and transparency;
- 4c. Recover the questioned costs of \$35,342 from NYC Mayor's Office for non-compliance with VISTA terms and conditions; and
- 4d. Ensure project sponsors actively involve host site organizations in the planning and development phase of the project. Project work plans should be developed as a joint effort between the project sponsor and the host site organizations to maximize the opportunity for a successful project.

### **Finding 5. A few host site supervisors did not attend the mandatory supervisor orientation.**

Some of the host site supervisors at NYC Department of Education, Division of Schools Support, did not attend the mandatory supervisor orientation, including a former VISTA member who was hired by Department of Education during the member's term of service. According to the AmeriCorps VISTA Desk Reference, "new supervisors whether of intermediary organizations, grantees, or subsites, are required to attend Supervisor orientation. Supervisors that have replaced previously trained, now absent supervisors must also attend the supervisor orientation." Supervisors should attend orientation to avoid non-compliance with VISTA terms and conditions. For example, a VISTA member that served at Year Up revealed that the member's host site direct supervisor, who did not attend the supervisor orientation, was not knowledgeable about VISTA laws and regulations.

<sup>6</sup> The member was underutilized for five months.

<sup>7</sup> The members were underutilized for about 55 percent of their VISTA term.

## Recommendation

We recommend that the Corporation:

5. Ensure that all supervisors attend the supervisor orientation to enhance their knowledge in complying with VISTA regulations.

### **Finding 6. Certain host sites hired VISTA members prior to the end of the program resulting in early terminations of their VISTA service.**

The NYC Department of Parks and Recreation<sup>8</sup> and the NYC Department of Education, Division of School Support, hired their assigned VISTA members prior to the end of their service periods. VISTAs are required to serve for one full year. The Domestic Volunteer Service Act of 1973 states that volunteers serving under VISTA “may be enrolled initially for periods of service of not less than one year unless the Director [VISTA] determines, on an individual basis, that a period of service of less than one year is necessary to meet a critical scarce skill need.” 42 U.S.C. §4954 (b)(2). These host sites did not obtain clearance from the Director before prematurely terminating the term of service and hiring the VISTA members. Despite this action, the NYC Department of Parks and Recreation and the NYC Department of Education, Division of Schools Support, were reconsidered for further funding by the Corporation and assigned AmeriCorps\*State and National members (eight members assigned to the NYC Department of Parks and Recreation and six members assigned to the NYC Department of Education) for the FY 2011 AmeriCorps program.

We have questioned \$13,956 in costs as a result of the early terminations of VISTA members to accept employment with host site organizations. The calculation is as follows:

Host Organization	Members Terminated	Months in Service	Prorated %	Annual Stipend	Total Questioned Cost
NYC Department of Parks and Recreation	1	8 Months	67%	\$13,956	\$9,351
Department of Education, Division of Schools Support	1	4 Months	33%	\$13,956	\$4,605
<b>Total</b>	<b>2</b>				<b>\$13,956</b>

## Recommendations

We recommend that the Corporation:

- 6a. Include, in all MOAs, a clause that VISTA sponsors/host site organizations are prohibited from hiring VISTA members prior to the end of their one-year term of service, unless the exception stated in the regulation applies. This will ensure that VISTA programs and their members fully meet their objectives and goals;

<sup>8</sup> Refer to OIG’s response to Finding 6, Appendix B, for further details on the member that served at NYC Department of Parks and Recreation.

- 6b. Place a strong emphasis on the past performance of existing grantees when considering recipients for subsequent grants or VISTA resources. This will ensure the grantee possess the requisite satisfactory track record necessary to complete the program; and
- 6c. Recover the questioned costs of \$13,956 from NYC Mayor's Office for noncompliance with VISTA terms and conditions.

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Audit Objectives.** Our objectives were to determine whether: (1) the NYC Mayor's Office's financial, Memorandum of Agreement (MOA), and program management were compliant with the requirements of the ARRA terms and conditions; (2) the NYC Mayor's Office, VISTA members, and the programs (sponsor and sub-recipients) in which VISTA resources awarded under ARRA were compliant with applicable laws, regulations, and MOAs provisions; (3) internal controls were effective; and (4) AmeriCorps members and their service were compliant with applicable laws, regulations, and grant provisions.

**Scope and Methodology.** We conducted our audit between September 2010 and February 2011. The audit focused on the review of the grant disbursements relating to the ARRA funds as well as member compliance with VISTA terms and regulations. Accordingly, we selected a random sample of 15 VISTA members (period of performance from August 2009 to July 2010) and reviewed their member files. In addition, we interviewed 19 VISTA members to gain an understanding of their VISTA experiences and obtain a description of activities they were involved in, especially activities relating to prohibited services. We utilized a data analysis software application, Audit Command Language (ACL), in selecting our samples. We selected 22 VISTA members for interview; 15 of our samples were selected randomly using ACL, and the remaining seven samples were judgmentally selected to corroborate information received from other member interviews. Of the 15 samples selected randomly, we were unable to contact three VISTA members after making several attempts to contact them. The interviews were conducted in person at the NYC Mayor's Office, and on telephone from the OIG and NYC Mayor's Office. In addition, we randomly selected 15 terminated VISTA members and reviewed their member files to determine the reasons for their early withdrawals, as well as to verify that their stipends were terminated in a timely manner.

To further address our audit objectives, we interviewed NYC Mayor's Office personnel, including the NYC Service management team, the NYC Civic Corps supervisors in charge of the VISTA members, and the NYC Mayor's Office Fiscal Unit to obtain an understanding of the internal controls in effect over the administration of the VISTA resources. Furthermore, we interviewed current and former Corporation senior managers involved in the administration and oversight of VISTA programs to obtain an understanding of the Corporation's role in the VISTA resources award process. We also

interviewed the former Chairman of the Corporation's Board of Directors to obtain an understanding of his involvement in the VISTA resources award process, and State Office management to obtain an understanding of the review, award, and oversight process of the VISTA resources.

We reviewed VISTA policies and procedures, and laws and regulations related to the operation of VISTA programs, as well as information on the NYC Service and NYC Civic Corps to gain an understanding of the environment in which they operate. We utilized the AmeriCorps Portal and eGrants system to extract reports relevant to the audit.

Finally, we performed a limited review of the ongoing AmeriCorps grant between NYC Mayor's Office and the New York State Commission on National and Community Service. We randomly selected 15 samples, using ACL, for member file compliance and member interviews to ensure compliance with AmeriCorps regulations. We were able to interview all 15 members at the NYC Mayor's Office. At the time our interviews were conducted in October 2010, those members had been in service less than two months. AmeriCorps program started in September 2010 and is scheduled to end in July 2011.

Below is a table to show the sample size used for the audit:

Grant No.	Program	Sample Size Selected for:			Period of Performance
		Member Files Review	Interviews	Terminated Members Review	
09VSANY001	VISTA	15	22	15	Aug 2009 – Jul 2010
09ESHNY001	AmeriCorps	15	15	-	Sep 2010 – Jul 2011

## BACKGROUND

AmeriCorps VISTA is the national service program designed to fight poverty and build economic opportunity. In FY 2010, VISTA enrolled 8,075 new members. VISTA engages individuals 18 years and older in a year of service as full-time volunteers to non-profit organizations and local agencies that serve low-income communities. The program's purpose is to strengthen efforts to eliminate poverty by encouraging people from all walks of life to engage in meaningful volunteer service. The legislation under which the VISTA program operates is the Domestic Volunteer Service Act of 1973 (DVSA), Pub. L. 93-113, 42 U.S.C. §§4950-5084. This law, as amended by the Edward M. Kennedy Serve America Act of 2009, Pub. L. 111-13, outlines the purpose and parameters within which VISTA may operate. As described by the DVSA, the three main objectives of the program are to generate private sector resources, encourage volunteer service, and strengthen local organizations serving low-income communities.

ARRA was an effort to provide a rapid response to the economic downturn that hit the country in late 2008 with the intent to build the foundation for long-term growth. Of the \$200 million in ARRA funding received by the Corporation, the VISTA program was allocated \$65 million. The Corporation, like every other agency that received ARRA funding, was required to obligate the funds by September 2010. The NYC Mayor's Office MOA was approved two months after the enactment of ARRA, in April 2009 (Refer to the timeline in Appendix A). The NYC Civic Corps is funded by regular

appropriations and ARRA funds. The total amount of ARRA funding awarded for the NYC Civic Corps program as of September 3, 2010, was \$9,495,683, as follows:

#	Grant No.	Member Capacity	Amount Funded	Comments
1	09VSANY001	200	\$7,312,683	VISTA MOA- Administered Directly by the Corporation
2	09ESHNY001	200	\$1,950,000	AmeriCorps Grant- Education Awards Program- Administered Directly by NYC Mayor Office
3	09RVANY004	6	\$233,000	VISTA Recovery Support Grants- Administered Directly by NYC Mayor Office
<b>Total</b>		<b>406</b>	<b>\$9,495,683</b>	

A VISTA program is initiated when a non-profit organization or public agency signs a MOA with the Corporation to sponsor a specific number of full-time VISTA members. In effect, the funding to support VISTA members is administered directly by the Corporation, rather than by the selected organizations. For the NYC Mayor's Office, the Corporation awarded an ARRA grant to supplement the VISTA resources and provide direct support supervision, training, and travel required to supervise VISTA members. The funds were used to employ six NYC Service supervisors.

The NYC Civic Corps is an initiative of the NYC Service, a division within the NYC Mayor's Office (the Project Sponsor). The host site organizations entered into an agreement, via a MOA, with NYC Service to comply with the VISTA terms and conditions. The VISTA members were recruited and interviewed by NYC Service and approved by the State Office. Each VISTA member was assigned a host site organization as well as a NYC Service supervisor to provide guidance and oversight throughout their VISTA service. There were a total of six NYC Service supervisors who each managed 30 VISTA members and were assigned to about 10 host site organizations to conduct monthly site visits and monitoring. The NYC Service supervisors reported to the NYC Chief Service Officer. NYC Service provided each VISTA member with unlimited monthly NYC transit metro cards for transportation to and from VISTA engagements.

The NYC Civic Corps VISTA project experienced an attrition rate of about 24 percent due to various reasons, such as medical problems, employment offers, dissatisfaction with the program, or transfer to other volunteer programs, etc. At its peak, 193 members participated in the VISTA program at NYC Mayor's Office and host site organizations, and 146 VISTA members completed their terms of service.

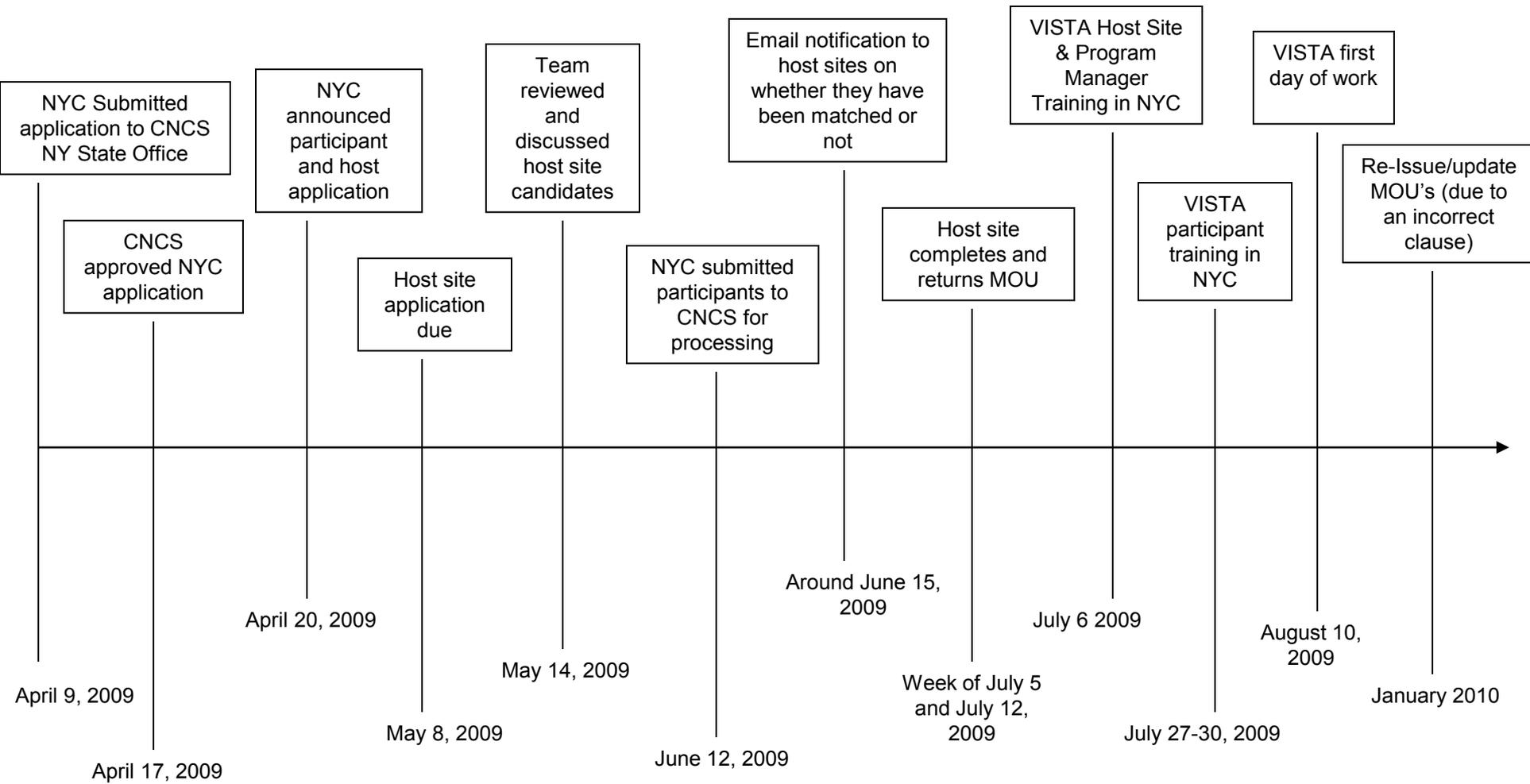
#### **EXIT CONFERENCE**

We discussed the contents of this draft report with Corporation representatives at exit conferences on March 9, 2011, and April 28, 2011; and NYC Mayor's Office personnel on March 29, 2011. The Corporation and NYC Mayor's Office responses to the draft report are included in this final report as Appendices C and D, respectively. We summarized their responses and included OIG comments at Appendix B.

**Appendix A:**

**NYC Mayor's Office VISTA Application Timeline**

# Appendix A: NYC Mayor Office VISTA Application Timeline



The diagram above depicts the timeline of events from NYC's application to the VISTA's commencement.

**Appendix B:**

**OIG's Response to the NYC Mayor's Office and the Corporation's  
Response to the Draft Audit Report**

## **Appendix B**

### **OIG's Response to the NYC Mayor's Office and the Corporation's Response to the Draft Audit Report**

We conducted two key exit conferences with the Corporation, prior to the release of the draft report, on March 9, 2011, and April 28, 2011. We provided the Corporation ample opportunity to ask questions and provide feedback on the preliminary draft report to address any items it believed to be inaccurate. The Corporation provided us with a technical feedback on March 20, 2011. We then incorporated all the changes suggested by the Corporation, with the exception of changes related to Finding 5.

In its official response to the report, dated June 20, 2011, the Corporation raised concerns about whether our audit complied with the Generally Accepted Government Auditing Standards (GAGAS). We were unaware the Corporation had concerns in regards to our compliance with GAGAS. As demonstrated below, our audit was in full compliance with GAGAS.

In addition, we scheduled three exit conferences with the NYC Mayor's Office. The first exit conference was held on October 21, 2010, to discuss our preliminary findings based on our visit to the NYC Mayor's Office. Two Corporation personnel also called into that meeting. The second exit conference was held on March 29, 2011. At the NYC Mayor's Office's request, we scheduled the third exit conference for April 5, 2011, but it was cancelled that day by NYC Mayor's Office, which cited an unanticipated event.

#### **Introduction and Finding 1**

##### **NYC Mayor's Office Response:**

NYC Mayor's office believes "the report is rife with distortions of fact and mistakes of law, violates basic audit principles, and contains baseless and scurrilous innuendo that serves no legitimate purpose." In summary, NYC Mayor's Office believes our allegation of undue influence by the Corporation's senior management is simply wrong and that we "invented a nonsensical definition of undue influence." They assert that there was no undue influence by Corporation senior management on behalf of the City.

##### **Corporation's Response:**

The Corporation disagrees with the findings and recommendation 1b. The Corporation did not dispute the facts or the events summarized in the report, but it questioned our conclusions and justified the actions of the former Chairman of the Board of Directors, as well the then-CPO. The Corporation also raised certain concerns about whether the audit complies with GAGAS.

##### **OIG's Response:**

The overall goal of our audit was to validate overall risks, and recommend process improvements and control enhancements to management. The OIG disagrees with NYC

Mayor's Office's assertion that the report "is rife with distortions of fact and mistakes of law, violates basic audit principles, and contains baseless and scurrilous innuendo that serves no legitimate purpose." We also disagree with the Corporation's "concerns about whether this audit complied with GAGAS." Our audit was conducted in compliance with GAGAS. As documented in our audit program, the audit objectives were clearly tied to each of our audit steps and procedures. Our conclusions are adequately supported by evidence obtained during the audit. The evidence obtained for Finding 1 was obtained in interviews with senior management officials (who were directly involved), research, and reviews of e-mails and reports. As part of our quality assurance process, each finding in the report was referenced to the supporting documentation and was independently reviewed by an audit manager who was not involved in this specific audit. There were no issues of non-compliance with GAGAS noted during this independent review.

The audit procedure used to obtain an understanding of the VISTA MOA award process, including the selection and review process of host sites, was tied to objective three (to determine if internal controls are effective). The NYC Mayor's Office VISTA program was totally supported with ARRA funds. Our efforts in performing this audit procedure were focused on the efficiency and effectiveness of operations and controls, with the objective of determining compliance with Federal statutes, regulations, policies, standards, and public funding accountability.

We interviewed Corporation senior management<sup>1</sup> involved in the review and approval process of the VISTA application. We also interviewed<sup>1</sup> the former Chairman of the Board. When asked about his involvement in the host site dispute, the former Chairman of the Board said he had no recollection of the matter. Other parties involved had a recollection of the events that took place. We stated the facts of the events that took place, based on the interviews we conducted, and our reviews of e-mails relating to the dispute, to corroborate the information obtained from the interviews. Our evidence is sufficient, validated, and adequately maintained in our audit work papers. It is important to note that the Corporation, in its, response did not dispute the stated facts of events that took place (testimonies of the Corporation senior management<sup>2</sup>); rather, the Corporation justifies the actions of the former Chairman of the Board of Directors and the then-CPO. Our conclusions are based on facts collected to satisfy the objectives of the audit and are our inferences drawn from the findings based on our professional judgment. It is also worth noting that the OIG auditors who conducted this audit were in compliance with Yellow Book standards.

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<sup>1</sup> The former Chairman of the Board of Directors requested for a second interview upon reviewing the preliminary draft report. We declined the request because the former Chairman of the Board of Directors reiterated in the request letter that he had no recollection of intervening in the host site dispute. As a result, we did not see the need for an additional interview because he could not provide additional information that could have been relevant to our inquiry.

<sup>2</sup> The Corporation requested for copies of our work papers relating to Finding 1. We informed the Corporation we will not provide interview transcript or information obtained during the interview on the grounds that we must maintain the confidentiality promised to the interviewees. It is critically important to the OIG that interviewees have a level of trust and openness to discuss concerns or issues. We provided the Corporation other work papers we deemed necessary. We also believed the Corporation had access to the senior management we interviewed and cited in the report and could have easily referred back to them to validate/refute the content of Finding 1. Senior management personnel we interviewed had direct knowledge of the circumstances.

The NYC Mayor's Office is not in a position to state that there was no undue influence by the Corporation's senior management on behalf of the City as the NYC Mayor's Office was not privy to the operations within the Corporation. This finding was directed to the Corporation and the recommendations were aimed at strengthening transparency and controls to safeguard against external influence on decision-makers in their review and selection of applicants for Federal assistance. The Corporation, in its response did not acknowledge that, upon receiving our preliminary draft report, it proactively and swiftly implemented our first recommendation (1a) relating to amending the bylaws to preclude Board of Director members from influencing operational decisions for grants that are currently under review. The amended bylaws were recently approved by the Board of Directors and, in our opinion, mitigate the risk of undue influence identified in our audit. Below is an excerpt from the amended bylaw:

**“Section 1.11 Ex Parte Communications**

- (a) Board Members may not engage in ex parte communications with any organization or individual on a matter currently pending before the Corporation, including, but not limited to, selection of an applicant for federal assistance, suspension, termination, debarment, audit resolution, or investigation of an existing grant recipient, and the substance of a proposed rulemakings during the notice and comment period without the prior consent of the Designated Agency Ethics Official.
- (b) An ex parte communication is a private communication between a Board Member acting as a representative of the Corporation and someone outside the government on the substance of a matter currently pending before the Corporation.
- (c) If a Board Member is contacted by an organization or individual outside of the government on a matter currently pending before the Corporation, the Member may respond by acknowledging receipt, referring the individual to Corporation staff, or providing a standard response that does not address the substance of the matter, as appropriate.
- (d) Nothing in this section shall be construed as limiting the Board's ability to fulfill its responsibilities with regard to communications with the President and Congress.”

There are two major takeaways from this finding. The first relates to amending the bylaws and the second relates to instituting improvements in the review process. As the Corporation has already implemented our first recommendation (1a), we believe the main focus of this finding going forward should be on improving the process for reviewing and approving VISTA applications, including host site organizations, to enhance accountability and transparency. As recommended (1b), the Corporation should establish a formal internal review panel for reviewing VISTA applications and assessing host site applications prior to the award of VISTA resources.

We are aware of and fully understand that VISTA project applicants are not selected based on a competitive basis and that Corporation staff typically work closely with organizations to identify needs, develop concept papers, and review and approve projects. However, we do not believe that the Corporation's existing guidelines for selecting VISTA projects and sponsors provide clear guidance on dispute resolution and documentation. Establishing a formal review panel will ensure the following:

- Facilitate objective decision-making to ensure that each applicant is given a fair, uniform, and transparent review, especially when there is a dispute;
- Ensure the approval process is clearly and adequately documented, including documentation of tracking, escalating, and resolving disputes; and
- Limit any one person's ability to influence decisions without thoroughly analyzing the issue.

Our audit was guided by our audit program. The NYC Mayor's Office was selected for an audit mainly because it received ARRA funds and was the recipient of the largest single sponsorship of VISTA resources in the program's history. To achieve our audit objectives, we performed audit procedures to understand the process for reviewing and approving the NYC Mayor's Office VISTA application and host site selections. Our goal was to evaluate the process and provide recommendations for improvements as necessary. Our audit program was not pre-designed to review the actions of the former Chairman of the Board of Directors. In the process of obtaining an understanding of the review and approval process, we discovered, via interviews with the Corporation State Office personnel, that there were challenges with the review and approval process.

We inquired as to the description and root cause of the challenge and requested for supporting information relating to the challenge. We learned (via interviews and reviews of e-mails obtained during the interviews) the challenge related to the selection of host site organizations. Specifically, we found that the Corporation State Office's decision to reject five host sites presented by NYC Mayor Office was compromised by the then-CPO. There **appeared** to be an undue influence situation whereby the State Office personnel felt strongly persuaded beyond their free will to revisit the host sites and work with the NYC Mayor's Office to reconsider the rejected host sites for inclusion in the program. We further learned that the pressure to revisit the host sites came directly from the then-CPO.

As described in Finding 1, the then-CPO intervened in the host site selection dispute because of the former Chairman of the Board's interest in the partnership between NYC Mayor's Office and the Corporation. The then-CPO intervened at the request of the former Chairman of the Board. Consequently three of the originally rejected host sites were accepted into the program and eventually became problematic. It is important to note that of the two host sites that were eventually rejected, one (New York Restoration Project) was indirectly included in the program via a partnership program with NYC Department of Parks and Recreation. Our point in Finding 1 is that the State Office should have been permitted by senior management to exercise its professional judgment. That professional judgment was upheld by the host site problems we identified in findings 2, 3, 4, and 6. Also, State Office personnel informed us they would have awarded a smaller sized project absent the intervention from the Corporation's senior management. Refer to the OIG's response in Finding 2 to review the negative consequences of the project's large size.

We understand that Corporation senior management had the authority to intervene in the matter; as it is part of its responsibility to provide technical assistance. Our issue was with the manner in which it occurred. Ideally, the then-CPO should have followed up with the State

Office to ensure the resubmitted applications of the disputed host sites were indeed the best fit for the VISTA program. This analysis and review should have been documented. During our interview with the then-CPO, we were informed she requested that the host sites make revisions to their applications to better prove merit of their requests. However, she never followed up to ascertain the revised plans were in accordance with VISTA program standards.

As indicated in the Corporation's response, we do not state in our report that the State Office Director should have autonomous or sole authority to decide where VISTAs will be placed. One of the roles of senior Corporation management is to provide technical assistance when there is an issue or dispute. The State Office should then approve the application once the issue has been resolved. To our knowledge and based on our interviews, the then-Acting Director of VISTA was not involved in the details of the host site dispute. The host site dispute was limited to the then-CPO, who addressed the issue directly with the State Director and the Area Manager Office of Field Liaison. The then-Acting Director of VISTA should have been involved with resolving the host site dispute since he is considered the subject matter expert on VISTA issues. Contrary to the Corporation's response, our recommendation seeks open and transparent communication among key managers and calls for a process for handling escalating disputes/issues through the structured and appropriate channels.

We reported that the actions of the then-CPO were influenced by the former Chairman of the Board's interests. We noted that the former Chairman of the Board had recommended NYC Mayor's Office to the Corporation for ARRA and VISTA funding. While this action by itself may be within the normal course of business, combined with other factors, it could appear as preferential treatment to a prudent person. The other factors include, amongst other things, the former Chairman of the Board's links with NYC Mayor's Office, as reported in the audit conclusion section of this report (page 3). The former Chairman of the Board requested talented Corporation personnel to assist the NYC's Mayor's Office with the application process. He then intervened during a dispute over host site selections, which consequently resulted in acceptance of some of the host sites that had been rejected by the Corporation State Office.

The NYC Mayor's Office's response does not dispute the fact that the former Chairman of the Board had links with its senior personnel. The former Chairman of the Board notified one of the Deputy Mayors of NYC when he introduced NYC Mayor Office to the Corporation. As referenced in NYC Mayor's Office response, our audit report did not characterize the ties between the former Chairman of the Board and the NYC Mayor's Office as "special," "improper" or "special connection." We pointed out that, considering the former Chairman of the Board's links to the NYC Mayor's Office, he should not have intervened in the decision-making process.

Moreover, the NYC Mayor's Office responded that barring all Board member involvement in grant determinations would in fact be irresponsible and that board members should become involved when necessary to exercise appropriate oversight. The Corporation's response also echoed the same sentiments. We never stated that Board members should be barred from providing appropriate oversight. We recommended that policies be developed to preclude Board members from interfering in operational decisions, especially when applications for federal assistance are currently pending, such as those involving grants or awards of VISTA resources,

as that could be misconstrued as undue influence. Again, based on the amended bylaws, we believe the Corporation has successfully implemented that recommendation. While the cited sections [42 U.S.C.§12651b(g)(2), (5), and (10)] of the Corporation's statute that set out the duties of the Board provide details of the Board's involvement in grant awards, it addresses the Board as a collective body. Our findings and recommendation were not inconsistent or contrary to those listed statutory duties when acting as a whole. The Board members did not vote or provide consensus with the former Chairman of the Board's actions relating to the host site dispute. We also do not believe that it was intended for Board members to attend to applicant's complaints because not all applicants have direct access to Board members, making the process unfair to those lacking such access.

The Corporation's response stated that it is incorrect for the OIG to rely on Part III, paragraph 2.d. of the Federal Register used as a criteria for describing the *Guidelines for Selection of AmeriCorps\*VISTA Sponsors and Projects and Project Approval Process*<sup>3</sup>, and considers it irrelevant, contending this Federal Register as a non-binding draft document. However, the Corporation uses this Federal Register as a point of reference for organizations that want to apply to become an AmeriCorps sponsor. The Corporation's VISTA website presents to the public as the procedure for VISTA application procedure and project selection. Moreover, the "Notice of Vista Guidelines" states therein that "this notice is effective February 7, 1995. Comments must be received on or before March 24, 1995." Based on the foregoing, it is reasonable to assume that the Corporation intended, and still intends, the VISTA Guidelines as a final and current operating procedure, reserving the right for later revisions. For the aforementioned reason, we consider the guidelines operative and applicable to this finding.

Furthermore, the Corporation incorrectly assumed that our audit lacked financial testing. We in fact conducted financial testing. In our audit conclusion section, we concluded that the NYC Mayor's Office had strong internal controls for its administration of ARRA funds. We found no questioned costs relating to the financial testing performed on the funds directly administered by NYC Mayor Office. However, we found questioned costs<sup>4</sup> relating to Federal funds expended by the Corporation on the NYC Mayor's Office's VISTA program.

We believe our calculated questioned costs were determined on a sound basis. Non-compliance with Federal regulations, standards, and MOA is a critical issue for which there are significant associated consequences and risks. Our principal basis is the fact that Federal funds were expended and there must be accountability for any misuse or mismanagement of those funds, irrespective of whether the cost was incurred directly by the Corporation for the sponsor or whether the cost was incurred directly by the sponsor.

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<sup>3</sup> The Corporation State Director is given the authority to review the project application and render a final decision within 15 working days of receipt." 60 Fed. Reg.7172, 7174 (Feb.7.1995).

<sup>4</sup> We included a schedule of these questioned costs in each of the sections in which they were discussed. A summary table of questioned costs was also provided in the audit conclusion section on page 6.

**Other Matters:**

As suggested in the Corporation's response, we do not believe we should have issued this report in two parts. The only instance in which we issued two separate reports for an Agreed Upon Procedures (AUP) stemmed from a unique situation in which a contractor conducted one piece of the AUP; the OIG conducted the other piece of the evaluation due to budget constraints. The NYC Mayor's Office audit was conducted entirely by OIG staff and we did not deem it necessary or efficient to produce two reports.

In response to the Corporation's comment on what it believes to be the relevant applicable legal authority with regard to the actions of the former Chairman of the Board, the focal point of our audit was the NYC Mayor's Office VISTA award process, not to investigate the former Chairman of the Board's actions. Accordingly, it was beyond the scope of our audit to examine the ethical standards of the former Chairman of the Board.

**Finding 2**

**NYC Mayor's Office Response:**

NYC Mayor's Office states this finding is defective because it ignores the fact that detailed VISTA Assignment Descriptions (VADs) were created for member participation at the host sites, and were the basis for the activities actually undertaken by the VISTA members.

**Corporation's Response:**

The Corporation stated it cannot fully respond to this finding because the report does not provide sufficient information to assess and resolve the finding.

**OIG's Response:**

As an initial matter, we provided the Corporation with the host site applications we reviewed relating to this finding. The Corporation never asked us follow-up questions relating to the information we provided.

This finding is directed at the Corporation and it relates to the adequacy of the review process for the host site applications. The approved VADs are irrelevant to this finding because the VADs were developed after the fact. The host sites were selected prior to the development and approval of the VADs. As confirmed by the Corporation in its response to Finding 4, "in the ordinary course, projects such as this one typically start out small and grow in a more measured way." Due to the large size of the project, some red flags in the application review process were missed. The application review process was cumbersome and atypically conducted after the fact, after the award of the VISTA resources. As a result, we recommended the Corporation establish a formal internal review panel for reviewing VISTA applications and assessing host site applications prior to the award of the VISTA resources.

Contrary to the NYC Mayor's Office response, Long Island City Business Development Corporation (LICBDC) was in fact included in the final host site selection and was assigned three VISTA members until its withdrawal as a host site. It is important to note that LICBDC was one of the three host sites in dispute that were consequently accepted. The withdrawal of LICBDC from the program confirmed the initial concerns of the State Office, which had originally rejected it as a host site.

Furthermore, we had concerns that the application of the NYC Parks and Recreation did not provide sufficient details on how it will address or alleviate poverty. Again, this host site was among the three sites that were originally rejected but then consequently accepted. Based on our audit findings, we believe this site fell short of the objectives of the VISTA program (Refer to findings 3, 4, and 6). Once more, the initial concerns of the State Office materialized.

Finally, we noted that 11<sup>5</sup> of the 19 host site applications reviewed did not include measurable terms or outcomes related to the sustainability of the project activities. For example, their metrics were vague or could not easily be quantified. The four host sites<sup>6</sup> listed were a separate set of application examples we believe should not have been approved or should have been scrutinized thoroughly based on the content of the application and other information obtained from the State Office. For example, New York Legal Assistance Group and Year Up applications indicated the members would be providing direct service, which is prohibited by VISTA policies and procedures.

### **Finding 3**

#### **NYC Mayor's Office Response:**

NYC Mayor's Office stated that "with only minor exceptions, VISTA members did not engage in direct service." The response concluded that the questioned costs should be reduced to zero.

#### **Corporation's Response:**

The Corporation questions whether our methods support the assertion that we had "sufficient, appropriate evidence to provide a reasonable basis for the findings." The Corporation also claims that some of the examples of unallowable direct service cited in the report are not direct service, but capacity-building activities (like training citizens to take care of trees, for example).

#### **OIG's Response:**

We disagree with the NYC Mayor's Office that the questioned costs should be reduced to zero because direct service is an unallowable activity as it violates VISTA polices as described in Finding 3. The NYC Mayor's Office's response concurs that the activities relating to two of the

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<sup>5</sup> We will provide the listing of the host site applications if requested. Typically, such information is provided during the audit resolution phase. We believe for reporting purposes the information presented is sufficient.

<sup>6</sup> The four host sites listed in the report are not included in the population of the 11 applications referred to regarding insufficient measurable terms.

host sites (New York Legal Assistance Group and Year Up) are considered direct service, which constitutes over half of the questioned costs.

The activities performed by the VISTA members in question are considered direct service. Activities such as administrative work, planting trees, providing training/mentoring directly to the end users, and performing work that would otherwise have been done by an employee are all considered direct services. Contrary to the Corporation's response, the definition of direct service was provided in footnote 2 of the report.

We disagree with the Corporation that training citizens on how to take care of trees is capacity – building, as applicable to VISTA members that served at NYC Parks and Recreation – Million Trees. While capacity- building activities could involve training or teaching community volunteer leaders, it does not entail directly training the end users or recipients of the service. The trained community volunteer leaders are in turn expected to train the end users or recipient of service. Contrary to the NYC Mayor's Office's response, the activities mentioned in the paragraph above were conducted at NYC Department of Parks and Recreation, Federation Employment and Guidance Service, and Year-Up.

In reference to the Corporation's response, we reviewed the VAD for NYC Parks and Recreation and noted that the member's activities, as documented and approved, related to developing and improving training materials not actually conducting trainings and planting trees. In a series of interviews, VISTA members explained to us in detail, activities they engaged in. The percentages used in the calculation of the questioned costs were documented in the narrative of Finding 3 and were provided to us directly by the VISTA members. We corroborated the information provided by the members with supporting documentation such as monitoring reports (prepared by host site supervisors) and NYC Mayor's Office progress reports.

We noticed the Corporation did not respond to the issues of direct services performed at New York Legal Assistance Group (NYLAG) and Year Up. Its response primarily focused on activities at NYC Parks and Recreation which constitute, about 20 percent<sup>7</sup> of the total questioned costs. The NYC Mayor's Office response dismisses the activities conducted at NYLAG and Year Up, over half of the questioned costs, as minor exceptions. The MOA calls for full compliance with VISTA terms and conditions, not partial compliance. As a result of the direct service provided by these members, we recommended the Corporation recover the full questioned costs of \$50,999 for Federal funds.

We reiterate that our audit was in compliance with GAGAS and we did not violate the alleged statutes. As demonstrated above, the members involved were engaged in direct service and as such, our findings and recommendation are valid. We believe the information we provided for reporting purposes is sufficient.

Finally, we observed that recommendation 3b has been taken into account in the Corporation's development of the draft action plan to improve its monitoring program in response to

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<sup>7</sup> NYC Parks and Recreation had questioned costs of \$10,307 of the total questioned costs of \$50,999 for direct service.

congressional requests. The Corporation proposed to establish a “hotline” to report concerns about prohibited activities.

#### **Finding 4**

##### **NYC Mayor’s Office Response:**

NYC Mayor’s Office stated “the City’s VISTA program was structured to meet, and was overwhelmingly successful in meeting, the VISTA anti-poverty goals.” The response further stressed that the “NYC Civic Corps exceeded the targets set by CNCS and NYC Service for seven goals and barely missed on two others.”

##### **Corporation’s Response:**

The Corporation could not determine if we were evaluating whether the planned and approved activities were allowable anti-poverty activities or whether the host sites fell short of the objectives approved in their applications.

##### **OIG’s Response:**

This finding expressed doubt that actual activities that occurred at certain host sites met the statutory mandate of VISTA to strengthen and supplement efforts to eliminate and alleviate poverty. Foremost, the NYC Mayor’s Office response stated that the program barely missed on two milestones. One of these milestones relates to ensuring sustainability of the program, which happens to be the basis and cornerstone of the VISTA mandate. It is important to note that the target was not “barely missed;” according to the performance progress report prepared by NYC Mayor’s Office, the target percentage was 100 percent, but only 54 percent of that target was realized. Also, when the Corporation State Office requested supplemental reports to confirm the success of the program, only 12 of the 56 host sites made submissions.

In addition, we expressed concerns that activities conducted at NYC Parks and Recreation, Million Trees, were not compatible with VISTA goals and objectives; in fact a member quit the program for the same reason (inconsistency with the VISTA program). VISTA members are to serve in low-income communities. We learned through interviews with VISTA members that they conducted activities in well off areas of New York City. We corroborated the information obtained from the members with information documented in the monitoring report (prepared by host site supervisors). Indeed, we found that members provided services to benefit non impoverished areas. The NYC Mayor’s Office admitted that members participated in areas that are not impoverished.

The Corporation and NYC Mayor’s Office justify the member’s activities based on approved VADs. We understand VADs were developed and approved, however, this finding does not question the validity of the VADs or the anti-poverty focus of the project; rather this finding reveals that actual activities that were conducted (and not activities documented to be conducted) were not compatible with VISTA goals. For example, the members at Department

of Education, Division for School Support were grossly underutilized and mismanaged as explained in Finding 4. The VISTA members could have been utilized at other organizations where they would have been fully utilized. The NYC Mayor's Office response does not dispute the mismanagement and misuse of these VISTA members. It rather considers this finding is minor and that our recommendation to recover questioned costs is unwarranted.

Any misuse of VISTA resources should not be regarded as minor. The custodians of Federal resources have the responsibility to ensure taxpayers' contributions are being utilized efficiently and effectively and they should be held accountable. Accordingly, we recommended the Corporation recover the full questioned amount of \$35,342.

## **Finding 5**

### **NYC Mayor's Office Response:**

The NYC Mayor's Office stated "the fact that a "few" host site supervisors did not attend the mandatory supervisor orientation- which was offered on only one occasion – is minor."

### **Corporation's Response:**

The Corporation agrees with the recommendation to require supervisor training for all site supervisors.

### **OIG's Response:**

OIG disagrees with NYC Mayor's Office's assessment of this finding as minor. This finding cites a violation of the terms and conditions of the MOA (Section II Responsibilities of the Parties, 2q). It is not coincidental that the noted supervisors that did not attend the supervisor training later violated the terms and conditions of the VISTA program by allowing their members to engage in prohibited direct service. The Department of Education, Division of Schools Support, was a host site that misused the VISTA resources available to them (see Finding 4), and the supervisors in charge of the members in question did not attend the training.

The Corporation's policy mandates that all supervisors attend training regardless of when they begin the program. Indeed the supervisory training was offered on one occasion for the NYC Civic Corps program; however, there were six supervisor trainings offered elsewhere in the country during the service period that a new supervisor could have attended.

Lastly, the NYC Mayor's Office responded that, considering that 56 sites were involved, this finding is so minor that it creates the false impression that there was more of a problem that we actually indicate. We only reported on supervisors we were aware of that did not attend the training, based on information obtained from members we interviewed. We did not test the whole universe of 56 host sites and did not assert that we had done so. Our coverage was limited to the host sites in which the members we interviewed were assigned, which happened to cover 15 host sites.

## **Finding 6**

### **NYC Mayor's Office Response:**

NYC Mayor's Office stated "the allegation that one host site hired a VISTA member prior to the end of the program is inaccurate; the other instance was minor."

### **Corporation's Response:**

The Corporation stated it had not been provided with sufficient information to assess the validity of the finding. Also, the Corporation stated that the NYC Mayor's Office does not agree that the members were hired before completing service. The Corporation contends that the requirement to obtain the Director's approval applies to the length of the term of service in the initial application process; the requirement does not extend to a member's early termination from a common year-long term of service.

### **OIG's Response:**

Contrary to the Corporation's response, the NYC Mayor's office agreed that one member was hired prior to the end of the program but, in its opinion, the instance was minor. The two members that were employed by NYC Mayor's Office prior to the completion of their VISTA service violated the VISTA laws and regulations as described in Finding 6. As a result, we recommended the Corporation recover the questioned costs of \$13,956. Our rationale is that Federal funds were incurred on behalf of the members without meeting the intent of the statute or the MOA.

Under VISTA regulations, members are to spend one year in full-time service to low-income communities. Allowing a Project Sponsor to hire a VISTA member in the middle of the service period does not only weaken and shortchange the program, but it also undermines the statute's prescription that the VISTA member term of service should be at least a year. The members referred to in this report had not completed their projects and, as such, their host sites had not reached their capacity building goals. This is also evidenced by the fact that there were still VISTAs serving at the host sites which employed those members.

The disputed member referred in the NYC Mayor's Office's response was actually assigned to NYC Department of Parks and Recreations. The member's official host site during their service was NYC Department of Parks and Recreations, meaning NYC Department of Parks and Recreations was assigned responsibility of the member. The member then worked on a project with NYC Department of Sanitation, which had a partnership with NYC Department of Parks and Recreations. The member was hired by NYC Department of Sanitation, while assigned to NYC Department of Parks and Recreation. NYC Department of Sanitation was not an official direct host site; however, it was a department within NYC Mayor's Office. The Corporation signed a MOA with NYC Mayor's Office to ensure compliance with VISTA laws and regulations. Additionally, NYC Mayor's Office signed a MOA with each of the host sites, including NYC Department of Parks and Recreation, to ensure compliance with VISTA laws and regulations. It

was the responsibility of NYC Department of Parks and Recreation to monitor the activities of its sister organization, to ensure compliance with VISTA laws and regulations.

In any case, both departments in question are organizations within the NYC Mayor's Office. The employment of the two members by the NYC Mayor's Office prior to the completion of the program violated the MOA between the Corporation and NYC Mayor's Office. We have provided a footnote explanation (footnote 8) in the report to clarify the assignment of the member in dispute.

**Appendix C:**

**Corporation for National and Community Service's  
Response to the Draft Audit Report**

TO: Stuart Axenfeld  
Assistant Inspector General for Audit

FROM: Mary Strasser, Director, AmeriCorps\*VISTA 

DATE: June 20, 2010

CC: William Anderson, Chief Financial Officer  
Rocco Gaudio, Deputy CFO for Grants and Field Financial Management  
Valerie Green, General Counsel  
Kim Mansaray, Acting Chief Operating Officer  
Margaret Rosenberry, Office of Grants Management

SUBJECT: Response to Draft Report: Audit of Corporation for National and  
Community Service Grants Awarded to the New York City Office of the  
Mayor (NYC Mayor's Office)

Thank you for the opportunity to review the Draft Report: Audit of Corporation for National and Community Service grants awarded to the New York City Office of the Mayor (NYC Mayor's Office) ("Draft Report"). We have attempted to respond to each of the findings in this response, and have also raised for your consideration certain concerns about whether this audit complies with the generally accepted Generally Accepted Government Auditing Standards ("GAGAS").<sup>1</sup>

As an initial matter and as discussed previously with your office, the Corporation believes the Draft Report should have been issued in two parts. Two separate assessments have been combined into one report, which has made certain competing findings difficult to address. The audit objectives identified on page one of the Draft Report are related to the NYC Mayor's Office oversight and management of the 2009 VISTA program. However, though it is not referenced as an audit objective, the Draft Report also assessed and reported on the Corporation's process for reviewing and structuring this project, a topic not related to the Mayor's Office management of its approved VISTA program. We know from past experience that reviews such as this of Corporation processes can be very helpful, but feel strongly that those findings should have been provided in a separate report, as has been your practice in the past.

To comply with GAGAS, an audit must state clearly its objectives and be guided by them in the conduct of the audit. Based on the Draft Report, it does not appear to us the stated audit objectives were pursued or have been met. *See* GAGAS Chapter 8, generally. The first stated audit objective is to "determine whether the NYC Mayor's Office's financial, Memorandum of

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<sup>1</sup> As provided in section 4(b)(1)(A) of the Inspector General Act of 1978, the Inspector General's audit work must comply with GAGAS, as established by the Controller General of the United States. 5 U.S.C. App. 4(b)(1)(A).

Agreement, and program management were compliant with the requirements of the [American Recovery and Reinvestment Act of 2009] (ARRA) terms and conditions." The Corporation cannot determine from the Draft Report whether the auditors conducted any financial testing to satisfy this stated objective. If the audit objective was to address financial compliance, the Draft Report should have included some description of transaction testing, as well as a schedule of Federal costs claimed and any questioned claimed costs identified. There is no such schedule in the Draft Report and it is unclear if any testing of Federal claimed costs was actually performed. Despite this lack of financial testing, the auditors recommend recovery of costs, but without establishing a sound basis for determining the amount of cost recovery they are recommending.

As you know, VISTA projects oftentimes do not include "grants" and funds are not "awarded." Rather, the sponsor organization receives the services of one or more VISTA members whose living allowances are paid by the Corporation. The costs recommended for recovery in the Draft Report are VISTA living allowances paid by the Corporation, not grant costs incurred by the Mayor's Office. Therefore, the findings related to monetary recovery do not support a valid basis of a debt due or recoupment by the Federal government of fund paid to the Mayor's Office. As a result, the recommendation in the Draft Report seems punitive in nature. Moreover, three of the findings recommend the Corporation recover "questioned costs" from the NYC Mayor's Office for non-compliance with VISTA terms and conditions. As noted above, those costs recommended for recovery are portions of member stipends/living allowances and education awards paid by the Corporation. Given the non-grant nature of most VISTA programs, if Corporation staff determines that a sponsor organization has not complied with VISTA requirements, Corporation policies dictate that the project be terminated and the VISTA reassigned. Recovery of funds not actually received and expended by the sponsor organization is not within the Corporation's legal authority and is not Corporation policy.

To comply with GAGAS, the Draft Report must also "provide reasonable assurance that evidence is sufficient and appropriate to support the auditors' findings and conclusions." GAGAS Ch. 7.03. But, the Draft Report does not provide this assurance. In fact, the conduct of the audit does just the opposite. It raises clear questions about the sufficiency of the evidence to support the findings. The auditors based some of their findings on interviews with VISTA members and drew conclusions from those member interviews. However, the Draft Report provides no indications that the auditors substantiated the statements in those interviews (such as by interviewing the members' supervisors, program staff and community beneficiaries) or compared the member statements against the approved VISTA assignment descriptions. Moreover, during the course of the audit and at the exit conference, the auditors did not share sufficient information to allow the Corporation to corroborate the conclusions set forth in the Draft Report with others (such as VISTA member direct supervisors or management familiar with the program activities) who had direct knowledge of the circumstances. The auditors indicated that they withheld this information because they had promised anonymity to the VISTAs. This is unusual in an audit and makes it impossible for the Corporation to conduct an objective evaluation of the findings in order to better understand and attempt to resolve them.

In addition, we were informed by your office that the now former Board Chair, a key source of information, requested an opportunity to speak with your office a second time to provide you with additional information that could have been relevant to your inquiry, but that you declined

to speak with him. For these reasons, the auditors' approach in this situation calls into question whether the auditors had "sufficient, appropriate evidence to provide a reasonable basis for our findings" as required by the GAGAS.

Finally, some of the conclusions reached in the Draft Report simply do not seem to be supported by the limited facts that are presented. These concerns are addressed more fully below.

***OIG Finding 1: Appearance of undue influence from Corporation senior management, in the review and award process of the MOA to NYC Mayor's Office.***

**Corporation Response to OIG Finding 1:** The Draft Report finds the Corporation's (now former) Board Chairman and (now former) Chief of Program Operations (CPO) improperly involved themselves in the Corporation's New York State Office review and selection process for five proposed VISTA member host sites and thus imposed their "undue influence" on the State Director's decisions.

The Draft Report relies on the assumption that the Corporation New York State Office Director was vested with the full, independent and autonomous authority to decide where VISTAs will be placed. This assumption is incorrect for several reasons. First, it is incorrect to rely, as the audit does, on Part III, Paragraph 2.d. of the VISTA proposed *Selection of AmeriCorps\*VISTA Sponsors and projects: Guidelines*, which states, "The Corporation State Director will review the project application and render a final decision with 15 working days of receipt" because these "guidelines" were provided to prospective VISTA sponsors to assist them in seeking the placement of a VISTA. They do not, and never were intended to, establish any legal authority or limitation regarding the Corporation's processes for approving VISTA placements. While these guidelines were published in the Federal Register in February 1995 and a comment period was provided and public comments were requested, they were never adopted as regulations. They were simply guidance on how to apply and as such, they are irrelevant here. Even if they had been adopted as regulations, they do not purport to vest sole authority for making a VISTA project decision with the State Office Director. To do so would improperly subvert the explicit statutory authorities and duties of the Corporation's Chief Executive Officer (CEO) and Board of Directors to involve themselves in the Corporation's programs and grants. In addition, it would significantly interfere with the way the Corporation carries out its VISTA program business.

The Draft Report also misinterprets the plain language of that guidance. On their face, the proposed guidelines address only the issue of how much time (15 days) could elapse between the time the State Director received an application and delivered a decision on that application; they do not address the issue of what the State Director (or other Corporation officials) would do in those 15 days to arrive at that final decision.

Second, this assumption is wrong to the extent it concludes the Board Chair's involvement in the host site review process was improper. This conclusion reveals a lack of understanding of the proper role of Corporation Board members. As provided in the National and Community Service Act of 1990 (the NCSA), the President is to select individuals with "extensive experience in volunteer or service activities" and who are "experts in the delivery of human, educational, environmental, or public safety services" to serve on the Board. 42 U.S.C. §§12651a(a)(2)(A), (C). Board members are selected for the insight and value they can add to

the business of the Corporation and its programs. Board members can and should be consulted by the Corporation on issues relating to the possible potential success (or failure) of applicants for Corporation resources, to opine on the content of applications, and to enhance the review and award process by providing insights based on their knowledge of the field.

Third, the Draft Report's conclusion that the Board Chair's or the CPO's involvement with the New York State Office's host site review process was inappropriate demonstrates a lack of basic understanding regarding the need for (and the legal protection of) intra-agency deliberations in furtherance of CNCS programmatic responsibilities as required by statute. It is axiomatic that open and robust intra-agency deliberations between and among agency officials is essential and protected. To that end, there is no restriction on substantive communications between the State Office and other CNCS officials, including senior management and the Board, on agency programmatic and operational matters, any time prior to the issuance of final decisions.

As a practical matter, with regard to VISTA programmatic and operational matters, it is commonplace for State Office officials to engage in deliberative communications regarding VISTA matters with other CNCS officials outside the State Office including CNCS senior management, the VISTA program office, and legal counsel. To limit this open communication exchange would not only lack any basis in law, it would be poor management practice and result in the undue hampering of communication flow and exchange within CNCS. Further, the NCSA states the CNCS Board of Directors has a statutory duty to advise the CEO with respect to programs and initiatives as necessary and appropriate to carry out the national service laws. Given the Board's authority to advise the CEO on national service matters, it follows that a Board member may confer with the CEO and managerial officials with respect to such matters. The structure for grant review suggested in the Draft Report would set a poor precedent and would serve to diminish the Board's ability to fulfill its duties of oversight. Moreover, it would reduce the level of accountability in the grant decision-making process by concentrating the deliberative authority for those decisions in the hands of just one individual, rather than encouraging the current system comprised of checks and balances that ensure the quality and fairness of the process.

Fourth, the Draft Report applies something it refers to as the "undue influence" standard to the facts discovered during the course of the audit. But this "undue influence," which appears to have been created out of whole cloth by the auditors, is irrelevant: It does not apply to the Corporation or its Board. It does not appear anywhere in the United States Code or in any applicable regulations or by-laws.<sup>2</sup> The only relevant applicable legal authority to a situation like this one is the long-established, clearly-codified, and strictly applied Standards of Ethical Conduct for Employees of the Executive Branch (Standards of Ethical Conduct). The Standards of Ethical Conduct apply, by law, to both the Board Chair and the CPO. There are, in fact, two Standards of Ethical Conduct (5 CFR part 2635, subparts E and G) that set out the applicable standards for resolving questions like the one raised by the Draft Report. Those standards deal with (1) avoiding the appearance of the loss of impartiality in performing official duties and (2) avoiding the misuse of position (which it seems that the Draft Report calls "undue influence").

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<sup>2</sup> The "undue influence" definition applied by the OIG does appear (verbatim) at the online internet research site [www.Auswers.com](http://www.Auswers.com).

Ethics officials at the Corporation have reviewed these standards and the findings in the Draft Report and determined that neither the Board Chair nor the CPO has violated the standards. The Corporation would, of course, be willing to review that analysis with your office, if that would be helpful to you in resolving Finding 1.

Fifth, the facts set forth in the Draft Report simply do not support the conclusions drawn therein. In this case, the Corporation state office reviewed and approved over 50 sites in the Mayor's Office VISTA program. Of the five sites given additional consideration by the State Office, only three were ultimately approved for inclusion in the VISTA program. The State Director made the decision based on relevant factors and, particularly in light of the decision to approve only three of the five, there is no evidence that this decision was based on anything other than facts that may have come to light during the reconsideration.

The Draft Report also concludes that because the Chair had "ties to the Mayor's Office," he improperly interfered in the VISTA selection process on behalf of the City. But this makes no sense. According to the Report, the Board Chairman's involvement in the selection process occurred on an intermittent basis from January through July 2009. For that entire period, he was a member of the CNCS Board and the Daniel Paul Professor of Government and the Director of the Innovations in American Government Program at Harvard's Kennedy School of Government. There is no evidence cited in the Draft Report that proves or even suggests that he was seeking employment with the Mayor's Office (or anyone else for that matter) during that time period. So even though it is true that the Board Chair became the Deputy Mayor of New York City on April 30, 2010, almost one year after the VISTA program decisions were made, it is not reasonable to conclude that this constitutes a "tie" to the City that motivated the Board Chair to become involved in a significant program decision more than a year earlier. Similarly, the fact that the Mayor of New York wrote a foreword for the Board Chair's book is not evidence of a "tie" between the two. The foreword was written in November 2009, well after all VISTA application decisions were made. Lastly, the report suggests that the fact that the City of New York was the recipient of certain awards<sup>3</sup> from a program directed by the Board Chair is evidence of a "tie." But New York had won that award (and other good government awards) for several years before the Board Chair had any connection to the awards. Any suggestion that the award process is flawed is outside the scope of the authority of the OIG and the audit conducted here. The Report also provides no evidence whatsoever for its conclusion that these events were

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<sup>3</sup> The Acquisition Fund won an LAGA award. The Acquisition Fund is a for-profit financial firm that offers acquisition and predevelopment loans to real estate developers to create and preserve affordable housing throughout New York City. The Acquisition Fund is represented and managed by three entities (none of which is the City of New York Mayor's Office): 1) JP Morgan Chase Bank, N.A.; 2) Enterprise Community Investment, Inc.; and 3) National Equity Fund, Inc. The Acquisition Fund has many partners, including major foundations, major financial institutions, and public and private investment groups in New York, along with the City of New York. Even though the City of New York is one of its many partners, the NYC Mayor's Office *per se* is not a partner, but rather the NYC Department of Housing Preservation and Development, and the NYC Housing Development Corporation. (See <http://www.nycacquisitionfund.com>)

linked to one another in any way. The conclusion of a “tie” is pure speculation—not reliance on “sufficient and appropriate evidence.”

### ***OIG Recommendations***

*We recommend that the Corporation:*

- 1a. Develop clear policies and procedures, in the Board of Directors bylaws, to preclude Directors from intervening/participating in the operational decision of awarding grants or VISTA resources. This would avoid the appearance or perception of preferential treatment or undue influence. The policy should specifically address contacts with applicants during the decision-making process that could be misconstrued as undue influence; and*
- 1b. Establish a formal internal review panel for reviewing VISTA applications and assessing host site applications prior to the award of VISTA resources. The review panel should have a standard procedure manual to provide guidance for the review process, including the responsibilities of reviewers, documenting the review process, and dispute resolution procedures.*

### **Corporation Response to OIG Recommendation:**

- 1a. As you are already aware, the Corporation amended the Board of Directors Bylaws (effective April 29, 2011), including a series of amendments that further clarify applicable standards of conduct for Board members. At present, these Bylaws:
  - State that Board members are subject to the Standards of Ethical Conduct. See CNCS Board Bylaws, Section 4.01.
  - Restate the applicable standards set forth in the Standard of Ethical Conduct – i.e., that Board members are generally prohibited from participating in CNCS grant program activities with entities with which they have had a “covered relationship” within the past calendar year (e.g., entities with which they are an officer, director, trustee, or employee or have been within the past calendar year).
  - Restate the exception to the general prohibition, as provided in the Standards of Ethical Conduct. In particular, Board members may only participate with entities with which they have a covered relationship, after the CNCS Designated Agency Ethics Official (DAEO) determines that participation would not be a conflict of interest or the DAEO grants a written authorization or waiver for the Board member to participate. See CNCS Board Bylaws, Section 4.03. This general prohibition and the exception process following required DAEO consultation ensures that Board members avoid the appearance of a loss of impartiality.
- 1b. In light of our disagreement with Finding 1, we do not agree with the intent of Recommendation 1b. VISTA project applicants are not selected based on a competitive model because project applications are reviewed on an ongoing (“rolling”) basis throughout the fiscal year. The Corporation staff typically work closely with organizations to identify needs, develop concept papers, and then review and approve the

project. The Corporation's existing guidelines for selecting VISTA projects and sponsors provide clear guidance related to the selection process, including the responsibilities of state office staff and other members of the Corporation team.

***OIG Finding 2: Unclear and questionable host site organization applications.***

**Corporation Response to OIG Finding 2:** The Corporation cannot fully respond to this finding because the Draft Report does not provide sufficient information to assess and resolve the finding. The Draft Report finds that of the 19 host site applications reviewed by the auditors, 11 "did not include measurable terms or outcomes related to the sustainability of project activities." Of these 11 applications, however, only four were identified and discussed in the Draft Report. The Draft Report also does not describe the criteria it applied to establish what it means by "measurable." Without knowing which applications are being discussed and what criteria were applied to evaluate them, we cannot assess whether, (1) the approved applications were compliant with VISTA program terms, (2) the host site implementation of the program deviated from the approved application, or (3) neither occurred and there was no issue. One site, the New York Legal Assistance Group (NYLAG), cited in the Draft Report is a nonprofit law office dedicated to providing pro-bono legal services in civil law matters to low-income New Yorkers. In our estimation, NYLAG clearly has an anti-poverty mission. We also conclude that the Department of Parks and Recreation does work related to VISTA's anti-poverty mandate. That organization's project mission, which was approved by our state office, was to develop work force development trainings in areas of New York City (including some that are not impoverished) designed to transfer skills to at-risk youth in an effort to counter poverty. Both of these project missions were well within VISTA's priority areas for fiscal year 2010, and were clearly aligned with specific VISTA guidance for Recovery Act programming. (See [http://www.nationalservice.gov/pdf/09\\_0606\\_recovery\\_plan\\_acvista.pdf](http://www.nationalservice.gov/pdf/09_0606_recovery_plan_acvista.pdf)).

***OIG Recommendations***

*We recommend that the Corporation:*

- 2a. Establish a formal internal review panel for reviewing VISTA applications and assessing host site applications prior to the award of VISTA resources. This will ensure that host site organizations selected have a need for VISTA members and are qualified and eligible to conduct a VISTA program; and*
- 2b. Develop a standard procedures manual to provide guidance for the review panel. The manual should include the responsibilities of reviewers, formal documentation of the review process, and procedures for dispute resolution. The establishment of a formal internal review panel will enhance the transparency and integrity of the review and award process.*

**Corporation Response to OIG Recommendation:** In this finding, the OIG repeats its recommendation from Finding 1 to change the VISTA processes for reviewing and approving VISTA applications. As noted above, the Corporation's existing guidelines for selecting VISTA

projects and sponsors provide clear guidance related to the selection process, including the responsibilities of state office staff, and specific criteria for project approval.

***OIG Finding 3: VISTA members engaged in unallowable direct service.***

**Corporation Response to Finding 3:** Direct service is generally not allowed in the VISTA program. However, direct service to achieve a sustainable outcome is allowed. The Draft Report does not describe how the auditors defined direct service or what criteria were used to determine if VISTA members were engaged in unallowed direct service. Some of the examples of unallowed direct service cited in the Draft Report are actually capacity-building activities (like training citizens to take care of trees, for example). It is also not clear how the auditors calculated the percentage of time they asserted the members spent on direct service. Therefore, the Corporation does not believe the process complies with the GAGAS. Under GAGAS, auditors must plan and perform the audit “to obtain sufficient, appropriate evidence to provide a reasonable basis” for the findings and conclusions based on audit objectives. It is unclear in the Draft Report if the auditors based their finding on interviews with VISTA members and drew their conclusions solely based on those member interviews, or whether they engaged in additional evidentiary gathering and review.

In order to determine the sustainability of VISTA projects and any percentage of time spent in direct service, the auditors should have interviewed the VISTAs and their supervisors, as well as other program staff and members of the beneficiary community. Only with the benefit of information obtained from all of these sources could a reviewer possibly make an objective, reliable determination. In addition, the auditors should have reviewed the VISTA member’s Volunteer Assignment Description (VAD) and compared the member’s activities to the approved VAD to make sure the member was completing their service assignments as described in the VAD. Corporation state office staff review and approve all VADs. If the VISTAs were engaged in activities described in the VADs, the activities were, in the Corporation’s view, allowable. The Draft Report shows no evidence that the auditors included that type of review in their audit program.

In addition, the interviews with VISTA members took place approximately six months after they completed their year-long service, yet, the auditors appear to have relied solely on the VISTA member’s interpretation of unallowed activities and their recollection of percentages of time spent on those activities as the basis for the amount of funds they recommend recovering. To calculate a reasonable estimate of time spent performing unallowed activities, if any, after such a lengthy period of time had elapsed, in a manner consistent with GAGAS, the auditors should have reviewed activity reports, timesheets, and other service documentation along with VISTA member interviews and discussed the finding with VISTA supervisors and program staff. They do not appear to have done so. In short, the Corporation questions whether the auditors’ methods support the assertion that the auditors had “sufficient, appropriate evidence to provide a reasonable basis for our findings.”

## **OIG Recommendations**

*We recommend that the Corporation:*

- 3a. Enhance control mechanisms to ensure that VISTA sponsors comply with laws, regulations, and policies. These should emphasize policies that delineate the requirements and expectations for VISTA recipients and outline the consequences of violating the program's laws and regulations;*
- 3b. Emphasize a proactive means by which VISTA members can communicate their concerns or report alleged prohibited services they have been assigned to engage in, such as direct service or non-VISTA related activities. This will enhance early intervention and detection of noncompliance; and*
- 3c. Recover the questioned costs of \$50,999 from NYC Mayor's Office for noncompliance with VISTA terms and conditions.*

## **Corporation Response to OIG Recommendations:**

The Corporation has numerous systems and procedures in place to monitor whether VISTA recipients comply with applicable laws and regulations. VISTA members who have questions or concerns about compliance are encouraged to communicate their concerns and report alleged violations. During the Pre-Service Orientation (PSO), required of all VISTA members, VISTAs are encouraged to report their concerns to Corporation staff. State office staff conduct site visits to VISTA sponsor organizations and must approve all VISTA Assignment Descriptions (VADs) before members can begin their service. Training staff review the VAD with each VISTA during the PSO and emphasize the member's responsibility to report alleged violations of service if they determine they are not meeting their assignment descriptions. Corporation monitoring processes may need to be enhanced for special circumstances, such as meeting ARRA requirements when timelines for development and selection of projects are short and projects are larger in scope than is standard practice. In response to the recommendations, VISTA will work with the Office of Oversight and Monitoring to review our control mechanisms to determine if we have adequate processes in place to monitor such large projects.

The Corporation disagrees with Recommendation 3c regarding questioned costs. The costs recommended for recovery are portions of member stipends/living allowances and education awards paid by the Corporation. There are no living allowance/stipend costs to "disallow" and recover because no federal funds were ever awarded. Given the non-grant nature of most VISTA programs, if Corporation staff determines that a sponsor organization has not complied with VISTA requirements, policies dictate we end the project and re-assign the VISTA member. Absent a clear fraud, recovery of funds from the sponsor organization for costs not incurred by the sponsor organization is not Corporation policy and lacks legal authority. However, program staff are responsible for properly certifying education awards. If the Corporation determines during audit resolution that the program engaged the members in unallowable activities, we will determine the education awards to be improperly certified and require the program to reimburse the Trust for education awards accessed by the VISTA members.

***OIG Finding 4: Uncertainty that service provided by certain host sites met the statutory mandate of VISTA to strengthen and supplement efforts to eliminate and alleviate poverty.***

**Corporation Response to Finding 4:** The Draft Report's conclusions in Finding 4 are unclear. The Corporation could not determine if the auditors were evaluating whether the planned and approved activities were allowable anti-poverty activities or whether the host sites fell short of the objectives approved in their applications. It also appears that the Finding identified underutilization of VISTA and a lack of involvement of the host sites in the initial planning and development of the program. The evidence presented by the auditors is not sufficient to determine if a project had or lacked an anti-poverty focus. From the evidence presented, we are only able to assess whether the program was planned appropriately to meet its objectives. To determine whether particular service work alleviates poverty requires analysis of detailed factual information about the service work in question. The Draft Report did not include that type of information. Thus, without more than was provided in the Draft Report it is impossible to reach a conclusion here. VISTAs themselves, as they build the capacity of an organization, may not be directly fighting poverty, and sometimes do not see the ultimate impact of their service, but that does not necessarily mean that their program fails to satisfy VISTA's statutory mandate.

#### ***OIG Recommendations***

*We recommend that the Corporation:*

- 4a. Emphasize a proactive means by which VISTA members can communicate their concerns or report alleged prohibited services they have been assigned to engage in, such as direct service or non-VISTA related activities. This will enhance early intervention and detection of noncompliance;*
- 4b. Enhance the VISTA performance reporting tool to capture relevant information that will provide the Corporation with sufficient information to determine the success of the program. The performance report should clearly include measures that can be used to establish a baseline to sufficiently analyze the performance of the project. Implementing an effective tool will enhance accountability and transparency;*
- 4c. Recover the questioned costs of \$35,342 from NYC Mayor's Office for noncompliance with VISTA terms and conditions; and*
- 4d. Ensure project sponsors actively involve host site organization in the planning and development phase of the project. Project work plans should be developed as a joint effort between the project sponsor and the host site organizations to maximize the opportunity for a successful project.*

**Corporation Response to Recommendations:** Recommendations 4a and 4c for this finding are repetitive of those under Finding 3 and are addressed above. However, Recommendations 4b and 4d are unique and we agree that project sponsors should involve host sites in planning and development. Regarding 4b, the Corporation believes that the current progress reporting and monitoring tools are sufficient for determining if VISTA projects are meeting their objectives.

Regarding 4d, the local sites may not have been as involved as they should have been due to the size of the program. In the ordinary course, projects such as this one typically start out small and grow in a more measured way. We will review our guidelines to determine if we need to make any changes to accommodate projects such as this one.

**OIG Finding 5: A few host site supervisors did not attend the mandatory supervisor orientation.**

Please see below for the Corporation's response to this Finding 5 and the accompanying Recommendation.

***OIG Recommendation***

*We recommend that the Corporation:*

- 5. Ensure that all supervisors attend the supervisor orientation to enhance their knowledge in complying with VISTA regulations.*

**Corporation Response to OIG Recommendation:** The Corporation agrees with the recommendation to require supervisor training for all site supervisors. In order to facilitate this in a cost-effective way, VISTA has developed on-line training materials for Supervisor's Orientation, and has shifted the responsibility for implementing the training for site supervisors to the sponsoring organizations.

***OIG Finding 6. Certain host sites hired VISTA members prior to the end of the program resulting in early terminations of their VISTA service.***

**Corporation Response to Finding 6:** The Corporation has not been provided with sufficient information to assess the validity of the Finding. Moreover, the Corporation is aware that the Mayor's Office does not agree with the Draft Report's conclusion that members were hired before completing service.

The auditors drew conclusions without fully reviewing and understanding current practice and how the VISTA statute is implemented. The auditors cite the law that says VISTAs "may be enrolled initially for periods of service not less than one year unless the CEO determines, on an individual basis, that a period of service of less than one year is necessary..." This is related to initial planning and development of the VISTA project for the length of the term of service, not an after-the-fact decision by a member to end the approved one-year term early. There is no requirement that the organization with a previously-serving member get the approval of the VISTA Director before hiring the member. The requirement applies to the VISTA Director approval of the length of the term of service in the initial application; the requirement does not extend to a member's early termination from a common year-long term of service.

## ***OIG Recommendations***

*We recommend that the Corporation:*

- 6a. Include, in all MOAs, a clause that VISTA sponsors/host site organizations are prohibited from hiring VISTA members prior to the end of their one-year term of service, unless the exception stated in the regulation applies. This will ensure that VISTA programs and their members fully meet their objectives and goals;*
- 6b. Place a strong emphasis on the past performance of existing grantees when considering recipients for subsequent grants or VISTA resources. This will ensure the grantee possesses the requisite satisfactory track record necessary to complete the program; and*
- 6c. Recover the questioned costs of \$13,956 from NYC Mayor's Office for noncompliance with VISTA terms and conditions.*

**Corporation Response to OIG Recommendations:** The Corporation has not been provided with sufficient information to assess the validity of the Finding, and therefore disagrees with the Recommendations. Specifically, the Corporation needs the names of the members in question to resolve the issue with the Mayor's Office.

In addition, the Draft Report misconstrues the Corporation's long-standing practice for implementation of certain provisions of the Domestic Volunteer Service Act of 1973 (DVSA). The Draft Report cites the DVSA provision which states that VISTAs "may be enrolled initially for periods of service not less than one year unless the [CEO] determines, on an individual basis, that a period of service of less than one year is necessary...." This statutory provision is implemented during the initial planning and development of the VISTA project, specifically in determining the length of the term of service. The provision is not applicable to an after-the-fact decision to end the approved one-year term early. There is no requirement that the organization get the approval of the VISTA Director before hiring a member who has terminated early.

The consequence for a VISTA member who resigns before her term ends in order to take a paid position with her sponsoring organization is that she relinquishes her end of service award (education award or cash stipend), and of course, discontinues receipt of a living allowance. There is no penalty for sponsoring organizations that choose to hire a just-departed VISTA before her scheduled full term expires, except that the VISTA would likely not be replaced by another at the project. The resources would most likely be re-directed to another deserving non-profit organization fighting poverty.

Moreover, a goal of VISTA is capacity-building for the sponsoring organization. In certain situations, the Corporation may conclude that an organization that is capable of hiring a former VISTA had already met its capacity-building objective ahead of schedule. If a member elects to terminate his or her service early, it could be unnecessarily prescriptive to prohibit a sponsor organization from hiring that member under the rationale that the member's service as a VISTA is somehow necessary in order for the organization to fully meet its objectives.

**Appendix D:**

**NYC Mayor's Office Response to the Draft Audit Report**



THE CITY OF NEW YORK  
**LAW DEPARTMENT**

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June 3, 2011

**VIA E-MAIL AND REGULAR MAIL**

Stuart Axenfeld  
Assistant Inspector General for Audit  
Office of Inspector General  
Corporation for National and Community Service  
1201 New York Avenue, N.W., Suite 830  
Washington, D.C. 20525

Re: Draft Audit Report regarding an Audit of the Corporation for National and Community Service Grants Awarded to the New York City Office of the Mayor (“Draft Report”)

Dear Mr. Axenfeld:

Thank you for the opportunity to comment on the Draft Report, which you sent to Diahann Billings-Burford, the City’s Chief Service Officer. I am responding on behalf of the City of New York (“City”). Our response will go into detail but, at the outset, you should understand the following: **The Draft Report is rife with distortions of fact and mistakes of law, violates basic audit principles, and contains baseless and scurrilous innuendo that serves no legitimate purpose.**

**Introduction and Summary of Response**

In his January 2009 State of the City Address, Mayor Bloomberg announced his intention to answer President Obama’s call for a new era of service with a robust and innovative program to increase “impact volunteerism” in New York City. Impact Volunteer strategies are those that:

- are targeted to address local needs;
- employ best practices in volunteer recruitment, engagement, deployment, and retention to increase impact; and
- have clear outcome measures to gauge progress against defined goals.

To this end, Mayor Bloomberg aimed to establish a comprehensive service program that would address New York City's needs and broadly engage New Yorkers in efforts to strengthen their own communities. As a key component of this effort, the City proposed to engage AmeriCorps VISTA volunteers in the newly-conceived NYC Civic Corps. As a result of the VISTA grant in question in this audit, the first NYC Civic Corps was launched in August 2009. 193 VISTA members were deployed in small teams to 56 sites for a period of one year, with the goal of building sustainable Impact Volunteer capacity at the local host sites.<sup>1</sup>

From August 2009 to July 2010, the period of the grant being audited, the NYC Mayor's Office implemented a new model of how a local government could use VISTA funds provided by the Corporation for National and Community Service ("CNCS"). Specifically, the goal was to manage a corps of VISTA members who would build capacity in organizations to address a variety of local challenges. The NYC Civic Corps built capacity by building and improving volunteer programs to address needs across the City in the areas of: helping our neighbors in need; strengthening communities; environment; education; emergency preparedness; and health. The program was incredibly successful. For the program year in question, the City's VISTA members engaged 55,413 community volunteers who served 987,444 clients. In addition, the members also developed \$1,073,485 in cash resources and secured in-kind donations that had a total value of \$3,920,123.

Furthermore, the VISTA program in question was successful when measured against CNCS's targets. According to CNCS, the NYC Civic Corps exceeded the targets set by CNCS and NYC Service for seven goals and barely missed on two others. On only a single measure did the program not produce results within 15 percent of its target.

Yet, despite this success, your audit creates the false impression that this was a failed program, doomed by alleged procedural improprieties. Central to your baseless allegations is the false conclusion that Stephen Goldsmith—now the City's Deputy Mayor for Operations, but the Vice Chair of the CNCS Board of Directors at the time the grant was awarded—improperly intervened in a dispute between the City and the CNCS State Office over whether a handful of sites should have been included as host sites. As we will show below:

- There was no improper "tie" between Stephen Goldsmith and the City while he served on the CNCS Board.
- There was no undue influence by CNCS's senior management on behalf of the City.
- The process for and outcomes of the grant were in all respects proper:
  - The activities of the host sites were governed by detailed VISTA Activity Descriptions;

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<sup>1</sup> The facts presented in this letter are based on documents supplied by and discussions with City employees.

- With only minor exceptions, VISTA members did not engage in direct service;
- The City's VISTA program was structured to meet, and was overwhelmingly successful in meeting, the VISTA anti-poverty goals.

\* \* \* \*

**There Was No Improper “Tie” between Stephen Goldsmith and the City while he Served on the CNCS Board**

While Finding 1 of the Draft Report contains your official allegation that CNCS senior management and Stephen Goldsmith in his role on CNCS's Board exercised “undue influence” over the selection of host site organizations for the grant in question, you placed your most irresponsible allegations and innuendo regarding the alleged undue influence in the Audit Conclusions section of the Draft Report. We will therefore respond to these portions of the Draft Report separately.

On page 3 of the Draft Report, you state that, “[g]iven [Mr. Goldsmith's] ties to the NYC Mayor's Office, he should not have intervened in the host site selection process.” You then go on to list those “ties.” Before addressing their defects, however, some context is in order. In the prior, unofficial draft of the Draft Report, you claimed that Mr. Goldsmith's “prior relationship with the NYC Mayor; and his subsequent employment with the NYC Mayor's Office” contributed to the appearance of undue influence. In response—in a letter from me to Kenneth C. Bach, the Acting Inspector General, dated April 11, 2011 (copy attached as Exhibit A)—I noted as follows:

It is beyond doubt that the inclusion of unsupported innuendo is inconsistent with applicable audit standards. Under Section 4(b)(1)(A) of the Inspector General Act of 1978, Inspectors General must “comply with standards established by the Comptroller General of the United States for audits” of federal agencies. These standards, set forth in the Government Auditing Standards (known as GAGAS), clearly state that to comply with GAGAS audits must “provide reasonable assurance that evidence is sufficient and appropriate to support the auditors' findings and conclusions.” GAGAS §7.03. Here, it is not a question of whether the evidence was “sufficient” to support the Draft Report implications. Rather, there was—and is—no evidence of the “prior relationship” and quid pro quo, and thus no basis for the Draft Report's attempts to tar the reputation of the Mayor and Mr. Goldsmith.

Apparently recognizing the accuracy of this statement, you removed the “prior relationship” phrase from the official Draft Report. However, you were apparently unwilling to also delete the conclusion that flowed from your unsupported innuendo, i.e., that there was an appearance of undue influence. Rather, you instead cited facts that, even if true, are irrelevant to this audit, and in no way show that any sort of improper “tie” existed between the City and Mr.

Goldsmith when he was on the CNCS Board. Stated differently, the Draft Report still falls woefully short of the GAGAS standard that evidence be “sufficient and appropriate” to support your allegations.

As stated in my letter, there was no relationship between Mr. Goldsmith and the Mayor at the time of the grant. Other than being one of several participants at a Gracie Mansion breakfast in August 2008, Mr. Goldsmith had no discussion of any kind with the Mayor until March 30, 2010, at a function at Harvard University. Furthermore, also as stated in my letter, Mr. Goldsmith’s appointment as Deputy Mayor for Operations was announced on April 30, 2010, a full year after the VISTA grant was awarded. In fact, no one discussed with Mr. Goldsmith the possibility of employment with the City until March 2010, well after the grant was awarded.

The “ties” now alleged in the Draft Report show absolutely no significant relationship between Mr. Goldsmith and the City at the time of the grant. The first alleged tie is that Mr. Goldsmith had a “prior working relationship” with one of the City’s Deputy Mayors due to “working on case studies related to a grant.” This is difficult to address, as it is unclear what relationship is being referred to. However, to the best of our understanding, the “working relationship,” if it could be called that, was simply the following: Mr. Goldsmith supervised a study by a Kennedy School student that was published in 2007. While the study focused on the City and one of its deputy mayors, Mr. Goldsmith did not collaborate with the deputy mayor, did not do any research or field work, and was not involved in writing the study (although he did review it before publication). It is difficult to see how such a tenuous connection is indicative of anything, let alone how it can serve as the basis for your apparent conclusion that Mr. Goldsmith was motivated by this “tie” to intervene.

The second alleged tie is that the City received an Innovations in American Government Award from the John F. Kennedy School of Government at Harvard University at a time (2008) when Mr. Goldsmith was Director of the Innovations in American Government Program at the Kennedy School. It is unclear why you consider this significant enough to rise to the level of a “tie” between Mr. Goldsmith (at the time of the grant in question) and the City, but presumably your assumption is that recognition of the City by the Kennedy School was an unusual event. However, in fact, the City won or was a finalist for the Innovations in American Government Award not only in 2008, but also in 2009, 2006, 2005, 2003, 2000, 1999, 1998, 1997, 1996, 1995, 1994, 1993, 1992, 1991, 1990, 1987, and 1986. In addition, the awards are made following an extensive, five-round review process. As stated on the Kennedy School website, all applications are first reviewed by experts, “both practitioners and scholars,” to determine that they meet the Innovations Awards criteria. Next, “experts . . . evaluate applicants’ supplementary applications and select 25 programs from the applicant pool to advance in the competition.” Third, further research is performed and the finalists are chosen from among these 25 programs. Fourth, evaluators visit the finalist programs for a two-day assessment. Fifth, the finalists present their programs to the National Selection Committee. Rather than being of any relevance to this audit, the 2008 award was simply one in a long line of acknowledgements by the Kennedy School of the excellent work done by the City, acknowledgements arrived at through a rigorous process involving multiple evaluators. It is ludicrous for the Draft Report to suggest that the City’s receipt of the Innovations in American Government Award in 2008 showed any special connection between Mr. Goldsmith, as the program director, and the City.

Mr. Goldsmith had no more special “tie” to the City by the mere fact of the City’s receipt of the 2008 award than he did to any of the other award winners and finalists, or than any other member of the Ash Center for Democratic Governance and Innovation (the portion of the Kennedy School responsible for the Innovations in American Government Award) had to the City.

Finally, you state the following as the third alleged tie: “We observe that the Mayor of NYC contributed to [Mr. Goldsmith’s] book, ‘The Power of Social Innovation,’ by writing the foreword for the book, dated November 2009.” Again, it is hard to make any sense of this attempt at innuendo. Are you suggesting that the writing of the foreword is proof, approximately half a year after award of the grant in issue, of an earlier relationship? If so, I repeat that there was no relationship between the Mayor and Mr. Goldsmith at the time of the grant. Are you instead suggesting that the Mayor wrote the foreword as a reward for Mr. Goldsmith’s efforts regarding the grant? Such a suggestion would be outrageous. It is untrue and there is no evidence for it. Hints and suggestions of scurrilous conclusions based on facts irrelevant to the audit are inconsistent with the professional standards to which you are held.

Consistent with your invitation in the letter transmitting the Draft Report, attached please find as Exhibit B an April 11, 2011, letter from Mr. Goldsmith’s private counsel—sent in response to the prior, unofficial draft of the Draft Report—concerning matters relating to this audit.

**Response to Finding 1—The Draft Report Fails to Show Any “Undue Influence” by CNCS’s Senior Management on Behalf of the City**

The essence of your Finding 1 is this: CNCS’s State Office had originally rejected five host sites put forth by the City—56 were ultimately accepted—because of programmatic concerns. Upon the request of Mr. Goldsmith, then Vice Chair of the CNCS Board of Directors, CNCS’s Chief of Program Operations then asked the State Office to revisit the application in regard to the five rejected sites; three of the five were ultimately accepted. You believe these facts show “undue influence,” because, in your estimation, “undue influence” consists of “any act of persuasion that overcomes the free will and judgment of another, inducing that person to do something he or she would not otherwise do.”

There was simply nothing inappropriate about having the State Office reconsider its decision.

First, your definition of “undue influence” is, to say the least, unusual. Rather than defining “undue influence,” it simply defines “influence” and then deems it to be undue. In other words, a common sense understanding of undue influence is that the methods used to exercise the influence are undue. Your definition, however, simply turns into undue influence any direction (let alone request) by a supervisor to a subordinate to take an approach other than that proposed by the subordinate.

Furthermore, you acknowledge that the request by senior staff did not violate any applicable rules or guidelines, because you recommend the development of a standard procedure

manual that would include, among other things, a procedure to resolve questioned decisions by CNCS officials. In other words, the action of CNCS’s senior staff—to request that the State Office reconsider its decision in light of the dispute—did not violate any dispute resolution rules because such rules did not exist. In addition, because delegation of a function by the Chief Executive Officer (whether originally a function of the Board or of the CEO) does not relieve the CEO of “responsibility for the administration of such function,” see 42 U.S.C. §12651d(d)(2), CNCS senior staff was exercising its statutory powers when it asked the State Office to reconsider its decision.

You also recommend that the bylaws of the CNCS Board be amended to develop “clear policies and procedures” to preclude directors from intervening in grant determinations. However, the bylaws already contain a provision that addresses the general issue, see Section 4.04, and this existing provision would not have barred Mr. Goldsmith’s request to the Chief of Program Operations.<sup>2</sup> Furthermore, barring all Board member involvement in grant determinations would be inconsistent with CNCS’s authorizing statute. See 42 U.S.C. §12651b(g)(2), (5), and (10) (detailing the Board’s involvement in grant awards). This is true even if the guidelines for selection of VISTA sponsors, cited in the Draft Report, are taken as a delegation from the Board to the CEO and CNCS staff. See Bylaws, Section 1.01(c)(3) (notwithstanding delegation by Board to CEO, “the Board retains ultimate responsibility for ensuring its powers and duties are properly exercised, and must monitor, through regular reports or other mechanisms, the Chief Executive Officer’s performance in carrying out the delegated authority . . .”). Finally, barring all Board member involvement in grant determinations would in fact be irresponsible; Board members should become involved when necessary to exercise appropriate oversight.

Finally, it is worth noting that, rather than the complete capitulation suggested by the Draft Audit, the State Office changed its position on only three of the five sites in question. One would think that, if CNCS’s senior staff had truly exercised undue influence, the State Office would have changed its position regarding all five sites. Instead, the State Office was still able to exercise its judgment, and again rejected two of the sites in question.

In sum, your allegation of undue influence by CNCS’s senior management is simply wrong: You invent a nonsensical definition of “undue influence” and then, despite the absence

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<sup>2</sup> Section 4.04, entitled Limitation on Participation, states as follows:

- (a) Except as provided in section 4.04(b), a Member shall not participate in the administration of a grant program (including any discussion or decision regarding the provision of assistance or approved national service positions, or the continuation, suspension, or termination of such assistance to any program or entity) if the Member is, or was in the previous calendar year, an officer, director, trustee, full-time volunteer, or employee of a program or entity that has an application pending before the Corporation.
- (b) A Member may participate after disclosure of the relevant facts to the Designated Agency Ethics Official, if the Designated Agency Ethics Official determines that the participation would not constitute a conflict of interest or the Designated Agency Ethics Official grants an authorization or waiver pursuant to the federal ethics laws.

of any evidence of misbehavior or violation of rules, conclude that the actions of CNCS's senior staff met your conveniently tailor-made definition.

**Response to Finding 2—The Activities of the  
Host Sites Were Governed by Detailed VISTA  
Assignment Descriptions (“VADs”)**

Finding 2 is defective from the start. The Draft Report states, “Of the 19 host site applications reviewed, 11 did not include measurable terms or outcomes related to the sustainability of the project activities.” However, instead of then setting forth the facts on which you base your finding—that 11 site applications were deficient—the Draft Report breezily discusses only four allegedly deficient applications.

This approach clearly violates the GAGAS audit standards to which you are bound. Under GAGAS §8.14, auditors are supposed to “present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives.” Among other things, this standard requires your report to be complete, which means that “the report states evidence and findings without omission of significant relevant information related to the audit objective.” GAGAS §A8.02(c). Rather than state the evidence to support the finding of 11 deficient site applications, the Draft Report explicitly provides details about only four, thus depriving the City of the ability to defend itself against your apparently unsupported finding. Furthermore, this unfairness will not, of course, be mitigated if you decide—in reaction to our response—to include the missing allegations in the final report. Under applicable auditing standards, the purpose of providing a draft report for comment is to “help[] the auditors develop a report that is fair, complete, and objective.” GAGAS §8.32. While you may disagree with our comments and explain the reason for your disagreement in the final report, GAGAS §8.36, the entire purpose of commenting on the draft report is lost if you hide the alleged bases for your conclusions until the final report is issued.

Your Finding 2 is additionally defective because it ignores the fact that detailed VISTA Assignment Descriptions (“VADs”) were created for member participation at the host sites, and were the bases for the activities actually undertaken by the VISTA members. This is particularly important because you attempt to argue in the Draft Report that the weaknesses you see in the application process inevitably led to weak performance under the grant. However, as stated, performance was governed not by the site applications, but by the VADs, which set forth detailed descriptions of the activities to be undertaken by VISTA members and tied those activities into VISTA's anti-poverty and sustainability goals.

The four host sites you discuss are addressed in turn:

New York City Department of Parks and Recreation (“Parks”)—The Draft Report claims that Parks's application did not specify how it would alleviate poverty. However, Ms. Billings-Burford attached to her email to your office, dated April 14, 2011 (attached herein as Exhibit C) copies of seven Parks-related VADs. In each, activities related to the alleviation of poverty were addressed. To give two examples: One VAD indicated that the member would learn about Parks's tree planting “prioritization strategy in low income communities,” report on the steps needed “to effectively engage volunteers with a focus on Trees for Public Health Neighborhoods

[(TPH)]” and “assist Partnerships for Parks in strengthening outreach efforts to members of the targeted communities and neighborhoods, with a focus on TPH neighborhoods.”<sup>3</sup> Under another VAD, the member was to report on a Parks education program in order “to maximize outreach to schools and engagement of young students in environmental awareness and tree care, particularly for schools located in Trees for Public Health Neighborhoods.”

Finally, apart from your ostensible concern with whether the site applications detailed steps to address poverty, the Draft Report criticizes the Parks site application because it indicated that Parks would partner with the New York Restoration Project (“NYRP”). Your complaint is that the CNCS State Office had rejected NYRP’s stand-alone site application. As the State Office approved this site application, however, your conclusion that partnering with NYRP “circumvent[ed] the decision of the State Office” is somewhat mystifying.

New York Legal Assistance Group (NYLAG)—Your only criticism of NYLAG was that its application indicated that the VISTA members would engage in direct service. We address the direct service issue in our response to Finding 3.

Year Up—You claim that Year Up’s application did not specify how it would alleviate poverty or that it was targeting solely low-income families. However, the VADs for Year Up (see Exhibit C) have activities that are clearly described and are explicitly aimed at increasing the capacity of volunteer programs that address poverty. As noted, VADS, and not site applications, guide the actual work of VISTA volunteers, and there is no allegation that the VADS were insufficient. We address the direct service issue in our response to Finding 3.

Long Island City Business Development Corporation—The fact that LICBDC was not included among the final host sites is an indication that, through the rigorous VAD development process, the City was able to ensure that any host site that ultimately would not be able to perform in a satisfactory manner would understand this at an early point in the process.

**Response to Finding 3—With Only Minor Exceptions, VISTA Members Did Not Engage in Direct Service.**

You allege that VISTA members under the grant to the City “engaged in unallowable direct service.” However, you have misapplied the prohibition on direct service and have, in violation of applicable GAGAS audit standards, ignored our prior response on this point. With only minor exceptions, the VISTA members did not engage in prohibited direct service.

As explained in the VISTA Program Guidance for FY09, applicable to the grant in question (and attached as Exhibit D), the purpose of the prohibition on direct service is to build capacity in the host site. See 2009 Program Guidance, p. 9. Consistent with this guidance, the Guidelines for Selection of AmeriCorps VISTA Sponsors and Projects state that VISTA projects

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<sup>3</sup> TPH neighborhoods are neighborhoods that have been identified as having the greatest need for trees, because they have fewer than average street trees and higher than average rates of asthma among young people. It is believed that the placement of additional trees in these neighborhoods will reduce the pollutants that trigger disorders, and contribute to healthier living standards.

must focus on, among other things, “the transference of skills to community residents,” Part I, 60 FR 7173, and must “[l]ead to building organizational and/or community capacity to continue the efforts of the project once AmeriCorps VISTA resources are withdrawn.” Part II(A)(2)b), 60 FR 7173. Furthermore, in order to determine whether activities are direct service, one must examine “the focus and nature of the tasks.” 2009 Program Guidance, p. 9.

Finding 3 ignores the fact that many of the cited activities consisted of capacity-building activities, such as training or teaching how to perform future tasks. An examination of “the focus and nature of the tasks” thus should have led you to conclude that the VISTA members at Parks, FECS, and Year Up did not engage in direct services. We made this exact point in our submission in response to the draft copy of the Draft Report, see Exhibit C, and also noted that the approved VADs for the VISTA members assigned to Parks, FECS, and Year Up (which VADs were attached our April 14 response) all contained training activities. However, despite your obligation under applicable audit guidelines, see GAGAS §8.36 (auditors should set forth in their report their reasons for disagreeing with comments or “modify their report as necessary”), you did not address our point or change your finding.

As to the New York Legal Assistance Group, we agree that providing guidance to clients about their individual circumstances is direct service. While the VADs for NYLAG clearly describe capacity building, we agree that the VISTA members should not have instead engaged, if they did, in direct service. Similarly, a VISTA member should not have spent time, if he or she did, at Year Up as an administrative assistant. However, we have do not know whether these activities actually occurred or, if they did, whether the alleged percentages of time devoted to them are accurate. Thus, despite your obligation under GAGAS §A8.02(c) to “state[] evidence and findings without omission of significant relevant information related to the audit objective,” we have no meaningful way to evaluate or respond to these allegations.

In light of the mistaken conclusion that VISTA members engaged in direct service at Parks, FECS, and Year Up, and your failure to provide sufficient information to allow us to rebut the allegations of apparent direct service at NYLAG and Year Up, the questioned costs should be reduced to zero.

**Response to Finding 4—The City’s VISTA Program was Structured to Meet, and was Overwhelmingly Successful in Meeting, the VISTA Anti-Poverty Goals.**

The gravamen of the complaint in Finding 4 is that the process followed for this grant led to the inclusion of sites that would not be able to meet the VISTA anti-poverty requirement, and that “some” of the sites in fact did not meet the goal.

As to process: As explained above in our response to Finding 2, your Finding 4 ignores the fact that detailed VADs were created for member participation at the host sites, and were the bases for the activities actually undertaken by the VISTA members. The VADs, which were reviewed and approved prior to the VISTA volunteers beginning their work, set forth detailed descriptions of the activities to be undertaken by VISTA members and tied those activities into VISTA’s anti-poverty goal. Furthermore, the host sites in fact developed their own VADs, thus

undercutting your claim that the City's involvement in the grant process led to plans that were inconsistent with the "organizational model" of "some" of the host sites. Ms. Billings-Burford explained this in her April 14, 2011, email. However, again, you ignored your obligation under applicable audit guidelines to address our point or modify your finding, thereby violating GAGAS §8.36.

As to the program's success: As noted above, the City's VISTA program was phenomenally successful. For the year in questions, the City's VISTA program deployed 193 VISTA members at 56 sites. These VISTA members engaged 55,413 community volunteers who served 987,444 clients. In addition, the members also developed \$1,073,485 in cash resources and secured in-kind donations that valued a total of \$3,920,123. The NYC Civic Corps exceeded the targets set by CNCS and NYC Service for seven goals and barely missed on two others. On only a single measure did the program not produce results within 15 percent of its target.

As to the specific host sites you discuss:

New York City Department of Education—Contrary to the impression created by your finding, the NYCDOE host site met most of its goals. By the end of the school year this team of VISTA members trained five community based organizations, and recruited and trained 37 mentors who served 148 students at 10 of our City's most challenging middle schools. The City is providing this information that should have been included in our progress reports, but was not included because of a computer error.

In comparison to these achievements, the allegations in your Finding are minor, and your recommendation to recover questioned costs is unwarranted.

Broadway Housing Communities—Contrary to your assertion, the VISTA member was not left without VISTA-related work for the month of July 2010. Rather, while there may have been somewhat of a gap, the member was reassigned to the NYC Service office as soon as it became aware that there might be an issue.

New York City Department of Parks and Recreation—Despite the allegation that the City's Million Trees program did not meet the VISTA anti-poverty goal, as Ms. Billings-Burford explained in her April 14, 2011 email, many of the locations where the VISTA members worked can immediately be identified as being in low income areas. These locations included public schools, and developments run by the New York City Housing Authority (NYCHA), which provides public housing for low income residents throughout the City. Other sites were located in the City's most disadvantaged neighborhoods, including Jamaica, Queens, Bedford-Stuyvesant, Brooklyn, and East New York, Brooklyn. In addition, the VISTA members supported the work of a program, the MillionTreesNYC StewCorps, that used tree planting as part of a larger effort to transfer skills to at-risk high school students so that they can be more competitive in the workforce. Trainings for the StewCorps took place around the City. While some of the work force development trainings took place in areas of the City that are not impoverished, all StewCorps efforts were designed to transfer skills to at-risk youth from low-income families in an effort to counter poverty.

New York Legal Assistance Group—Our response to your allegation regarding NYLAG is contained in our response to Finding 3.

**Response to Finding 5—The Fact that a “Few” Host Site Supervisors Did Not Attend the Mandatory Supervisor Orientation—which was Offered on Only One Occasion—is Minor.**

Finding 5 alleges that “some” supervisors at the New York City Department of Education and one supervisor at Year Up did not attend the supervisor orientation session. Even assuming that this is accurate, you have written a finding that—particularly considering that 56 sites were involved—is so minor that it creates the false impression that there was more of a problem than you actually indicate. Under GAGAS §8.16, auditors are supposed “place their findings in perspective,” by for example, “relat[ing] the instances identified to the [relevant] population.” Your finding in fact emphasizes how well attended the training session was, especially given that the State Office scheduled only one session, in mid-August, disregarding the City’s concerns about the practicality of reaching all host site supervisors.

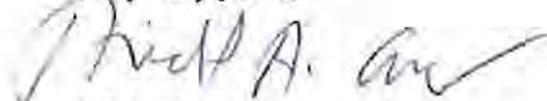
**Response to Finding 6—The Allegation that One Host Site Hired a VISTA Member Prior to the End of the Program is Inaccurate; the Other Instance was Minor.**

Finding 6 alleges that the New York City Department of Parks and Recreation hired one of the VISTA members placed at Parks prior to the completion of the member’s year of service. This allegation is inaccurate; Parks did no such thing. Furthermore, in Ms. Billings-Burford’s April 14, 2011 email, she stated that fact, and included a letter from a representative of Parks to that effect. However, once again, you ignored your obligation under applicable audit guidelines to address our point or modify your finding, as set forth in GAGAS §8.36. As to the New York City Department of Education, the occurrence was minor.

**Conclusion**

As we have shown, there was no improper “tie” between Stephen Goldsmith and the City while he served on the CNCS Board, there was no undue influence by CNCS’s senior management on behalf of the City, and the process for and outcomes of the grant were otherwise proper. I respectfully request that you correct the mistakes of your Draft Report when you issue your final report.

Very truly yours,



Michael A. Cardozo

MAC/ay

c: Diahann Billings-Burford

**EXHIBIT A**

**Letter from Michael A. Cardozo to Kenneth C. Bach, the Acting Inspector General, dated  
April 11, 2011**



MICHAEL A. CARDOZO  
*Corporation Counsel*

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April 11, 2011

**VIA E-MAIL AND FACSIMILE**

Kenneth C. Bach, Acting Inspector General  
Office of Inspector General  
Corporation for National and Community Service  
1201 New York Avenue, N.W., Suite 830  
Washington, D.C. 20525

Re: Draft Audit Report regarding an Audit of the Corporation for  
National and Community Service Grants Awarded to the New York City  
Office of the Mayor ("Draft Report")

Dear Mr. Bach:

In accordance with the process outlined in emails between our offices,<sup>1</sup> I write in regard to certain statements contained within the unreleased draft of the Audit Report.

In one breathtakingly irresponsible paragraph, the Draft Report implies—with no factual basis even alleged for the implications—that the City of New York somehow improperly benefitted from, and participated in, the purported improper actions of Stephen Goldsmith (the former Chairman of the Corporation for National and Community Service ("CNCS")), in his then role on the CNCS Board. According to the Draft Report, Mr. Goldsmith intervened inappropriately in the grant process at issue in order to become Deputy Mayor of the City of New York ("City"), based on his purported relationship with the Mayor of the City. As I will detail below, the impression created by the Draft Report is devoid of any factual basis: Mr. Goldsmith's relationship with the New York City Mayor began nearly a year after the completion of the grant process, and had nothing to do with the VISTA grants at issue. Thus, the Draft Report is irresponsible, inflammatory and, frankly, irrelevant to the remainder of the audit.

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<sup>1</sup> On April 5, 2011, I requested that we set up a call to discuss the substantial factual inaccuracies in the unreleased Draft Report. Vincent Mulloy, counsel to the Inspector General, responded by suggesting that I put in writing "the factual findings in the draft that [I] believe are inaccurate." He went on to say that you would keep the process open an additional week "to consider the City of New York's perspective." In an e-mail later that day, Mr. Mulloy agreed that, provided the City provided a writing by April 13, 2011, you would not release the Draft Report until you consider the arguments we provide herein for why it would be inappropriate to release the Draft Report as written.

It is beyond doubt that the inclusion of unsupported innuendo is inconsistent with applicable audit standards. Under Section 4(b)(1)(A) of the Inspector General Act of 1978, Inspectors General must “comply with standards established by the Comptroller General of the United States for audits” of federal agencies. These standards, set forth in the Government Auditing Standards (known as GAGAS), clearly state that to comply with GAGAS audits must “provide reasonable assurance that evidence is sufficient and appropriate to support the auditors’ findings and conclusions.” GAGAS §7.03. Here, it is not a question of whether the evidence was “sufficient” to support the Draft Report implications. Rather, there was—and is—no evidence of the “prior relationship” and quid pro quo, and thus no basis for the Draft Report’s attempts to tar the reputation of the Mayor and Mr. Goldsmith.

The following paragraph appears in the “Audit Conclusions” section of the Draft Report:

The NYC Mayor’s Office has implemented a strong internal controls system to ensure the proper administration of ARRA funds. However, during our audit we identified areas in which the Corporation [CNCS] should improve their internal review process, prior to making awards, for VISTA-sponsored programs. Specifically, we are concerned of a high likelihood that Corporation senior management unduly influenced the decisions of the Corporation’s New York State Office (State Office) during the selection of host site organizations. Our concerns are based in large part on the interest evidenced by the former Chairman of the Corporation’s Board of Directors in a partnership between the NYC Mayor’s Office and the Corporation. Other factors contributing to the appearance of undue influence are the facts that: the former Chairman of the Board of Directors recommended the NYC Mayor’s Office to the Corporation for VISTA funding; his intervention in the host site organization selection dispute between NYC Mayor’s Office and the Corporation during the MOA review process (an operational function); *his prior relationship with the NYC Mayor; and his subsequent employment with the NYC Mayor’s Office.* (Emphasis added.)

The two italicized allegations with respect to the Mayor’s relationship with Mr. Goldsmith, which lie at the heart of section of the Audit Report’s conclusions, are **false**—and are addressed below. We understand that, through private counsel, Mr. Goldsmith is also responding to the Draft Report.

**Mr. Goldsmith had no “prior relationship” with the Mayor.**

The Draft Report implies that Mr. Goldsmith supported the City’s grant application because of some unspecified “prior relationship” with Mayor Bloomberg. However, the Draft Report contains absolutely no evidence of such a relationship, and it could not do so because, at the time of the events in question, and indeed for nearly a year thereafter, there was **no** relationship between Mr. Goldsmith and the Mayor. Other than being one of several participants at a Gracie Mansion breakfast in August 2008, Mr. Goldsmith had no discussion of any kind with the Mayor until March 30, 2010, at a function at Harvard University. Considering that the

VISTA grant was awarded in April 2009 and the ARRA supplement was awarded on July 31, 2009, this was hardly a "prior relationship."

**Mr. Goldsmith's "Subsequent Employment with the NYC Mayor's Office" in 2010 Had Nothing to Do with the CNCS Grants to the City One Year Earlier.**

The Draft Report implies that Mr. Goldsmith received his job as Deputy Mayor as a result of the award of the grant at issue. There is absolutely no evidence for this scandalous charge. Mr. Goldsmith's appointment as Deputy Mayor for Operations was announced on April 30, 2010, a full year after the VISTA grant was awarded. In fact, no one discussed with Mr. Goldsmith the possibility of employment with the City until March 2010.

\* \* \* \*

The factual inaccuracies set out above, and the outrageous conclusions drawn from them, would have been avoided, I respectfully suggest, had someone from your staff asked City officials, including Mr. Goldsmith since his appointment as Deputy Mayor for Operations, about the facts and time-line surrounding his appointment and relationship with the Mayor. But as best I can discern, no one ever asked City officials, including Mr. Goldsmith, about them.

I must add that I believe your Office has been extremely dilatory in informing the City of your conclusions.

In light of the lack of any support for the scurrilous implications of the Draft Report as it relates to Mr. Goldsmith, the Mayor and the City of New York, we respectfully request that the problematic portions of the Draft Report be deleted prior to its official release. The City will respond to the remainder of the Draft Report after it is officially released.

Very truly yours,



Michael A. Cardozo

MAC/ay

**EXHIBIT B**

**April 11, 2011, Letter from Private Counsel for Stephen Goldsmith**



MEMORANDUM

DATE: July 15, 2011

TO: Ken Bach  
Acting Inspector General

FROM: Vincent A. Mulloy *VAM*  
Counsel to the Inspector General

SUBJECT: Regarding whether CNCS OIG Assistant Inspector General for Audit has an Impairment of Independence concerning the former CNCS Board Chairman

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You asked me to review former CNCS Board Chairman Stephen Goldsmith's contention, contained in his attorney's April 11, 2011, letter to you, that CNCS OIG Assistant Inspector General for Audit Stuart Axenfeld has "a conflict of interest" or an "impairment of independence" with regard to matters concerning Mr. Goldsmith and ought to have been recused from the OIG audit of Corporation grants to the New York City Mayor's Office, where Mr. Goldsmith currently works. In considering the question, I spoke with Mr. Axenfeld and other OIG staff who were familiar with the circumstances surrounding Mr. Goldsmith's contention, and reviewed OIG and other relevant records.

In sum, I confirm your initial assessment of the matter, which you communicated to Mr. Goldsmith last February in response to the concerns he expressed to you by telephone about Mr. Axenfeld coming to interview him. You told him that you had looked into the matters surrounding Mr. Axenfeld's involvement in the St. Hope Academy settlement in 2009, which was the basis of his concerns, and explained his limited role; that Mr. Axenfeld is a professional and has no personal bias against Mr. Goldsmith; and that he has approached the audit of the New York City Mayor's Office in an impartial, fair and objective manner. At the time, Mr. Goldsmith accepted your explanation and agreed to be interviewed by Mr. Axenfeld and his audit team the following week. Mr. Goldsmith then engaged counsel, who renewed Mr. Goldsmith's objection in a letter sent to you on April 11, 2011, after the draft audit report was released to the New York City Mayor's Office.

The events and circumstances that Mr. Goldsmith's attorney describes in his letter, which are to form the basis for Mr. Axenfeld's impairment of judgment, that being Mr. Goldsmith's involvement in the settlement of the government's case against St. Hope Academy and its executive officers, were unknown to Mr. Axenfeld, and, for that matter, every OIG staff

member working in the OIG during that period of time. Accordingly, having had no knowledge of Mr. Goldsmith's involvement in the settlement of the St. Hope Academy investigation and suspension, there can exist no basis for his claim that Mr. Axenfeld has a bias against him and there is no evidence of an impairment of independence of personal judgment in the preparation and execution of the audit of Corporation grants to the New York City Mayor's Office.

Contrary to the impression created by Mr. Goldsmith's attorney in his letter to you, Mr. Axenfeld had never personally met Mr. Goldsmith prior to their meeting for the audit team's interview of Mr. Goldsmith in New York City on February 23, 2011. Aside from observing him at regularly scheduled Board meetings, Mr. Axenfeld's contacts with Mr. Goldsmith before this meeting were limited to speaking with him by telephone to set up the February interview, and, in April 2009, arranging for and participating in a telephone interview of Mr. Goldsmith with other OIG auditors as part of the OIG's Evaluation of the Fiscal Year 2008 Budget Process, issued as OIG Final Report 09-16.

Former Chairman Goldsmith's attorney contends that Mr. Axenfeld is personally impaired in his judgment regarding Mr. Goldsmith based on allegations that, as a Board member of CNCS 1) Mr. Goldsmith disagreed with, or, at least could not act upon, the former Inspector General's disagreement with the Corporation's legal settlement of a suspension action against an AmeriCorps grantee, St. Hope Academy and its executive officers; 2) Mr. Goldsmith refused to act on the former Inspector General's request to discipline the Corporation's General Counsel for entering into the settlement agreement; and 3) Mr. Goldsmith registered complaints against the former Inspector General and Mr. Axenfeld with the Integrity Committee of the Council of Inspectors General for Integrity and Efficiency (CIGIE); and so therefore Mr. Axenfeld is personally biased against him.

As explained above, Mr. Axenfeld's role in the St. Hope Academy investigation, suspension, and settlement was limited, as he was, and is, the head of the Audit Section of this office, and the case arose out of efforts by the Investigation Section. Furthermore, no one in the office familiar with the St. Hope Academy matter, including Mr. Axenfeld, was ever made aware of Mr. Goldsmith's involvement. Those things described in Mr. Goldsmith's attorney's April 11, 2011, letter to you, recited as proof of Mr. Axenfeld's impairment, are not things that Mr. Axenfeld was aware of, or remembers, or, for that matter, things that anyone else in the OIG familiar with the St. Hope Academy investigation, suspension, and settlement was aware of or remembers.

For example, Mr. Goldsmith's attorney writes in his April 11, 2011, letter that "Mr. Goldsmith was directly involved in the registering of complaints against Mr. Walpin and Mr. Axenfeld as a result of their conduct during this investigation."

This statement is news to anyone in this office who was familiar with the St. Hope Academy matter. Mr. Axenfeld, and others serving in the OIG at the time, were aware that a letter of complaint was sent by the Acting U.S. Attorney for the Eastern District of California to the Chairman of the Integrity Committee of the Council of Inspectors General on Integrity and Efficiency (CIGIE) on April 29, 2009, but there was no indication that the complaint was sent on anyone else's behalf other than the Acting U.S. Attorney, as it was signed in his name only. In

that letter, the Acting U.S. Attorney complained of actions taken by the Inspector General at the time, Gerald Walpin, in the St. Hope Academy investigation and settlement, but there was no discussion or complaint against any other OIG staff, including Mr. Axenfeld.<sup>1</sup> No one in the OIG, including Mr. Axenfeld, was ever aware of a complaint filed by Mr. Goldsmith against Mr. Walpin, or for that matter, against Mr. Axenfeld, and this office was never asked by CIGIE to respond to such a complaint. Having no knowledge of such a complaint, it follows then that this cannot form a basis for Mr. Axenfeld's personal impairment of judgment regarding Mr. Goldsmith.

Mr. Goldsmith's attorney also writes: "When the case against St. Hope Academy and Mayor Johnson was settled, Mr. Walpin and Mr. Axenfeld strongly and vocally disagreed with the settlement and called on Mr. Goldsmith to discipline CNCS General Counsel, Frank Trinity, who supported the resolution. Mr. Goldsmith rejected their requests and similar complaints they raised regarding an alleged conflict of interest between Mr. Trinity and the U.S. Attorney of the Eastern District of California."

This statement is also news and factually inaccurate concerning Mr. Axenfeld's actions. Mr. Axenfeld never met, exchanged email, or had telephone or any other communications with Mr. Goldsmith regarding the St. Hope Academy investigation and suspension. He did not "strongly and vocally" express his disagreement with the St. Hope Academy settlement to Mr. Goldsmith" or make "requests or similar complaints," nor did Mr. Axenfeld ask, or have any knowledge of anyone else asking, Mr. Goldsmith to discipline the General Counsel. Accordingly, having never made complaints or requests for Mr. Goldsmith to reject, there is no basis to the claim that Mr. Axenfeld is biased and his judgment impaired.

As you explained to Mr. Goldsmith by e-mail last February, Axenfeld's role in the St. Hope Academy investigation, suspension, and settlement was limited to providing a fiscal review of St. Hope Academy's grant records, which was performed at the request of the Assistant U.S. Attorney. Also, along with Inspector General Gerald Walpin, and Assistant Inspector General for Investigations R.J. Walters, Mr. Axenfeld in April 2009 cosigned the Special Report to Congress concerning the St. Hope Academy settlement, which expressed this office's disagreement with how the Corporation and U.S. Attorney's Office for the Eastern District of California had handled and resolved the St. Hope Academy matter. At no time did Mr. Axenfeld have any contact or communications with Mr. Goldsmith, nor was he aware of what involvement Mr. Goldsmith had in the St. Hope Academy matter. It bears noting that no part of the April 2009 Special Report to Congress takes to task any Corporation Board members for the settlement. It instead focuses on the events leading up to, and the propriety of the terms of, the civil settlement agreement on the St. Hope Academy suspension entered into by the Corporation's General Counsel and the Assistant U.S. Attorney.

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<sup>1</sup> In a decision dated October 19, 2009, the Integrity Committee ultimately determined that the Inspector General's response to the complaint sufficiently and satisfactorily addressed the matter, and that no further inquiry or investigation was warranted.

Finally, it should be noted that Mr. Goldsmith's attorney's characterizations of the former Inspector General's conduct in the St. Hope Academy matter appears deeply at odds with statements that his client made to Congressional investigators looking into the matter in June 2009. Mr. Goldsmith's attorney writes that "Mr. Walpin's actions in explaining his handling of the St. Hope Academy matter (which actions were undertaken largely in concert with Mr. Axenfeld) played a material role in his termination by President Obama." Yet, Mr. Goldsmith is quoted as testifying to Congressional investigators that Mr. Walpin's arguments to the Board on May 20, 2009, about the St. Hope Academy settlement were "totally appropriate," "articulate," that he made "a persuasive case," and that Mr. Walpin's complaints to the Board "did not amount to 'cause to get rid of Gerry.'"<sup>2</sup>

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<sup>2</sup> Joint Staff Report, Senate Finance Committee and House Oversight and Government Reform Committee Ranking Members, House 111<sup>th</sup> Cong., *The Firing of the Inspector General for the Corporation for National and Community Service*, (Nov. 20, 1999).



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April 11, 2011

*VIA E-MAIL AND NEXT DAY AIR*

Kenneth C. Bach, Acting Inspector General  
Office of Inspector General  
Corporation for National and Community Service  
1201 New York Avenue, N.W., Suite 830  
Washington, D.C. 20525

**Re: Draft Report of Audit of CNCS Awards to NYC Mayor's Office**

Dear Mr. Bach,

I am counsel for Deputy Mayor Stephen Goldsmith, formerly the Chairman of the Board of Directors of the Corporation for National and Community Service ("CNCS"). I write this letter at his request regarding the draft *Audit of Corporation for National and Community Service Grants Awarded to the New York City Office of the Mayor (NYC Mayor's Office)* (the "Draft Report"). We respectfully seek:

- (1) corrections of certain material factual errors contained in the Draft Report,
- (2) reconsideration of certain unsupported opinions and assumptions which appear throughout the Draft Report and taint its reliability and usefulness,
- (3) review of whether there exists the appearance of bias on behalf of the lead auditor on this assignment, and, if so, a written disclosure in the Report of that bias, and
- (4) a further interview of Mr. Goldsmith in a manner that properly and transparently addresses any issues of concern to your Office's auditors, as opposed to the cursory interview conducted by the auditors which did not fairly address or present matters that the audit team was reviewing, and thus inhibited their capacity to obtain full knowledge of the facts.



Furthermore, I respectfully request an opportunity to meet with you in person to provide more detail about the matters raised herein, and to respond to any questions you may have.

Mr. Goldsmith submits this letter with respect for the work and integrity of the IG's Office. The fact that the Office has earned respect for its processes and integrity as a general matter, however, should not preclude the careful assessment of any individual audit to assure that it comports with the Office's goals and purposes, as well as basic fairness.

As the GAO manual on Government Auditing Standards points out, high quality auditing is essential to government accountability to the public, and government audits provide key information to stakeholders and the public to maintain accountability. To achieve those auditing goals, however, auditing of government programs should provide objective, independent and transparent reports supported by credible evidence. As shown herein, we respectfully submit that this specific Draft Report, in its current form, does not meet those beneficial standards. In this regard, I understand that the City of New York shares many of our concerns relating to the Draft Report, and is submitting its own letter, as well.

#### **I) MATERIAL FACTUAL ERRORS IN THE DRAFT REPORT**

In the Audit Conclusions on page two of the Draft Report, several "facts" are identified as factors that contributed to the "appearance of undue influence" over the decisions by the CNCS New York State Office. Not only are these "facts" linked in a highly speculative and unfair manner, each of these supposed "facts" is either false or unsupported by evidence. The factual errors in the Draft Report start at the most basic, but display a lack of thoroughness that informs the entire Draft Report. According to Government Auditing Standards ("GAS"), any finding must be "supported by sufficient, appropriate evidence with key facts, figures, and findings being traceable to the audit evidence." *See* GAS § A8.02(a). The Draft Report does not meet this standard.

First, as a basic matter, the Draft Report's introductory section fails to properly identify Mr. Goldsmith's official title and role at the relevant time period. The Draft Report suggests this undue influence in the VISTA process arose from Mr. Goldsmith's role at the time as Chairman



of the Board of Directors. In fact, the American Recovery and Reinvestment Act of 2009, which provided funding for the awards to the NYC Mayor's Office, was passed and implemented after Mr. Goldsmith stepped down as Chairman of the Board. While Mr. Goldsmith remained on the Board as Vice-Chair, such a basic mistake reflects a lack of proper factual scrutiny by the audit team, or bias.

More broadly, a central conclusion of the Draft Report posits that the auditors "are concerned of a *high likelihood* that Corporation senior management *unduly* influenced the decisions" of the State Office during the selection of the host site organizations. The Draft Report at page 2 identifies the evidentiary basis of the auditors concerns and, as whole, they are insufficient on their face to support the Draft Report's findings. In this context, the use of charged words like "concerned," "unduly" and "high likelihood" in the absence of supporting evidence is unfair. We address the deficiencies in the evidentiary bases for the findings of the Draft Report as regards Mr. Goldsmith as follows.

The first purported evidentiary basis for the Draft Report's findings is that Mr. Goldsmith had a "prior" relationship with Mayor Bloomberg. That statement is false. Although Mr. Goldsmith and the NYC Mayor had met at an official event on one occasion prior to the VISTA awards, they had no prior relationship whatsoever. Mr. Goldsmith never had a personal discussion or meeting with the Mayor prior to the VISTA awards process, and therefore never had any communication about the award process. As set forth in GAS § 7.66, the "concept of sufficient, appropriate evidence is integral to an audit." For the Draft Report to base its conclusions, even in part, on such an elemental mistake is egregious.

The second purported evidentiary basis for the Draft Report's findings is that Mr. Goldsmith had "subsequent employment" with the NYC Mayor's Office. As Mr. Goldsmith told the auditors, he was not employed by the NYC Mayor's office until 11 months after the VISTA awards, and he had no discussions of any type, whether direct or indirect, regarding employment by the NYC Mayor's Office when the VISTA awards were made. Mr. Goldsmith was not named Deputy Mayor of New York City until May 2010, nearly a year after the NYC VISTAs started, and more than a year after the grant decision would have been made. The Recovery Act VISTAs



began work in New York City on July 30, 2009, which means the planning and award process happened months before. As such, Mr. Goldsmith's subsequent employment by the Mayor's Office had no possible relationship to the VISTA awards. Under GAS, government auditors "must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions." GAS § 7.55. Obviously, there is not a reasonable basis to link Mr. Goldsmith's subsequent employment to the VISTA award process. Indeed, such a link in the absence of any evidence would appear to raise questions about the objectivity of the auditing team.

The third purported evidentiary basis for the Draft Report's findings is the assertion that Mr. Goldsmith "intervened" in a dispute between the NYC Mayor's Office and the State Office over the selection of host site organizations. Mr. Goldsmith has no recollection of speaking directly with the State Office about the site selection process. The Draft Report provides no evidence of any "intervention" by Mr. Goldsmith, and the assertion that he "intervened" when he never communicated with the State Office appears to be a material misrepresentation of the available evidence. Consistent with the absence of any evidentiary basis for the finding of an "intervention," the Draft Report does not provide basic information, such as the nature of the intervention, the dates and times of any relevant communications, the parties to such communications or the method by which the intervention was supposedly accomplished. By failing to include this basic information, the Draft Report does not meet the standard for completeness specified in the GAS, specifically that a report state "evidence and findings without omission of significant relevant information related to the audit objectives." GAS § A8.02(c).

The fourth purported basis for the Draft Report's findings is that Mr. Goldsmith should not have made any recommendations regarding the VISTA program generally and that he acted improperly in suggesting a potential partnership with the NYC Mayor's Office. This assertion is a gross mischaracterization of the actual facts, and completely ignores the proper role of a Board member. First, Mr. Goldsmith did not have conversations directly with the selection committee nor did he *even know who was on it*. He did what he always did consistent with his fiduciary duties as a member of the Board. To properly carry out their obligations, Board members should gather facts, collect good ideas and refer them to the staff for follow up on the merits. Further, in



this instance Mr. Goldsmith viewed the NYC initiative as an effort to transform service at the local level through a national cadre of large city mayors using volunteerism to ameliorate the conditions of the recession. He asked Kristin McSwain, the Chief of Program Operations, to consider New York, as well as other cities, and Ms. McSwain fully supported that level of involvement and interest as fully consistent with the Corporation's goals of achieving the most effective deployment of its grants and awards.

Throughout his tenure, Mr. Goldsmith actively and appropriately engaged his statutory role as a Board member by presenting ideas and opportunities to strengthen CNCS's mission. Mr. Goldsmith in particular had been active for a decade, under explicit instructions from the Senate (Sen. Bond and Sen. Mikulski at the time) and two White Houses, to make sure that program management was effective. He has championed many Governors' programs and organized the Governors to advocate to the Congress and the White House for the Corporation's continued funding and role. Board members communicate with many different groups in order to discharge their duties, and bring new initiatives to the staff for evaluation, and to provide "customer service" to their stakeholders, on the merits. This is not only routine, it is necessary to assure the responsible and highest and best use of taxpayer funding.

At all times Mr. Goldsmith's conduct was wholly consistent with the Board's bylaws and the CNCS authorizing statute. *See bylaws* § 1.01(b); NATIONAL AND COMMUNITY SERVICE ACT OF 1990, as amended (the "Authorizing Act"). It is plainly unfair to criticize conduct that is consistent with the applicable bylaws and with the responsibilities of a Board member -- the fact that the Draft Report does so only compounds its inherent bias. Indeed, the CNCS Authorizing Act specifically charges the Board with the obligation to "review, and advise the Chief Executive Officer ... with respect to ... programs and initiatives as are necessary or appropriate to carry out this Act..." and further charges the Board to "ensure effective dissemination of information regarding the programs and initiatives of the Corporation." § 192A(g)(5)(A). The Authorizing Act further provides that the Board may "make grants to or contracts with Federal and other public departments or agencies, and private nonprofit organizations..."<sup>1</sup> § 192A(g)(10)(A). In

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<sup>1</sup> The auditors also misconstrue the Recovery Act funding – which was one year funding – by suggesting the State Office should have made a smaller award, and then expanded it later. The Congressional and White House mandate

light of this specific legislative grant to the Board, it is clearly appropriate to have Board involvement, in any event. Put simply, there are no legal or other grounds to support the Draft Report's suggestion that Mr. Goldsmith's conduct was not proper in all respects.<sup>2</sup>

## II) MR. AXENFELD'S IMPAIRMENTS TO INDEPENDENCE

Upon learning of Mr. Axenfeld's role in this audit and his intent to conduct an interview, Mr. Goldsmith immediately informed you, as Acting Inspector General, about a potential conflict of interest presented by Mr. Axenfeld's involvement and requested his recusal. According to the GAS, an auditor "must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments to independence." GAS § 3.02. Maintaining independence is important so that the auditor's "opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by objective third parties with knowledge of the relevant information." GAS § 3.03. Mr. Axenfeld does not possess the requisite independence in relation to Mr. Goldsmith to assure that his findings will be "viewed as impartial."

You are generally aware of Mr. Goldsmith's concerns regarding the role of Mr. Axenfeld, and thus they are only summarized here. As you know, Mr. Goldsmith previously articulated issues with the quality of Mr. Axenfeld's work and concerns about his personal bias. In or about September 2008, the CNCS IG Office, led by then Inspector General Gerald Walpin and with

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was to accelerate the VISTA awards in order to ameliorate the effects of the recession, particularly in urban areas. The risk identified by the staff was CNCS acting too slowly in making VISTA awards, not too quickly – in fact, when some of the VISTA Recovery Act dollars were still not allocated a year later that became an issue of sensitivity.

<sup>2</sup> Further, as you know, you suggested to Mr. Goldsmith that the audit team initially expressed a concern regarding whether Mr. Goldsmith may have inadvertently violated § 4.03 of the bylaws. Even a cursory reading of that section of the bylaws, however, demonstrates that such a concern is wholly misplaced. That section affirmatively supports my client's views, and rejects those of the audit staff. The section requires recusal from "involvement in the administration of a grant program" only if a Board Member was associated with the program in the prior year. And, since one cannot merely construe § 4.03 as surplusage, it by clear implication authorizes a Board Member's "involvement in the administration of a grant program" in the absence of such a prior association. The audit team does not even cite this language. Instead, the auditors assert that wholly appropriate conduct by Mr. Goldsmith (that plainly is well short of the allowed "participation in the administration of a program") is wrong if a year *later* there comes into existence a relationship with the grantee. How could any Board Member possibly perform under such a speculative and unknown standard that is fundamentally inconsistent with the bylaws? And what is the authority of the IG's Office to engage in such a speculative and rampant deviation from the fair application of the bylaws?



Mr. Axenfeld's participation, began an investigation into Kevin Johnson, the soon-to-be elected Mayor of Sacramento and a community group he helped found called St. HOPE Academy. St. HOPE was a recipient of grant funds from AmeriCorps. Mr. Goldsmith was directly involved in the registering of complaints against Mr. Walpin and Mr. Axenfeld as a result of their conduct during this investigation. When the case against St. HOPE and Mayor Johnson was settled, Mr. Walpin and Mr. Axenfeld strongly and vocally disagreed with the settlement and called on Mr. Goldsmith to discipline CNCS General Counsel, Frank Trinity, who supported the resolution. Mr. Goldsmith rejected their requests and similar complaints they raised regarding an alleged conflict of interest between Mr. Trinity and the U.S. Attorney for the Eastern District of California. Eventually, Mr. Walpin's actions in explaining his handling of the St. HOPE matter (which actions were undertaken largely in concert with Mr. Axenfeld) played a material role in his termination by President Obama.

The past history between Mr. Goldsmith and Mr. Axenfeld is a clear example of the type of impairments described in the GAS that mandate an auditor to recuse himself from an audit. *See, e.g.*, GAS § 3.07(e) ("preconceived ideas toward individuals, groups, organizations, or objectives of a particular program..."); § 3.07(f) ("biases, including those resulting from political, ideological, or social convictions that result from membership or employment in, or loyalty to, a particular type of policy, group, organization, or level of government"). Mr. Goldsmith raised these very concerns with you on or about February 5, 2011. You assured Mr. Goldsmith that there was no cause for concern and no conflict of interest presented by Mr. Axenfeld's involvement. On or about February 8, 2011 Mr. Axenfeld spoke to Mr. Goldsmith directly and assured him there was no conflict of interest. It is apparent, however, that Mr. Axenfeld's involvement was not consistent with the GAS, and that he should not have been part of the audit team.

In addition, during the February 8, 2011 call, Mr. Axenfeld explained to Mr. Goldsmith that he and his fellow auditors would need to travel to New York because they had numerous documents to show Mr. Goldsmith. Yet, during the interview with Mr. Axenfeld no documents were shown and most of the issues described in the Draft Report concerning Mr. Goldsmith were not discussed or explored in the type of detail necessary to "obtain sufficient, appropriate



evidence...” In fact, the interview with Mr. Goldsmith regarding VISTA involved only a few questions that were perfunctory and of no consequence. This approach appears to demonstrate that Mr. Axenfeld’s findings are compromised and will not be “viewed as impartial by objective third parties with knowledge of the relevant information...”

\* \* \*

Our goal in writing this letter is not to criticize any individual or the Inspector General’s Office. Rather, we simply wish to bring to light the apparent deficiencies in the Draft Report, so that it can be corrected prior to completion. At a minimum, the audit’s conclusions and the evidence upon which those conclusions are based should be reexamined by an independent auditor and the factual inaccuracies and unsupported conclusions should be removed. Both the revised draft and final report should, at a minimum, comply with the General Auditing Standards, which govern this and all inspector general audits, and we respectfully renew our specific requests set forth at the outset of this letter.

Finally, we expect to copy the current Board Chair, Vice Chair, and CEO with this letter and ask them for the opportunity to present relevant information. Our goal, of course, is to work with you in your important professional responsibilities, and, as noted, we are pleased to meet. We believe the report takes the good work that Mr. Goldsmith routinely did for a decade to protect and strengthen the Corporation and turns it on its head into a liability. I hope you will agree.

Thank you for your time and consideration.

Very truly yours,

A handwritten signature in black ink that reads 'Tony Coles' in a cursive, slightly slanted script.

Anthony P. Coles

cc: Vincent Mulloy, Esq.

**EXHIBIT C**

**Email (redacted) from Diahann Billings-Burford dated April 14, 2011**

**From:** Billings-Burford, Diahann  
**Sent:** Thursday, April 14, 2011 3:16 PM  
**To:** [REDACTED]@cncsoig.gov'  
**Cc:** [REDACTED]@cns.gov'; [REDACTED]  
**Subject:** NYC Service Response Prior to the release of the Draft Report

Good afternoon,

Below is a letter pertaining to the Draft Report. I will be sending a hard copy as well, but I am sending the electronic copy, as I understand that time may be limited.

All the best,

Diahann

**MICHAEL R. BLOOMBERG**  
Mayor, City of New York

**DIAHANN BILLINGS-BURFORD**  
Chief Service Officer

**Re: Draft Audit Report regarding an Audit of Corporation for National and Community Service Grants Awarded to the New York City Office of the Mayor (“Draft Report”).**

Dear Ms. [REDACTED],

As the Chief Service Officer in the New York City Mayor’s Office, I oversee the NYC Civic Corps, which is an initiative of my office, NYC Service, and a proud AmeriCorps program. I am writing prior to the release of the Draft Report to offer factual information that I believe should impact portions of the Draft Report. The City of New York will submit a more detailed written response as allowed under your audit process after the release of the final Draft Report.

From August 2009 to July 2010, the NYC Mayor’s Office ran the largest VISTA program in New York State and implemented a new model of how local governments can interface with the Corporation for National and Community Service (CNCS) to maximize the power of civically engaged New Yorkers to meet CNCS’ goal of supporting programs that provide vital assistance to institutions and organizations that serve the public, including: national and local nonprofits, schools, community organizations and public agencies. During 2009- 2010 we implemented a program that helps thousands of New Yorkers through this economic downturn. Specifically, in its first year the NYC Civic Corps engaged 89,157 community volunteers who served 987,444 clients. The corps members also developed \$1,073,485 in cash resources and secured in-kind donations that valued a total of \$3,920,123.

Again, my goal is that this letter and accompanying documents will present factual evidence that should impact some of the findings shared in your draft.

**The Mayor's Office disagrees with the finding that select VISTAs engaged in direct service.**

In your Draft Report finding 3 is that VISTA members engaged in direct service. The Draft Report contains the following examples to support this finding.

Furthermore, a VISTA member that served at Year Up reported engaging in activities that were approximately 50 percent devoted to direct service. For example, the member interacted with students on an individual basis and taught and **trained the students on mentoring**. Another member that served at Year Up mentioned spending 10 percent of the term on direct service. The member stated they acted in the role of an administrative assistant.

Moreover, two VISTA members that served at NYC Department of Parks and Recreation stated they performed about 20 percent of the term providing direct service by planting trees and **conducting training to citizens on how to take care of trees**.

Lastly, a VISTA member that served at Federation Employment and Guidance Service reported devoting 20 percent of the term providing direct service **by teaching classes**.

According to the *Guidelines for Selection of AmeriCorps\*VISTA Sponsors and Projects, Part I. Program Directions*, "AmeriCorps programs must focus on the mobilization of community resources, **the transference of skills to community residents**, and the expansion of the capacity of community-based and grassroots organizations to solve local problems." In addition to meeting this clear definition, the NYC Mayor's Office relied on CNCS guidance to define this term when crafting VISTA assignments. Each of these activities was explicitly listed in the official VISTA Assignment Description (VAD), which were approved by CNCS staff.

I have attached the VADs for Year Up, NYC Department of Parks and Recreation, and Federation Employment and Guidance Service (FEGS) to support this point. Specifically, Activities 5 and 7 on all three Year Up VADs. On the Parks VADs, [REDACTED]'s Activities 7 and 12, [REDACTED]'s Activities 6, 7 and 9, [REDACTED]'s 6, 7, 9 and 12 all explicitly state training as an approved activity. [REDACTED]'s VAD at FEGS Activity 3 also includes training as part of the VISTA's assigned plan.

**Two of the host sites mentioned indisputably met the anti- poverty requirement.**

The claim that VISTAs assigned to New York Legal Assistance Group (NYLAG) had no impact on poverty is inconsistent with the facts given NYLAG's mission. The following paragraph appears as support to Finding 4 in the Draft Report:

Based on interviews with some VISTA members that served at New York Legal Assistance Group, we were told that the services they provided had no impact on poverty or VISTA.

NYLAG is a nonprofit law office dedicated to providing free legal services in civil law matters to low-income New Yorkers. Founded in 1990 on the premise that low-income individuals and their families can improve their lives significantly if given access to the justice system, NYLAG works to: empower individuals, protect fundamental legal rights and promote access to justice among vulnerable New Yorkers. The statutory mandate of AmeriCorps\*VISTA is “to eliminate and alleviate poverty and poverty-related problems in the United States by encouraging and enabling persons from all walks of life, all geographical areas, and all age groups \* \* \* to perform meaningful and constructive volunteer service\* \* \*where the application of human talent and dedication may assist in the solution of poverty and poverty-related problems and secure and exploit opportunities for self-advancement by persons afflicted with such problems. In addition, the objective of (AmeriCorps\*VISTA) is to generate the commitment of private sector resources, to encourage volunteer service at the local level, and to strengthen local agencies and organizations to carry out the purposes (of the program)” (42 U.S.C. 4951). NYLAG and the work of the VISTAs supporting the mission meet the “anti-poverty requirement.

I have attached the mission of NYLAG, which can be found on their website, [www.nylag.org](http://www.nylag.org), and NYLAG’s VADs to support this point.

Under this same finding, the claim that the Department of Parks and Recreation’s team was not focused on low –income priorities is inconsistent with the approved assignments and the work the team accomplished. The audit relies on following to support this finding:

The VISTA members believed the Million Trees program was not focused on low-income priorities; some of the events took place in the wealthier areas of the city as opposed to the low-income areas that were proposed in the application. According to a VISTA member only 3 of the 20 tree workshops conducted were in low-income areas.

We pulled information for all where the VISTAs worked that year, and many can immediately be identified as being in low income areas. This list includes Middle School 61 in Brooklyn, NY and Intermediate School 93 in Queens, NY. Each of these public schools has 81% to 90% of their students coming from a family that received public assistance. It also includes developments run by the New York City Housing Authority (NYCHA), which provides [public housing](#) for low income residents throughout the five boroughs of [New York City](#) and also administers a citywide [Section 8](#) Leased Housing Program in rental apartments. Other sites are located in our most disadvantaged neighborhoods, such as Jamaica, Queens, Bedford Stuyvesant, Brooklyn and East New York, Brooklyn.

In addition, the VISTAs at the Parks Department supported the work of a program, the MillionTreesNYC StewCorps, which used tree planting as a larger part of engaging volunteers to transfer skills to allow at –risk high school students to be more competitive in the workforce. Trainings for the StewCorps took place around the City.

This program did in fact have work force development trainings in areas of New York City, including some that are not impoverished, but all StewCorps efforts were designed to transfer skills to at-risk youth in an effort to counter poverty.

In addition, to the VISTA VADs mentioned before we are also attaching [REDACTED]'s VAD at the Parks site; all illustrate the nature of StewCorps' work. I have also attached the complete list of where the StewCorps workshops took place to support this point.

**The NYC Mayor's Office took corrective action and drafted VISTA Assignment Descriptions with each host site at the beginning of the term of service.**

The auditors have stated that:

During our review of the work papers from the Corporations' monitoring effort, we found that the VISTA mentoring guide form completed by a host site organization and also per discussion with the Corporation's senior management, we discovered NYC Mayor's Office did not involve the host sites in the development of VISTA member's work plans.

In fact, NYC Mayor's Office did involve host sites in the development of the VADs. The VISTA New York State Program Director and another State Program Director along with NYC Service developed VADS with every site at the beginning of the service term during host site and Pre-Service Orientation (PSO) training. All VADS were tailored for individual VISTAs under CNCS supervision during the orientations.

I have attached an email sent by [REDACTED] a NYC Service staff member, to the host site supervisor at Jewish Association for Services for the Aged, and one email sent to [REDACTED] from a host site supervisor from Computers for Youth to support this point.

**The Parks Department did not hire any NYC Civic Corps members.**

Finding 6 of the Draft report is that certain host sites employed VISTA members prior to the end of the program resulting in early terminations. One of the sites listed under this finding is the New York City Parks Department. This is incorrect. The Parks Department did not hire any of its VISTAs.

I have attached an official letter from [REDACTED], Director of MillionTreesNYC, NYC Parks and Recreation, to support this point.

In light of the information that I have presented in this letter and the supporting documents that accompany this letter, I respectfully request that the relevant portions of the Draft Report be revised or deleted prior to its official release.

Again, in accordance with the audit process, we will submit a full response to the final Draft Report, after it is officially released. The intent of this letter is merely to provide you documentation that we believe contradict some of your tentative findings. We also question the remedy of recovering funds from the Mayor's Office given that 1) the remedy is not addressed in

the Memorandum of Agreement and 2) the funds in question were paid directly from CNCS to the VISTAs.

Thank you for your consideration,

Very truly yours.

Diahann Billings-Burford

Cc: [REDACTED], Corporation for National Community Service

**EXHIBIT D**

**VISTA Program Guidance for FY09**

**Volunteers in Service to America –  
VISTA**

**Program Guidance  
Fiscal Year 2009  
October 1, 2008 – September 30, 2009**



# Contents

Contents.....	2
Introduction.....	4
Key Changes in Fiscal Year 2009.....	4
<b>I. Overview of AmeriCorps VISTA Program.....</b>	<b>4</b>
The Purpose of VISTA.....	5
<b>II. Framework for VISTA Programming.....</b>	<b>7</b>
Effective Programming Characteristics.....	7
Key Principles.....	7
Ensure a Diversified Portfolio.....	9
<b>III. Programming Areas.....</b>	<b>9</b>
Independent Living.....	10
Housing.....	10
Employment.....	10
Transition.....	10
Financial Development.....	10
Asset Development.....	11
Financial Literacy.....	11
Community Economic Development.....	11
Education.....	11
Bridging the Digital Divide.....	12
Educational Advancement.....	12
Knowledge and Technical Skills.....	12
<b>IV. VISTA and Corporation Strategic Initiatives.....</b>	<b>12</b>
Mobilizing More Volunteers.....	13
Ensuring a Brighter Future for All of America's Youth.....	13
Engaging Students in Communities.....	13
Harnessing Baby Boomers' Experience.....	14
Supporting Disaster Preparedness and Response.....	14
<b>V. VISTA Resources.....</b>	<b>14</b>
Corporation State office.....	14
Standard Projects.....	14
Grants.....	15
Cost Share.....	15
VISTAs.....	15
Leaders.....	15
Summer Associates.....	16
<b>VI. Project Models.....</b>	<b>16</b>

Single Site Projects .....	16
Multi-Site Projects .....	16
Multi-State Projects .....	17
National Demonstration Projects .....	18
<b>VII. VISTA Project Resources.....</b>	<b>18</b>
Corporation State Office .....	18
VISTA Campus.....	19
Resource Center.....	19
Technical Assistance.....	19
ListSrvs .....	19
Online Resources .....	19

## Introduction

The purpose of the FY 2009 VISTA Programming Guidance is to inform stakeholders, including current and prospective sponsors, of the programmatic highlights for the fiscal year. This guidance is intended to direct the development of VISTA projects, support the VISTA mission through the Corporation's strategic initiatives, and outline the national programming priorities for the VISTA program.

A companion to this guidance, the VISTA Desk Reference, is available to Corporation State Offices on the VISTA Intranet site at <http://intranet.eps.gov/vista/DeskReference/index.htm>. The VISTA Desk Reference is updated continuously and contains detailed information for the day-to-day implementation and management of VISTA projects and is also a resource for managing VISTAs, leaders, and summer associates.

## Key Changes in Fiscal Year 2009

Section	Topic	Change
I	Purpose	Adds current and relevant information on poverty
II	Framework for VISTA Programming	Adds the sections Effective Programming Characteristics and Ensuring a Diversified Portfolio
III	Programming Areas	Organizes around three programming areas Independent Living, Financial Development and Education with sub-focus areas in each and target populations
	Project Implementation	Section moved to the VISTA Desk Reference
	Strengthening Performance and Accountability	Section moved to the VISTA Desk Reference

## I. Overview of AmeriCorps VISTA Program

AmeriCorps VISTA is the national service program designed specifically to fight poverty. Authorized in 1964 and founded in 1965 as Volunteers in Service to America, the program was incorporated into the AmeriCorps network of programs in 1993. VISTA has been on the front lines in the fight against poverty in America for more than 43 years.

VISTA supports efforts to alleviate poverty by encouraging individuals from all walks of life to engage in a year of full-time service, without regard to regular working hours, with a sponsoring organization (sponsor) to create or expand programs designed to bring individuals and communities out of poverty.

### About VISTA Sponsors

Public, private, and faith-based nonprofit organizations - as well as local, state and federal organizations can apply to be a sponsor. Sponsors must be able to direct the project, supervise the VISTAs, and provide necessary administrative support to complete the goals of the project. Sponsors develop and manage projects with the involvement of the communities that will be served.

Organizations can apply to become a sponsor by visiting <http://www.americorps.gov> or contacting the Corporation State Office in their state.

### **About VISTAs**

VISTAs come from all walks of life. They live and serve in some of our nation's poorest urban and rural areas. Each VISTA makes a year-long, full-time commitment to serve on a specific project with a sponsor. In return for their service, VISTAs receive a modest living allowance and health benefits during their service, and have the option of receiving a \$4,725 Segal AmeriCorps Education Award or a \$1,200 stipend after completing their service.

In fiscal year 2009, more than 6,000 VISTAs will serve with over 1,100 sponsors. They will leverage human, financial, and material resources to develop self-sustaining solutions to problems in low-income communities across the country.

Individuals can apply to become a VISTA online at <http://www.americorps.gov>.

### **The Purpose of VISTA**

VISTA is a federal program charged with alleviating poverty in the United States. Since its authorization in 1964, its purpose has been:

*to strengthen and supplement efforts to eliminate and alleviate poverty and poverty-related problems in the United States by encouraging and enabling persons from all walks of life, all geographical areas, and all age groups, including low-income individuals, elderly and retired Americans, to perform meaningful and constructive volunteer service in agencies, institutions, and situations where the application of human talent and dedication may assist in the solution of poverty and poverty-related problems and secure and exploit opportunities for self-advancement by persons afflicted with such problems.*

To understand how the VISTA program carries out its purpose, it is helpful to consider a few characteristics of poverty in the United States, which has many faces and causes.

- According to the Census Bureau, which reports the official poverty measure in the United States, thirty-eight million people live in poverty today. To determine who is in poverty, the Census Bureau uses a set of money income thresholds that vary by family size and composition. If a family's total income is less than the federal threshold, then that family and every individual in it is considered to be living in poverty. For example, to be considered poor in 2008, a family of four living in the continental U.S. would have an income of less than the federal threshold of \$21,200.
- Some people live in poverty for a short time as the result of a situational circumstance such as unemployment, chronic illness, disability, divorce, or death of a family member. Nearly 40% of those entering poverty had a household member lose a job. Employment is the most common trigger event for exiting poverty (10.5%) (Transition Events in the Dynamics of Poverty, 2002, The Urban Institute).

- Of Americans living below the poverty line, about 75% are in generational poverty, which refers to people living in poverty for two or more generations. Without interventions, it is very likely that people living in generational poverty will remain in this state for the remainder of their lives. Studies suggest that the longer a person has been poor, the less likely it is that he or she will escape poverty (PSID, University of Michigan). Further, without interventions, it is also very likely that their children will join them in remaining in poverty. Individuals in generational poverty often do not see a choice or know how to access proper resources.
- In 2004, 16 million Americans lived in "severe poverty," according to the U.S. Census Bureau (people living at less than half of the poverty level; e.g., an individual making \$4,800 per year or less). Approximately 3.5 million individuals experience homelessness in the U.S. each year. Of that number, about 600,000 are families and 1.35 million children (National Alliance to End Homelessness)

Because there is no single path into or out of poverty, with many events throwing people into poverty and many events helping people exit from poverty, the VISTA program supports locally-driven solutions to fighting poverty. Specifically, as noted in the Domestic Volunteer Service Act, the program is designed:

- To strengthen local agencies and organizations to carry out the purpose of the organization.
- To encourage volunteer service at the local level.
- To generate the commitment of private sector resources

Accordingly, in choosing which applications to support, VISTA projects and sponsors are evaluated based on their capability to support the VISTA program through efforts of building long-term solutions to poverty in their community. A project must:

- Involve beneficiaries in project development and implementation throughout the life of the project.
- Address the needs of low-income communities and otherwise comply with the provisions of the Domestic Volunteer Services Act Of 1973, (DVSA) as amended (42 U.S.C. 4951 et seq.) applicable to VISTA and all applicable published regulations, guidelines and Corporation policies
- Lead to building organizational and/or community capacity to continue the efforts of the project once VISTA resources are withdrawn.
- Describe in measurable terms the anticipated self-sufficiency results at the conclusion of the project, including the sustainability of the project activities.
- Clearly state how VISTAs will be trained, supervised, and supported to ensure the achievement of program goals and objectives.
- Be internally consistent: the problem statement which demonstrates need, the project plan, the assignment, and all other components must be related logically to each other.
- Ensure that VISTA and community resources are sufficient to achieve project goals.
- Have the management and technical capability to implement the project successfully.

- Have an appropriate number of requested VISTAs to match the project goals; the skills and qualifications described in the application must be appropriate for the assignment(s).

## II. Framework for VISTA Programming

VISTA projects contain the elements required by law, are driven by the needs of the local community, are developed and implemented with the people who are beneficiaries of the project, and are a part of a diverse portfolio of projects.

### ***Effective Programming Characteristics***

Programming priorities are derived from local, state and national needs or trends, and they may change over time as needs change.

Programming should be primarily based on addressing local needs, and the Corporation State Office should be guided by locally-driven programming.

### ***Key Principles***

Each VISTA project must be developed in accordance with the parameters defined by law, federal regulations, and the key VISTA principles: Anti-poverty Focus, Capacity Building, Sustainable Solutions, and Community Empowerment.

#### ***Anti-Poverty Focus***

By law, the purpose of VISTA is to support efforts to fight poverty. The goal of every project must be to help individuals and communities out of poverty, not simply make poverty more tolerable. The project should focus on long-term solutions rather than short-term services.

#### ***Community Empowerment***

Organizations working with VISTA must ensure that the project engages residents of the low-income community in planning, developing, and implementing the project. The project must be responsive and relevant to the lives of the community residents, and should tap into inherent community strengths and resources. This is not only required by law and federal regulation, it has proven to be highly effective in guaranteeing appropriate, sustainable programming.

Unlike VISTA, some organizations think of beneficiaries merely as clients that receive services. Their involvement in the project is minimal, often just filling out an evaluation. In other words, "professionals" plan projects *for* beneficiaries, not *with* them. Even applicant organizations who think beneficiary involvement is important may let it fall to the wayside when they are short on time and resources if they believe that potential funders are only interested in "glitzy" outcomes. Unfortunately, since there is less community ownership and control, this approach may decrease the chances the project continues. Without beneficiary involvement, the project may not fully reflect the community need.

That is why sponsors working with VISTA are required to ensure that the project engages residents of the low-income community in planning, developing, and implementing the project. This approach allows low-income individuals the freedom to speak for themselves in determining the

projects that suit their specific needs. It often results in innovative, effective programming that supports lasting change in the community, as well as meaningful experiences for the VISTAs.

The Corporation State Office must take care to ensure that an applicant, eager to receive VISTA resources by providing a well-developed project plan, also sufficiently involves project beneficiaries. If the potential VISTA sponsors' board of directors is not made up of at least 51% of the low-income beneficiary community, they must create an advisory group with a composition of at least 51% of its members from the low income community. The role of the board or advisory group is:

- To the extent practical, assist the sponsor in the initial planning of a new project proposal and in the planning of a continuation project application.
- To review and provide written comments concerning any project application prior to the submission of the application. A copy of such comments shall accompany the application.
- To meet with the sponsor's staff at periodic intervals, but no less than twice per project year, for the purpose of reviewing and commenting on the development and implementation of the project. Such project review and commentary should be directed toward the adequacy of the project to meet the identified needs of the project beneficiaries.
- To submit, if it so chooses, written reports and/or copies of minutes of its meetings to the sponsor to accompany the Project Progress Report.

### **Capacity Building**

VISTAs are assigned to sponsors to expand the ability of organizations to fight poverty. Through activities such as fundraising, establishment of volunteer recruitment and management systems, community outreach, and partnership development, VISTAs help sponsors to achieve lasting solutions to poverty.

Examples of capacity building include:

- Helping sponsors develop new programs and services or expand existing programs and services
- Helping sponsors improve the quality of existing programs and services
- Increasing the number of low-income beneficiaries served through programs and services provided by the sponsor organization
- Improving service utilization by beneficiaries (e.g., more of them stay in a program long enough to experience real benefits)
- Assisting with partnerships and collaborations
- Helping to improve organizational infrastructure (e.g., by developing volunteer recruitment and training systems or developing and revising policies and procedures)
- Increasing organizational resources by establishing or expanding a pool of volunteers to assist with programs and services
- Increasing financial resources and helping to build sustainable funding streams for organizations
- Conducting public outreach to increase participation in programs and services

In order to build capacity, VISTAs do not perform direct service. Often, applicants assume that the prohibition against direct service means that VISTAs must do "office work." However, office work could be direct service just like tutoring children is direct service. Direct service does not refer to the intensity, difficulty, or the work-place of the tasks, but rather to the focus and nature of the tasks. VISTAs are community mobilizers, not temporary employees. Ideally, VISTAs work themselves out of a job and create systems that remain long after their service ends.

### **Sustainable Solutions**

VISTAs are short-term resources who work to ensure the long-term sustainability of anti-poverty projects. All VISTA projects should be developed with a goal of an eventual phase-out of the need for VISTAs.

### **Ensure a Diversified Portfolio**

It is the responsibility of each Corporation State Office to ensure that their current portfolio of VISTA projects is diverse, both in terms of programmatic areas as well as geography. An additional factor to consider is the type of sponsors – from small grassroots organizations to large intermediary agencies.

VISTA projects have an average lifecycle of three-five years, new project development takes place throughout the year. However, there may be a waiting period for final project approval and ensuing VISTA placement depending on the number of VISTA projects being closed, the amount of resources available, and a new sponsor's attributes in regards to the portfolio. For instance, is the applicant organization the sixth university sponsor in a major city where VISTA resources already exist or the first sponsor in a rural area of the state that currently has no VISTA resources? The second example would fill a gap in the State Office's portfolio and would be most likely to receive VISTAs first.

*Of course, all sponsors, regardless of organization type, geography or existing status as a sponsor, must have projects designed specifically to fight poverty.*

### **Key Legislation**

- Domestic Volunteer Service Act (as amended by Public Law 106-170, December 1999)
- National Service Trust Act (as amended by Public Law 106-170, December 1999)

### **Key Regulations**

1. Code of Federal Regulations, Title 45, Parts 1206, 1210-1211, 1216-1220, 1222, 1226

## **III. Programming Areas**

This section outlines, at a macro-view, poverty-related issues affecting many communities around the country. It also provides examples of how VISTA projects might address these areas. When developing new projects in this fiscal year, Corporation State Offices may consider these programming areas as they relate to their state's local priorities (often in coordination with State Commissions), and, most importantly, the specific needs of local communities.



For fiscal year 2009, Corporation State Offices may wish to consider three programming areas: independent living, financial development, and education.

### ***Independent Living***

Each year, millions of adults, some of whom are responsible for the care of children, find themselves unable to or unequipped for successful independent living. Independent living programs help to empower low-income individuals and provide pathways out of poverty. VISTA supports the development of sustainable systems that assist individuals in navigating all of the elements that contribute to living securely and independently.

#### **Housing**

VISTA supports programming dedicated to connecting families and individuals to emergency housing and transitional services, providing affordable permanent housing, and encouraging advocacy with populations in need.

In particular, VISTA supports projects that enhance the capacity of community groups to empower individuals to be involved in preserving and maintaining affordable housing and pursue and ensure equitable development and revitalization that is inclusive of residents.

#### **Employment**

VISTA supports programming that enables individuals to obtain or train for employment that is sufficient to avoid or exit poverty, provide necessities, and allow individuals to save for the future.

#### **Transition**

VISTA supports programming for youth transitioning to adulthood and for adults to access the systems, opportunities, and relationships to successfully live on their own. In particular, VISTA supports programs dedicated to assisting prisoners reentering society and youth aging-out of foster care.

Examples of VISTA projects focused on independent living include:

- VISTAs recruit and mobilize adults to serve as mentors of youth with no support system as they transition to adulthood and seek financial stability and permanent housing.
- VISTAs connect disadvantaged youth with opportunities to advance or complete their education and employment.
- VISTAs organize volunteer-based tenant advocacy organizations that ensure decent housing as well as connect residents with local opportunities.
- VISTAs develop community volunteer programs to utilize baby boomers as adult mentors for ex-offenders and their families. Baby boomers mentor ex-offenders in life skills, such as parenting, building relationships, and other vital areas for successful living.
- VISTAs develop community programs that utilize students as volunteers in connecting homeless and elderly veterans with resources that are available to them.

### ***Financial Development***

Acquiring equity, financial education, and generating savings are critical to helping move people toward financial stability, recognize and avoid financial predators, begin to reduce the high costs of

poverty, increase access to sound financial products and services in low-income communities, and capitalize on financial opportunity.

The United States is experiencing growth in the financial asset disparity between wealthy and low-income Americans. It is estimated that one out of four Americans are asset-poor; they have insufficient net worth for basic necessities for more than three months, even at the poverty level. VISTAs can have a direct impact on developing financially stable communities through financial asset development.

### **Asset Development**

Asset development remains one of the most promising program areas by which VISTAs can truly effect sustainable change in partnership with low-income communities and the organizations serving them. The VISTA program dedicates members to micro enterprise initiatives, which help low-income individuals become self-sufficient by developing their own businesses, and to programs focusing both on general financial literacy and asset savings programs, such as Individual Development Accounts (IDA).

### **Financial Literacy**

VISTA supports programs dedicated to empowering individuals and low-income communities to take advantage of opportunities and build wealth that will ultimately lead to an exit from poverty. The ability to budget, plan, manage, and capitalize on financial opportunities are important skills to all, but are vital to those with limited financial resources available. Individual financial literacy is the first line of defense against fraud, deception, and the high financial costs that often plague low-income communities.

### **Community Economic Development**

VISTA supports programming that contributes to the economic development of low-income communities. By improving the sustainable growth in living standards, VISTAs are able to have a lasting impact on the community and build the economic infrastructure that will provide tangible and intangible benefits for residents of the surrounding area.

Examples of VISTA projects focused on financial development include:

- VISTAs recruit volunteers for Volunteer Income Tax Assistance projects (VITA), as well as for outreach activities to inform low-income persons about the Earned Income Tax Credit (EITC).
- VISTAs recruit pro-bono financial professionals to host personal finance workshops in rural communities.
- VISTAs develop school-based financial literacy programs, including KIDS Accounts (IDAs for youth), with students, who both benefit from the program and contribute to the program as volunteers, for example, as tellers at youth credit unions.
- VISTAs garner the expertise of retired baby boomers who act as coaches to low-income persons in putting together investment and business plans.

## **Education**

Education continues to be one of the most important components of successfully advancing and securing opportunities. VISTA supports programming that assists individuals and communities through educational opportunities.

### **Bridging the Digital Divide**

Locally, VISTAs continue to play a significant role in helping community organizations assess their technology needs; develop and design technology plans; set up school-based or neighborhood-based computer learning centers; secure resources for hardware and software; and recruit community volunteers for a variety of activities, including hardware installation, instruction, mentoring, and staffing computer laboratories.

### **Educational Advancement**

VISTAs continue to play a role in developing programs that promote education among at-risk children through early childhood education; encourage educational access and assistance to youth; and connect youth with the resources that will lead them to college. The completion of high school greatly affects the chances of one's ability to provide sufficiently for themselves and to gain a future of prosperity. Pursuing education beyond high school provides more likelihood of a prosperous future.

### **Knowledge and Technical Skills**

VISTAs play a vital role in developing education and skills projects that make individuals more marketable, current, and increase their opportunity for employment and career advancement.

Examples of VISTA projects focused on education include:

- VISTAs initiate after school projects for children from a tribal nation to hone their computing skills.
- VISTAs harness the professional experience of baby boomers by setting up a professional and academic mentoring program.
- VISTAs develop an English program that includes GED preparation in which volunteers begin giving foreign-born individuals an opportunity for prosperous advancement.
- VISTAs recruit students to assist low-income youth in preparing materials, searching, applying for financial aid and scholarships, and applying to colleges on-line.

## **IV. VISTA and Corporation Strategic Initiatives**

The Corporation for National and Community Service (CNCS or Corporation) identified five cross-program strategic initiatives in their strategic plan to focus on during 2006 to 2010: Mobilizing More Volunteers, Ensuring a Brighter Future for All of America's Youth, Engaging Students in Communities, Harnessing Baby Boomers' Experience, and Supporting Disaster Preparedness. This strategic plan is available at [http://www.nationalservice.gov/about/focus\\_areas/index.asp](http://www.nationalservice.gov/about/focus_areas/index.asp).

The strategic initiatives are effective in focusing the Corporation's resources and highlighting its efforts in addressing serious development issues of our nation. VISTA projects incorporate these initiatives as appropriate in order to *enhance* their efforts meet the requisite of the program which is to eliminate poverty.

For over 43 years, VISTA has been in the forefront of helping communities across America to help themselves fight poverty. VISTAs devote a year of their lives to challenge poverty's root causes. They do this by mobilizing community volunteers and local resources, and by increasing the

capacity of people in low-income communities. Their service is with sponsors who are creating programs to ensure a brighter future for low-income youth. They engage students and baby boomers in service. And, they join with low-income communities to recover from disasters.

The VISTA program continues to contribute in many ways to the Corporation's strategic initiatives. Below are some examples of how the strategic initiatives are used to increase VISTA projects' effectiveness in fighting poverty.

### ***Mobilizing More Volunteers***

The VISTA program continues to add sustainability to anti-poverty projects by helping improve their capacity to recruit and engage community volunteers. By increasing their own capacity to recruit and manage community volunteers, projects lessen their dependency on outside episodic volunteers who, although highly motivated and well-meaning, cannot provide the level of continuity needed for mentoring and other programs that require long-term commitment.

Strategies to effectively mobilize more volunteers to enhance anti-poverty programs include:

- Incorporate volunteer generation and management into existing programs
- Help organizations develop partnerships with existing volunteer centers and connector organizations
- Help organizations operating in low-income communities to develop long-term relationships with colleges and universities to effectively tap the enormous and diverse talents and skills they can provide on a sustained level

### ***Ensuring a Brighter Future for All of America's Youth***

VISTA is continuously developing and providing resources that will contribute to the life of low-income youth through such projects as: academic after school programs, access to child care for working parents, mentoring programs, and children's literacy programs. Some VISTA projects focus and put emphasis on reaching specific populations of disadvantaged youth, such as the children of prisoners and youth aging out of foster care.

Strategies to provide opportunities for youth from or in disadvantaged circumstances include:

- Participate in targeted promotional efforts to attract youth to national service
- Implement summer associates projects aimed at engaging youth in community service
- Collaborate with federal and nonprofit partners in prisoner re-entry projects
- Develop relationships with governmental agencies to address issues of children aging out of foster care

### ***Engaging Students in Communities***

As service learning becomes increasingly widespread and more high schools and universities require service learning for graduation, VISTA can play a critical role in building the necessary framework to effectively leverage that resource to support low-income communities in fighting poverty.

Strategies to engage students in supporting low-income communities include:

- Help VISTA projects to recruit and manage students from nearby high schools, colleges and universities to contribute to bettering nearby low-income communities.

- Help VISTA projects to develop relationships with educational institutions that require service learning to build a sustainable flow of students who experience and develop the habits of concerned citizens for their poorer fellow citizens.
- Build the capacity of existing VISTA projects to effectively attract, recruit and manage local high school and university students as volunteers to tutor at schools in low-income areas

### ***Harnessing Baby Boomers' Experience***

Baby Boomers bring a wealth of work- and life-experiences to their VISTA service that enriches their contributions to supporting low-income communities. VISTA continues to tap this valuable national resource to serve as VISTAs and/or as community volunteers recruited through VISTA projects.

Strategies to harness Baby Boomers' experience in serving low-income communities include:

- Participate in the Corporation-wide Boomer promotional and recruitment campaign
- Devote resources toward recruiting Baby Boomers as VISTAs and as community volunteers
- Develop training and technical assistance that focuses on the readiness of nonprofit organizations to appeal to and use the skills of Baby Boomers

### ***Supporting Disaster Preparedness and Response***

VISTA recognizes the importance of disaster preparedness, relief, and recovery efforts in low-income communities. As a capacity-building resource that supports long-term, sustainable solutions to poverty, VISTA's most effective and appropriate role related to disasters is one focused on long-term recovery activities in low-income communities.

Strategies for recovery in low-income areas include:

- Building the capacity of organizations that are rebuilding infrastructure, supporting permanent housing, and revitalizing the local economies.
- Increasing the overall level of VISTA projects that focus on developing affordable housing and creating jobs in areas recovering from disasters
- Building partnerships and securing funding sources needed for sustainable recovery and growth in a low-income neighborhood.

## **V. VISTA Resources**

To leverage resources and meet local community needs, VISTA makes use of several types of project resources. These are described below.

### ***Corporation State office***

Corporation State Offices work closely with sponsoring organizations to ensure development of a project type that is most effective for achieving community goals.

### ***Standard Projects***

Standard projects are those projects in which the Corporation places a certain number of VISTAs with a sponsor, and the sponsor funds local operating and logistics costs. In standard projects,

VISTAs receive a living allowance biweekly from the Corporation and other benefits as described in the *AmeriCorps VISTA Member Handbook*.

## **Grants**

Funds may be awarded to organizations to assist in the support of a VISTA project. Funds can be used for one or more of the following:

- Supervision of the VISTAs, leaders, and summer associates
- Service-related transportation expenses of VISTAs, leaders, and summer associates
- Training for VISTAs and leaders when it is in the interests of the VISTA advancing the project

In some instances, with the approval of the VISTA Director, existing sponsors may be awarded funds to implement the VISTA living allowance.

## **Cost Share**

In order to expand the number of VISTAs that can be supported with the limited federal funding each year, sponsors that have the financial means are encouraged to share a portion of the costs associated with supporting VISTAs. In cost-share, the sponsor covers the living allowance of some or all of its VISTAs (which range from \$9,996 to \$14,784 per VISTA per year, depending on geographic location). In exchange for this investment, the Corporation covers all the remaining program costs for each VISTA. The Corporation pays the VISTAs directly and invoices the sponsors monthly for the living allowance of cost-share VISTAs.

For those projects (standard and support) receiving invoices, the sponsor's portion of costs does not have to be paid in advance, but rather may be reimbursed on a monthly basis.

While cost-sharing can be an effective means to leverage funding, it should never be considered a requirement for becoming or remaining a VISTA sponsor. VISTA recognizes that many potential sponsors, particularly those most in need of VISTA resource for capacity building, may not be able to support a cost share agreement.

For more information on the cost share partnership, please visit [http://www.americorps.gov/for\\_organizations/apply/vista.asp](http://www.americorps.gov/for_organizations/apply/vista.asp).

## **VISTAs**

A VISTA makes a year-long, full-time commitment to serve on a specific project at a nonprofit organization or public agency. VISTAs live and serve in some of our nation's poorest urban and rural areas. They do not provide direct services, such as tutoring children or building homes. Instead, they focus their efforts on building the organizational, administrative, and financial capacity of sponsors and apply four key principles (see page 7) in their service.

## **Leaders**

VISTA Leaders serve in large VISTA projects or in regions. Leaders are individuals who have successfully completed a year-long term of service. Their aim is to expand and build the capacity of the VISTAs they lead in coordination with the projects in which they serve. While Leaders do not directly supervise VISTAs, they can play a strategic role in assisting project supervisors with recruitment, retention, and performance.

## ***Summer Associates***

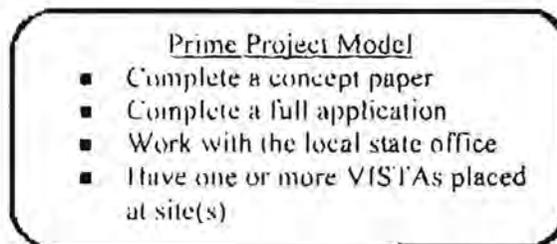
Summer Associates are individuals who serve 8 or 10 weeks between May and August. Existing sponsors of year-round VISTA projects are eligible to apply to Corporation State Offices for adding Summer Associates to their projects. In developing the concept paper for Summer Associates programming, sponsors incorporate activities that should result in a credible effort to help people escape poverty, not simply make poverty more tolerable. Unlike year-round VISTAs, Summer Associates may carry out direct service activities.

## **VI. Project Models**

### ***Single Site Projects***

The majority of VISTA projects involve placing one or more VISTAs with a sponsoring sponsor at one location. There is no limit (beyond available funds and sponsor capacity) to the number of VISTAs placed with a sponsor.

When applying through eGrants, the sponsor submits a concept paper and full application for the project. A single site project model is referred to as "prime" or "prime-only" in eGrants. Figure 1 shows some characteristics of a prime project model.



**Figure 1. Prime project model**

### ***Multi-Site Projects***

In multi-site placement projects, VISTAs are placed in a single state through either (a) a sponsor that operates at multiple sites in the community, region, or state or (b) a sponsor that has agreements with local organizations that serve as sub-recipients. The sponsor proposes the number of sites and the number of VISTAs at each site, based on the expected outcomes of the project. Generally, VISTAs in this model work toward large, sponsor-identified goals; however, each site may have different goals.

When applying through eGrants, the Corporation State Office staff determines, in consultation with the prime sponsor, whether the project is a "prime" or "prime plus sub" model. The decision is based on factors such as the amount of responsibility the sponsor takes when there are sub-recipients, magnitude of the project, and proximity of the sites.

If the sponsor applies using the prime project model, the prime sponsor submits one concept paper and full application for the entire project (Figure 1.). If the sponsor is applying using the prime plus sub model, the sponsor submits a concept paper and full application for the overall project; sub-applications are submitted for the subrecipients in the project. Figure 2. shows some characteristics of a prime plus sub project model.

Using the prime plus sub model offers the sponsor and Corporation State Office several benefits. For example, the sponsor can use the eGrants functionality to hold a competition for its subrecipients. In addition, the sponsor and Corporation State Office can track progress of individual subrecipients. Further, Corporation State Offices are provided with the flexibility to divide the subrecipient management and monitoring responsibilities of a multi-site project among different program specialists.

### **Multi-State Projects**

Sponsors sometimes wish to develop a project that has sites in several states. Sponsors have two options for developing these multi-state projects.

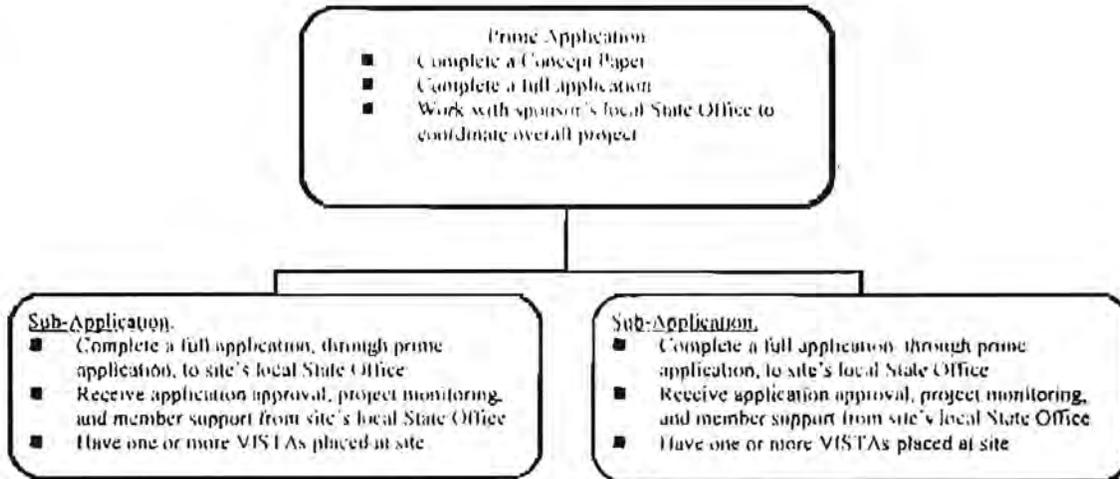
In the first option, sites simply work with each Corporation State Office independently. For example, sites in Alabama work directly with the Alabama State Office, sites in Montana work directly with the Montana State Office, and so on. When applying through eGrants, sponsors should follow the guidelines for a single site or multi-site project, as described above.

In the second option, the prime sponsor works with one Corporation State Office to coordinate the development of project sites across states. In this option, the sponsor proposes the number of sites and the number of VISTAs at each site, based on the expected outcomes of the project. Generally, VISTAs in this model work toward large, sponsor-identified goals, however, each site may have different outcomes. In development and management of such a multi-state project, the Corporation State Office coordinating the project contacts Corporation State Office staff in the other states with proposed project sites to:

- Inform them that a sponsor is requesting to place a project site in their jurisdiction
- Provide information to enable them to make a determination about the need for such a project in their jurisdiction
- Obtain their approval/disapproval to accept a project site in their jurisdiction

When applying through eGrants in this second option, the Corporation State Office staff determines, in consultation with the prime sponsor, whether the project is a "prime" or "prime plus sub" model. The decision is based on factors such as the amount of responsibility the sponsor takes when there are sub-applicants, magnitude of the project, and proximity of the sites.

If the sponsor applies using the prime project model, the prime sponsor submits one concept paper and full application for the entire project (Figure 1.). If the sponsor applies using the prime plus sub model, the sponsor submits a concept paper and full application for the overall project; sub-applications are submitted for the sites in the project in each state. Figure 2. shows some characteristics of a prime plus sub project model. Some of the advantages in using the prime plus sub approach are mentioned just above.



**Figure 2. Prime plus sub project model**

Involving all Corporation State Offices in which VISTAs are placed is necessary to ensure that:

- Collaboration of activities among organizations working in communities takes place and duplication of activities by other entities is avoided
- Sponsors have not already received VISTA resources in the state for the same purpose
- Requirements for notifying state governors of project activities are fulfilled
- VISTAs are able to receive the support of the local Corporation State Office staff and other local VISTAs during their service
- VISTAs can be included in local in-service training opportunities
- VISTAs can be contacted in the event of a disaster
- Requirements for project monitoring and oversight are fulfilled
- Reporting to Congress, governors, and the public on the location of VISTA activities is accurate

### ***National Demonstration Projects***

From time-to-time, VISTA develops national demonstration projects. These demonstration projects, which are initiated and coordinated by VISTA headquarters, have finite terms and have the primary purpose of testing promising concepts tied to the eradication of poverty. At completion, the Corporation assesses performance for the national demonstration project and captures best practices and lessons learned from the demonstration.

## **VII. VISTA Project Resources**

### ***Corporation State Office***

The Corporation for National and Community Service has field staff working in State Offices throughout the United States, the District of Columbia, Puerto Rico, and the Virgin Islands. The role of the state office is outreach, program development, technical assistance, monitoring and evaluation in support of the Corporation's national service network, and AmeriCorps\*VISTA

member support. A complete list of State Offices can be found at:  
<http://www.nationalservice.gov/about/contact/stateoffices.asp>.

## ***VISTA Campus***

Launched in July 2008, the VISTA Campus is an online learning environment for the VISTA community. The aim is to support VISTAs in their development, narrowly defined by professional roles and broadly defined by life's path. The VISTA Campus contains tutorials, courses, resources and links for VISTAs, supervisors and Corporation staff.  
[www.vistacampus.org](http://www.vistacampus.org)

## ***Resource Center***

The **National Service Resource Center** is a web-based clearinghouse that contains over 2,500 downloadable tools and e-courses. The publications, tip sheets, web links, toolkits, and other resources cover a wide range of topics. Sponsored by the Corporation for National and Community Service, the website makes it easy to find resources that help national service and volunteer programs grow and thrive.  
<http://nationalserviceresources.org/>

## ***Technical Assistance***

**Project STAR** is the Corporation's technical assistance provider for performance measurement. On-line toolkits and tutorials provide step-by-step guidance in developing performance measures, creating project plans, and developing data collection instruments. Sample project plans, VISTA assignment descriptions are also available. Access the VISTA-specific Project STAR webpage by going to <http://nationalserviceresources.org/star/star> and choosing the VISTA topic section.

## ***ListSerts***

Want to connect with other people working in the national service field? The Corporation sponsors several listservs which are targeted towards different audiences and topic areas. Descriptions of the listservs and instructions on how to sign up can be found on the Resource Center at <http://nationalserviceresources.org/email-lists>

## ***Online Resources***

There are many other online resources which can be helpful to the VISTA community. The following list includes a variety of resources focused on poverty, asset development, and other topics.

### **Poverty and Poverty-related issues:**

- US Census Poverty page: <http://www.census.gov/hhes/www/poverty/poverty.html>.
- Institute for Research on Poverty, Univ. of Wisconsin: <http://www.irp.wisc.edu/>
- UNC School of Law, Center on Poverty, Work and Opportunity:  
<http://www.law.unc.edu/centers/poverty/default.aspx>
- National Poverty Center at University of Michigan: [http://www.npc.umich.edu/about\\_us/](http://www.npc.umich.edu/about_us/)
- Rural Poverty Research Center: <http://www.rpreonline.org/>
- University of Kentucky Center for Poverty Research: <http://www.ukcpr.org/>
- West Coast Poverty Center: <http://wepc.washington.edu/>

- HHS. Poverty, Income, and Assets: [http://aspe.hhs.gov/\\_topic/topic.cfm?topic=Poverty,%20Income,%20and%20Assets](http://aspe.hhs.gov/_topic/topic.cfm?topic=Poverty,%20Income,%20and%20Assets)
- World Hunger Year: <http://www.worldhungeryear.org/default.asp>

**Asset Development Links:**

- California Association for Microenterprise Opportunity - <http://www.microbiz.org/>
- Micro Business Development Program - <http://www.vtmicrobusiness.org/>
- National Foundation for Teaching Entrepreneurship - <http://www.nfte.com/>
- Pact - <http://www.pactworld.org/>
- The Virtual Library on Microcredit - <http://www.gdrc.org/icm/>
- Institute for Poverty Research at Northwestern University - <http://www.sesp.northwestern.edu/abcd/>
- CFED - <http://www.cfed.org/>



**How to Nominate VISTA Applicants to Serve at Your Project**

All VISTA applicants must be approved by the CNC'S NY State Office before they may begin service. A decision will be made based on completeness of application, timeliness of nomination, qualifications of the applicant, suitability for the position, and resources available at the time of nomination. Candidates must, except in rare circumstances, attend a Pre Service Orientation (PSO) before they may begin their service.

Upcoming PSOs:

Scheduled for May, June, July, and August. Specific dates TBA. Deadlines TBA, no later than 6 weeks prior to each PSO.

If you want to nominate your applicant to attend one of these PSOs, **you must complete the nomination process (steps 1-6 below) by no later than the deadline that will be announced.** Your Program Manager will review your applicant's materials and make a determination as to whether the applicant will be approved or not.

How to nominate a VISTA Applicant for approval from the NY State Office:

Complete, detailed user guides are available at <http://www.nationalserviceresources.org/atc-training-support>

- 1) **Applicant** must apply to your project online via the new Recruitment System: *My AmeriCorps*, [http://www.americorps.gov/for\\_individuals/ready/index.asp](http://www.americorps.gov/for_individuals/ready/index.asp).
- 2) **Sponsor** can access list of applicants and their application materials under \_\_\_\_\_ on your eGrants \_\_\_\_\_ homepage. This will bring you to your \_\_\_\_\_ and \_\_\_\_\_.
- 3) **Sponsor** will see that two references are incorporated into the application materials. If they are not both complete, you will have an option to \_\_\_\_\_ to remind the reference to complete the form. If the reference still does not complete the assessment, you can complete a "reference override" by contacting the reference personally and interviewing him/her. If you click on the name of the incomplete reference (i.e. \_\_\_\_\_), eGrants will lead you through several screens where you can complete the required information about the applicant's suitability. When finished, click **save**. You can use a similar process if you have received a paper reference to make a note as such on the reference override screen, but then be sure to send the State Office a copy of the paper reference.

4) For each applicant that you (**sponsor**) would like to nominate for approval, you will need to complete the Sponsor Recommendation. The Sponsor Recommendation includes:

- a. Citizenship status
- b. Assessment of applicant

The Citizenship form requires you to review appropriate documentation and enter in the document numbers online. The assessment requires you to answer questions about the applicant's suitability. At the end of the assessment, you will select *accept*. Reminder: the NY State Office reserves the right of final approval for all applicants.

5) The **applicant** will now need to accept your offer. To do so, he or she will need to log into My AmeriCorps. On his/her home page, s/he will see that his/her application to your program is now in the status "selected." S/he will have an opportunity to accept (or decline) your offer. Assuming the applicant accepts, s/he will see that his/her status has changed to "Pending State Office Approval."

6) In addition, you (**sponsor**) must send your SPS two or three paper forms. Send them by email, if possible.

- a. **PSO Registration Form**. Please ensure that this form is complete, including the applicant's Social Security number, project number, departure city and relocation plans.
- b. **Volunteer Assignment Description (VAD)**
- c. **Travel to VISTA Service Location Form**. This third form is only required if the VISTA applicant needs to relocate in order to serve. Relocation is handled by the VMSU (VISTA Member Service Unit), not the State Office, so please ensure that the form is complete if the VISTA will be relocating.

7) The NY State Office will be notified that you have a pending applicant for your program. *We recommend that you also email/call your SPS in the State Office to let us know that an applicant is ready for our review*. We will review the application materials, including references and your sponsor recommendation. We will verify that the applicant is not listed in the National Sex Offender Public Registry, and then either *accept or deny* the applicant. If accepted, we also take the action of placing them at your project. The system will send your candidate an email letting them know.

8) Once the **candidate** is accepted and placed, s/he will need to log back into My AmeriCorps and will find a list of forms that s/he needs to complete. All of these must be completed before your candidate attends PSO.

9) In order to conduct travel while on assignment (i.e. "on the job travel") or to relocate via personal vehicle, the **candidate** must complete form **V-81**, "Use of Vehicles or Public Transportation". S/he will find a link to this form on his/her home page in My AmeriCorps. After your candidate completes it, you will need to approve it. From your eGrants home page click on [eGrants Home Page](#). This will bring you to your [eGrants Home Page](#) and [eGrants Home Page](#). Here you can view and then approve or edit, save and then view and approve.

10) Before attending PSO, the **candidate** will also use My AmeriCorps to take the online **Terms, Conditions, and Benefits** course, and to complete **Direct Deposit** information, **tax forms** and other such paperwork that s/he may not have completed at step 8. These forms must be completed prior to the PSO.

## Supervisor Checklist AmeriCorps VISTA Member Applications

Applicant Name:

- I have reviewed member application components and interviewed the applicant.
- The applicant's two (2) required references are complete in eGrants or I have completed a reference override and sent any related documents to the State Office.
- I have completed the Sponsor Recommendation in eGrants for the applicant I wish to accept
  - Citizenship Status
  - Assessment of Applicant
  - Click "accept"
- The applicant has "accepted" our offer on the My AmeriCorps system.
- I have checked to be sure that the applicant's PSO Registration Form is complete, including Social Security number, project number, departure city and relocation plans.
- I have sent the applicant's PSO Registration Form to the State Office (email preferred).
- I have sent a copy of the applicant's VAD to the State Office (email preferred).
- If the applicant is relocating, I have checked the Travel to VISTA Service Location Form to be sure it is complete.
- If the applicant is relocating, I have sent the applicant's Travel to VISTA Service Location Form to the State Office.

All of the above must take place before the PSO Deadline.

### Additional steps

- The State Office has approved and placed the applicant.
- The candidate has completed the V-81 Use of Vehicles or Public Transportation form on My AmeriCorps.
- I have approved the V-81 Use of Vehicles or Public Transportation form in eGrants. (deadline: before member does any "on-the-job" travel)
- The candidate has completed all administrative forms on My AmeriCorps and has taken the Terms, Conditions and Benefits online course. (deadline: before attending PSO)
- I have provided the candidate with a copy of his/her VAD and instructed him/her to bring it to PSO. (deadline: before attending PSO)