Corporation for
NATIONAL & COMMUNITY SERVICE

May 31, 2006

The Honorable Richard Cheney
President
United States Senate
Room S-212, The Capitol
Washington, DC 20510

Dear Mr. Vice President:

Enclosed is the Corporation for National and Community Services' (Corporation) Inspector General's Semi-Annual Report to the Congress along with the Corporation's Report on Final Action, as required under Section 5 of the Inspector General Act.

These reports cover the six-month period from October 1, 2005 through March 30, 2006. During this period, the Corporation made management decisions on 14 audits and completed final action on or closed 13 audits. Subsequent to this period, the Corporation made three additional management decisions and one final action.

We are sending copies of this Semi-Annual Report to interested Congressional committees, the Office of Management and Budget, and the Corporation's Board of Directors. We will also make copies available to others on request.

If you have any questions concerning these reports, please contact me at (202) 606-9356 or the Corporation's acting Inspector General Carol Bates at (202) 606-9356.

Sincerely,

David Eisner
Chief Executive Officer

Enclosures:

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Semiannual Report to Congress:
October 1, 2005 to March 31, 2006
Distribution List

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TABLE I

ACTION TAKEN ON AUDIT REPORTS
(for the Period October 1, 2005 to March 31, 2006)

		Number of Reports	Disallowed Costs ($000)
A.	Audit reports with final action not taken by the commencement of the reporting period.	19	
B.	Audit reports issued by the OIG during the period	18	
C.	Audit reports for which final action was taken during the reporting period	13	
	1. Recoveries[1]		
	(a) Collections and offsets	*8*	*$88.4*
	(b) Property in lieu of cash		
	(c) Other (reduction of questioned costs)		
	2. Write-offs[1]	*0*	
	3. Audits with no disallowed costs[2]	6	
D.	Audit reports for which final action was not taken by the end of the reporting period.[3]	24	
E.	Audit reports for which management decisions were made during or prior to the six-month reporting period and for which final action is underway.	9	

[1] Recoveries and Write-offs include audits for which final action was taken in prior reporting periods
[2] Of these 6 audits, 5 had no questioned costs and, therefore, no costs to allow or disallow.
[3] This includes 24 audits for which final action is not due.

TABLE II
AUDITS WITH RECOMMENDATIONS TO PUT FUNDS TO BETTER USE
(for the period October 1, 2005 to March 31, 2006)

	Number of Audit Reports	Dollar value ($000s)
A. Audit reports with management decisions on which final action had not been taken at the beginning of the period.	0	0
B. Audits which were issued during the period	1	$183
C. Total audit reports on which management decisions were made during the period.	1	$183
D. Audit reports pending action during the period	0	0
E. Audit reports for which final action was taken during the period		
1. Value of recommendations that were completed	1	$183
2. Value of recommendations that management concluded should not or could not be implemented or completed	0	0
3. Total of 1 and 2	0	0
F. Audit reports for which no management decisions were made during the reporting period	0	0

The Corporation agreed with the Inspector General's assessment that the funds identified could be put to better use. The funds were budgeted in an expired cooperative agreement with a for-profit organization. In more recent such agreements, we revised policies on management fees and no longer allow similar budget items.

TABLE III

STATUS OF AUDIT REPORTS WITH MANAGEMENT DECISIONS THAT HAD NO FINAL ACTION WITHIN ONE YEAR OF THE ISSUANCE OF THE REPORT
(As of March 31, 2006)

There were no audits overdue for final action as of March 31, 2006.