

GAO

Report to the Congress

November 1988

CONGRESSIONAL AWARD PROGRAM

Problems at the National Level Must Be Solved if the Program Is to Progress



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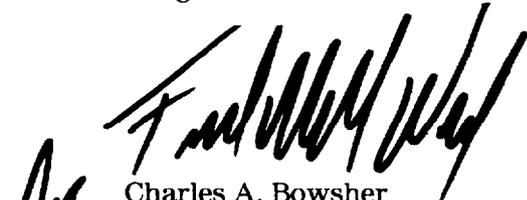
November 14, 1988

To the President of the Senate and the
Speaker of the House of Representatives

This report presents the results of our evaluation of the Congressional Award Foundation and our audit for the year ended December 31, 1987. Our work was done to comply with Public Law 99-161. This report contains recommendations to the Congressional Award Board.

Although the Congressional Award Program is operating well at the council level, it is having serious financial and administrative problems at the national level. Fund-raising has decreased drastically, and expenses have not been adequately controlled. The Board has not been actively involved in providing leadership to the program. Our opinion on the financial statements and the related reports on internal accounting controls and compliance with laws and regulations are contained in appendix I.

We are sending copies of this report to the Director of the Office of Management and Budget, the Secretary of the Treasury, the Chairmen of the Senate Committee on Governmental Affairs and the House Committee on Education and Labor, and the Chairman of the Congressional Award Board.


Charles A. Bowsher
Comptroller General
of the United States

Executive Summary

Purpose

In 1985, prompted by concern over the financial management of the Congressional Award Program, the Congress amended the program's authorizing legislation to require that GAO audit the program's financial records every 2 years. Further, the 1985 legislation requires that the report on the first audit include a program evaluation. The objectives of GAO's review were to (1) audit the Congressional Award Foundation's financial statements for fiscal years 1986 and 1987, (2) assess the program, and (3) report on other matters deserving attention, as provided by the legislation.

Background

The Congress established the Congressional Award Program in 1979 to promote initiative, achievement, and excellence among youths who dedicate time to public service, personal development, and physical activities. The program is managed by the Congressional Award Board, which established a nonprofit corporation to carry out daily operations. That corporation, the Congressional Award Foundation, serves as the national office for 45 councils. Until passage of an appropriation in December 1987, the program was financed totally from private sector sources.

Individuals aged 14 through 23 can participate in the program. Depending on age, they can earn bronze, silver, or gold medals. Scholarships may also be offered to award earners.

Substantive efforts to assist in fulfilling award requirements occur at the local level. Adult volunteers serving as activity supervisors certify that youths have spent the hours required to qualify for a medal. Council staff, almost exclusively volunteers, confirm that youths' activities conform to Foundation standards and verify that applications are complete before forwarding them to the Foundation for approval.

GAO's programmatic review focused on events subsequent to the 1985 amendments. It included obtaining views, using questionnaires from medal earners, sponsors, and council presidents; visiting local councils; and attending Board meetings. GAO also performed a financial audit for fiscal years 1986 and 1987.

Results in Brief

While the program is operating well at the council level, at the national level there are financial and administrative problems that must be addressed. The Board and Foundation lack aggressive leadership. This

lack of leadership and reduced financial resources have been key elements in the program's diminishing growth rate and financial deficit.

If the Congressional Award Program is to regain its financial health and expand, substantial changes are needed. The Board needs to become more active in overseeing program operations, participating in fundraising efforts, and monitoring program expenditures. The Foundation's role must be clearly defined, and a determination must be made as to the type of staff and leadership necessary to operate it. Additionally, development of a realistic plan to financially and operationally reinvigorate the program is needed. Without such changes, there seems to be little chance for the program to operate as originally intended by the Congress.

Principal Findings

Program Accomplishments

The program has had continuous growth in the number of medal earners and councils. Over 87 percent of the youths and activity supervisors responding to a GAO questionnaire expressed satisfaction with the program and stated they would recommend it to others. About 66 percent of the bronze and silver medal earners stated that they were working toward the next higher medal or planned to do so. Adults who supervised youths also informed us that they were satisfied with the program. Adult volunteer efforts have been a primary reason for councils being able to be financially self-sufficient. GAO believes program accomplishments could be further expanded by increasing publicity and by implementing the scholarship feature of the program.

Board and Foundation Management Must Improve

Substantial management initiatives by the Board and the Foundation are necessary to place the Congressional Award Program on solid footing. Many Board positions have been vacant for extended periods, and the Board has had a quorum at only 1 of its 22 meetings since 1980. GAO's review of available Board minutes, attendance at Board meetings, and discussions with Board members revealed that the Board frequently discussed the same problems without developing either short or long-term solutions and that members did not follow up on previous agreements. Board committees which could have made major contributions in solving existing problems were either not actively involved or did not carry

through on their duties. In addition, the Foundation's role has not been clearly defined by either the Board or the Foundation.

Results of Financial Audit

The Foundation's financial statements fairly present its financial position for 1986 and 1987, based on the assumption that the Foundation will continue in operation. In view of its poor financial condition and the program's authorizing legislation expiring in November 1988, there is a reasonable question as to whether the Foundation will continue in operation. GAO reported two material internal control weaknesses regarding safeguarding of assets and the reimbursement of the Director's expenses. GAO also found that except for the Foundation's spending more than its available receipts, the Foundation complied with laws and regulations for the transactions tested which could materially affect its financial statements. The Foundation's spending conflicts with a legal requirement that expenditures and contracts be made only to the extent funds are available.

Financial Problems

The Board and the Foundation have not raised sufficient private sector contributions to keep the Foundation operating. From a peak of \$907,000 during 1984, contributions declined sharply to \$204,000 in 1987. No new private sector funds were obtained during the first 5 months of 1988. An appropriation of \$189,000 was made to the Board to keep the program going. Because of insufficient revenues, during the last 4 years the Foundation's fund balance has been in a deficit position. The Board has permitted debts to be incurred to make up for the shortage of cash, without ensuring that adequate contributions are available to repay these debts.

In July 1986, a fund-raising consultant was hired on a commission basis to obtain contributions. After 14 months of sending letters and making calls to numerous large companies, only \$42,260 was raised, including \$23,250 from Board members. The fund-raiser tendered a resignation letter, but the Board authorized rehiring the individual at a fee of \$31.25 per hour. This decision resulted in paying the fund-raiser \$5,500 in fees for a period of time during which no private sector contributions were raised.

The Foundation's expenses have not been properly monitored in accordance with the Foundation's bylaws. GAO reviewed \$20,000 of 1986 and 1987 reimbursements to the Foundation Director. A portion of the \$4,300 spent for entertainment, parking violations, club memberships,

gifts, and taxi fares over the 1986 and 1987 time period were, in GAO's view, improper or imprudent. For example, parking violations and costs for commuting to work are personal in nature and should not be reimbursed with Foundation funds. Entertaining Foundation employees and the fund-raising consultant and purchasing gifts for the staff seem imprudent and are actions which did not clearly advance the program's purpose. Given the Foundation's poor financial condition over the last 4 years, more circumspect use of its funds would have been appropriate.

Recommendations

GAO recommends that the Board's Chairman direct the Congressional Award Board to take several actions to ensure active participation by the Board and more efficient management within the Foundation. (See chapter 5 for the specific actions.)

Board Comments

The Acting Board Chairman (who has since been elected Board Chairman) generally agreed with GAO's report findings and provided additional information on actions which were already completed or which had begun after GAO completed its examination. These include

- the addition of Board members;
- the termination of the contract with the fund-raising consultant and action taken to hire a new fund-raising organization;
- the departure of the Acting National Director, effective August 31, 1988, and the placement of advertisements to hire a new Director; and
- plans by the Board to finalize the Foundation's responsibilities and staff position descriptions as soon as a new National Director has been hired.

GAO believes these are positive actions and steps in the right direction. The Acting Board Chairman's response did not address several of the other significant issues in GAO's report. As noted in its opinion on the Foundation's financial statements, GAO believes that the financial condition of the Foundation raises substantial doubt concerning its ability to continue as a going concern. Significant issues remain in this report which need to be resolved. (Comments from the Acting Chairman are included in appendix III.)

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Introduction

Background

The Congressional Award Program was established by the Congressional Award Act (Public Law 96-114, November 16, 1979) and reauthorized until November 16, 1988, by Public Law 99-161 (November 25, 1985). The purpose of the program is to promote initiative, achievement, and excellence among youths in the areas of public service, personal development, and physical fitness and expeditions. Any youth from 14 through 23 years of age who satisfies the standards of achievement designated for these activities can earn a bronze, silver, or gold Congressional Award medal, which is usually presented by a member of the Congress. Medal recipients are also eligible for scholarships.

The program is operated through the Congressional Award Board, the Congressional Award Foundation, and councils. The Board, which is not an agency or instrumentality of the government, has the overall responsibility for administering the program. Its duties include establishing the standards of achievement required to earn awards, designating recipients of awards and scholarships, establishing roles of program officials, and raising operating funds. The Board appoints a Director, who serves as the principal executive of the program, supervises its affairs, and is a nonvoting member of the Board.

The Congressional Award Board is required by its authorizing legislation to establish a private, nonprofit corporation to assist in carrying out the program and to exercise the same authority as the Board in performing the duties delegated to it. The Foundation, headed by a Director, was established as the program's national office for the purpose of handling day-to-day operating matters and has its own Board. These Board members are the same individuals as those who serve on the Congressional Award Board. The Foundation's primary activities include:

- assisting in developing councils,
- purchasing medals for most councils,
- conducting a final review of all award recommendation forms,
- promoting the program, and
- raising funds to operate the Foundation.

Councils generally are formed by congressional district. As of December 31, 1987, there were 45 councils in operation, with another 20 in various stages of development. In some instances, statewide councils have been formed. Councils encourage youth involvement in the program and implement the program at the local level. Their work includes reviewing and forwarding youths' recommendation forms and planning and conducting award ceremonies. Councils generally raise all the funds

necessary to carry out their operations, and virtually all council members volunteer their time.

Award Earning Process

The Congressional Award Program is a noncompetitive program which challenges young people to use their leisure time for positive self-development and the betterment of their communities. Each participant is evaluated on the achievement of personal goals which must meet the standards set by the Board for voluntary public service, personal development, and physical fitness and expeditions. Three Congressional Award medals are awarded: bronze, silver, and gold. The medal awarded depends on the age of the youth and the amount of time devoted to the activity. Table 1.1 shows the Board-determined age and activity hour requirements for each medal.

Table 1.1: Age and Activity Hour Requirements

Type of medal	Age	Activity Hour Requirements			Total
		Voluntary public service	Personal development	Physical and expedition fitness	
Bronze	14–16	100	50	50	200
Silver	17–19	200	100	100	400
Gold	20–23	400	200	200	800

In achieving their goals of providing voluntary public service to others and the community, award recipients have volunteered their time to such activities as reseeding burn sites, cleaning flooded homes, helping to conduct dental hygiene classes, peer counseling a quadriplegic youth, and assisting in the care of nursing home patients. The 658 youths who received medals in 1987 engaged in at least 104,700 hours of public service activities.

Personal development activities include developing personal interests and social and employment skills. Some award earners became involved in job training programs, part-time employment while attending school, 4-H and future farmer programs, student exchange programs, or one of the arts such as music, film, or photography.

The goal of improving physical fitness has led some award recipients to choose individual or team sports, weight training, water safety instruction, camping, or adventure expeditions.

Youths pursue their chosen activities, largely on their own time, with guidance from activity supervisors, adults knowledgeable in the activity area. Examples of an activity supervisor are a Boy Scout or Girl Scout leader, a swimming coach, a music teacher, a minister, or an employer. When the minimum standards of achievement are met, a youth is eligible for an award. To apply, a youth completes a recommendation form describing the activities accomplished and the amount of time devoted to them. Activity supervisors must sign the forms, thus verifying a youth's participation in the activities.

The completed recommendation form is sent to the Congressional Award council in the youth's congressional district. If no council has been established, the youth can send the recommendation form to the Foundation. The form is then reviewed by members of a council and/or the Foundation itself. If approved, the youth will receive a medal either at a local council award ceremony or at a private ceremony if there is no council.

Objectives, Scope, and Methodology

The objective of our review was to comply with section 8 of Public Law 96-114, as amended by section 4(g) of Public Law 99-161, which requires that "the financial records of the Board and of any corporation established" be audited at least biennially by the Comptroller General. The audit must include an assessment of:

- the adequacy of fiscal control and funds accountability procedures of the Board and the Foundation, and
- the propriety of expenses allowed to the Director of the Foundation and other employees of the Board and the Foundation.

In addition, the first audit must include an evaluation of the programs and activities under the Congressional Award Act, including:

- the extent to which the program achieves the purposes of promoting initiative, achievement, and excellence among youths in public service, personal development, and physical and expedition fitness areas;
- the standards of achievement and procedures for verifying that individuals satisfy such standards established by the Board;
- the Board's fund-raising efforts under this act;
- the organizational structure of the Board, particularly the use of Regional Directors; and
- any other areas the Comptroller General believes should be evaluated.

Our assessment of fiscal controls, funds accountability, and propriety of Board and Foundation staff expenses was done as part of an audit of financial statements for calendar years 1986 and 1987. The work performed included (1) a review of the Foundation's independent public accounting firm's workpapers on their audit of calendar year 1986 operations, (2) an examination of the Foundation's 1986 and 1987 financial records and supporting documents, (3) a review of internal accounting controls and compliance with applicable laws and regulations, and (4) interviews with Board members and Foundation staff.

Program evaluation efforts focused on activities subsequent to the program amendments of November 25, 1985, although some earlier data are cited for historical purposes and for comparison.

In order to assess the extent to which the program is achieving its purpose and to evaluate achievement standards and verification that these standards are being satisfied, we reviewed numerous records, including minutes of Board meetings, correspondence, and award recommendation packages. Visits were made to councils in Wyoming, Virginia, and Missouri to obtain first-hand information on program activities. These councils were chosen based on geographic representation; type of council (one for a congressional district, one for a statewide council, and another representing more than one congressional district); urban, rural and suburban representation; and length of experience with the program. The primary method used to obtain information was mailing questionnaires to a statistically representative sample of medal earners and to one activity supervisor for each medal earner sampled. Also, a questionnaire was sent to all council presidents in office during October 1987.

We used a universe of 1,285 youths, whose applications for medals were received between January 1985 and September 1987, for selecting a random sample of 242 youths. This sample provides for a 95-percent level of confidence, with a maximum sampling error of 10 percent. We also sampled one activity supervisor for each of the youths who were randomly selected. Since only 39 councils were active during this period, presidents of all those councils were sent questionnaires. Table 1.2 shows the response rate to our questionnaires.

Table 1.2: Questionnaire Response Rates^a

Sample group	Questionnaires sent by GAO	Responses	Response rate (percent)
Youths	242	200	83
Activity supervisors	242	188	78
Council presidents	39	32	82

^aA complete account of questionnaire results can be found in appendix II.

The Board's fund-raising efforts and organizational structure were evaluated by reviewing minutes and transcripts of Board meetings and by interviewing current and former Board members, Foundation staff, and the Foundation's fund-raising consultant. For comparative purposes, we contacted corporations who had declined contribution requests, and we met with another nonprofit organization that administers youth-oriented programs to determine how funds for its operations were raised. We also examined program and fund-raising records at the Foundation's office. We did not review the use of Regional Directors because these positions were never established.

Our work was conducted from May 1987 to March 1988 and was performed in accordance with generally accepted government auditing standards. The Acting Board Chairman provided written comments on a draft of the report. At a Board meeting conducted on September 28, 1988, the Acting Chairman was elected Board Chairman. His comments have been incorporated where appropriate in this report and are included in appendix III.

An Assessment of Program Operations and Achievements

The Congressional Award Program is working well at the council level. The youths who have participated in the program and those adult activity supervisors who verified their participation seem very pleased with the program. They have reported that the level of effort required to be eligible for the various medals is reasonable. Most of the activity supervisors are doing a creditable job of adequately verifying that program standards are being met. Councils are thoroughly reviewing applications to confirm eligibility for medals and are raising the minimal financial support needed to sustain their volunteer operations. As a result of program growth, there were 45 district and statewide councils operating in 22 states as of December 31, 1987.

Recently, however, the growth rate of the program has begun to slow down. Future program expansion could be promoted in two ways. First, expanded program publicity efforts are needed to make more youths aware of the program. Also, the scholarship feature of the program should be fully developed in an effort to attract more program participants and contributors.

Program Operations

Program Satisfaction Level Is High

Several questions included on the questionnaire sent to youths and to their adult activity supervisors were designed to determine their level of satisfaction with the program. Responses received from both youths and adults indicated a high degree of satisfaction with the program.

When asked how satisfied they have been with their involvement in the program, over 87 percent of the responding youths and adult supervisors reported that they were satisfied or very satisfied with their involvement. Most of the respondents reported being very satisfied with the program.

In response to a questionnaire inquiry regarding whether they would recommend the Congressional Award Program to other youths, over 78 percent of the youths and adults answering this question responded that they would definitely recommend the program. Further, nearly 78 percent of the youths reported that they definitely would participate in the program if they had it to do over again, and another 17 percent said they would probably do it again.

Requirements for Earning Medals Are Reasonable

Youths must complete activity hour requirements in voluntary public service, personal development, and physical fitness and expeditions in order to earn bronze, silver, or gold medals. Table 2.1 shows the minimum hours required by the Board and the maximum time allowed to earn each medal.

Table 2.1: Medal Requirements

Medal	Minimum hours	Maximum time
Bronze	200	1 year
Silver	400	2 years
Gold	800	3 years

As shown by the table, the progressively more demanding requirements for silver and gold medals ensure that youths continuing in the program accept increasingly greater challenges. For example, youths who wish to earn a silver medal will have to devote about 17 hours a month for 2 years, as opposed to 1 year for the bronze medal. Earning a gold medal will increase the average monthly requirement to about 22 hours over 3 years.

In order to determine youths' opinions of these progressively demanding standards, we asked in a questionnaire if the total number of activity hours needed to receive each of the three medals was reasonable. As shown in figure 2.1, most of the youths who responded said that the activity hour requirements for the medal(s) they had earned were either reasonable or very reasonable.

Foundation records show that since the program's inception, 75 youths have earned more than one medal. Figure 2.2 shows that approximately 66 percent of the bronze and silver medal earners who responded to our questionnaire indicated they were in the process of earning or planned to work towards earning the next higher medal. These responses indicate that the standards are not so prohibitive as to discourage those youths who have already earned a medal from continuing to strive toward earning the next higher medal.

Figure 2.1: Percent of Respondents Answering Reasonable or Very Reasonable

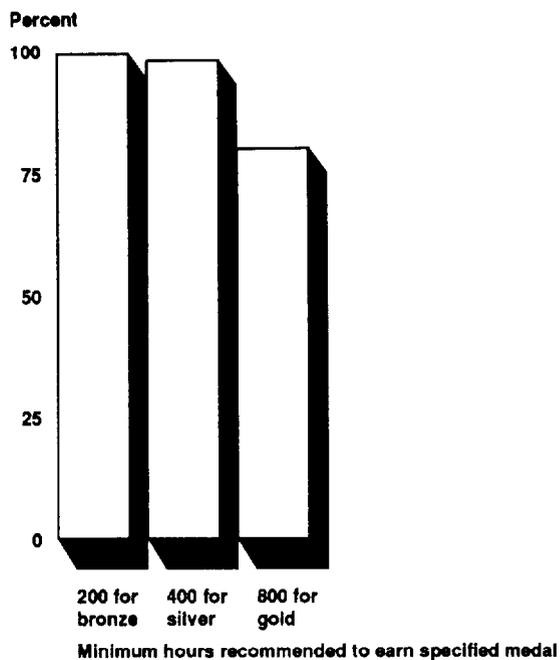
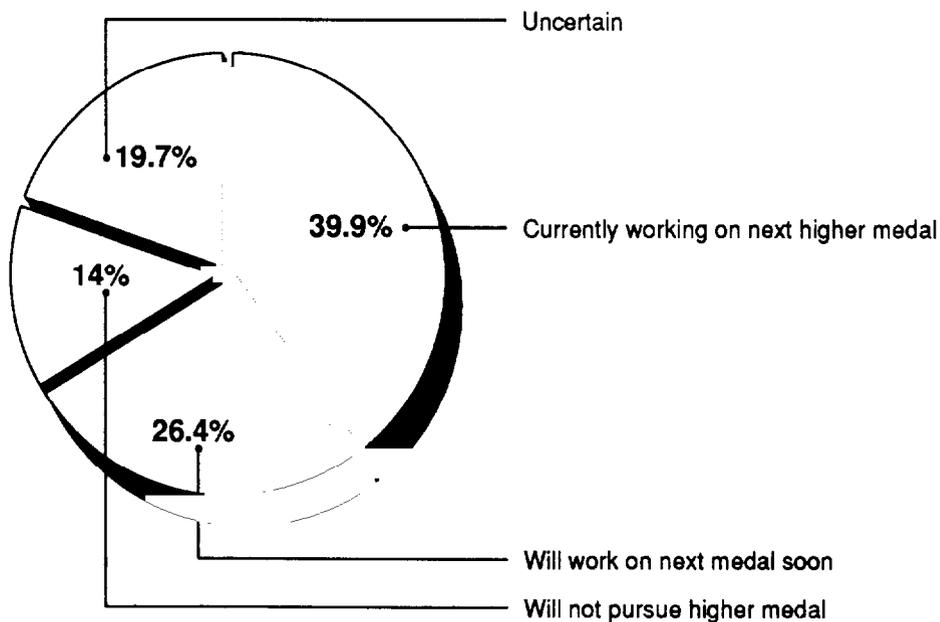


Figure 2.2: Award Earners' Plans to Work on Medals in the Future



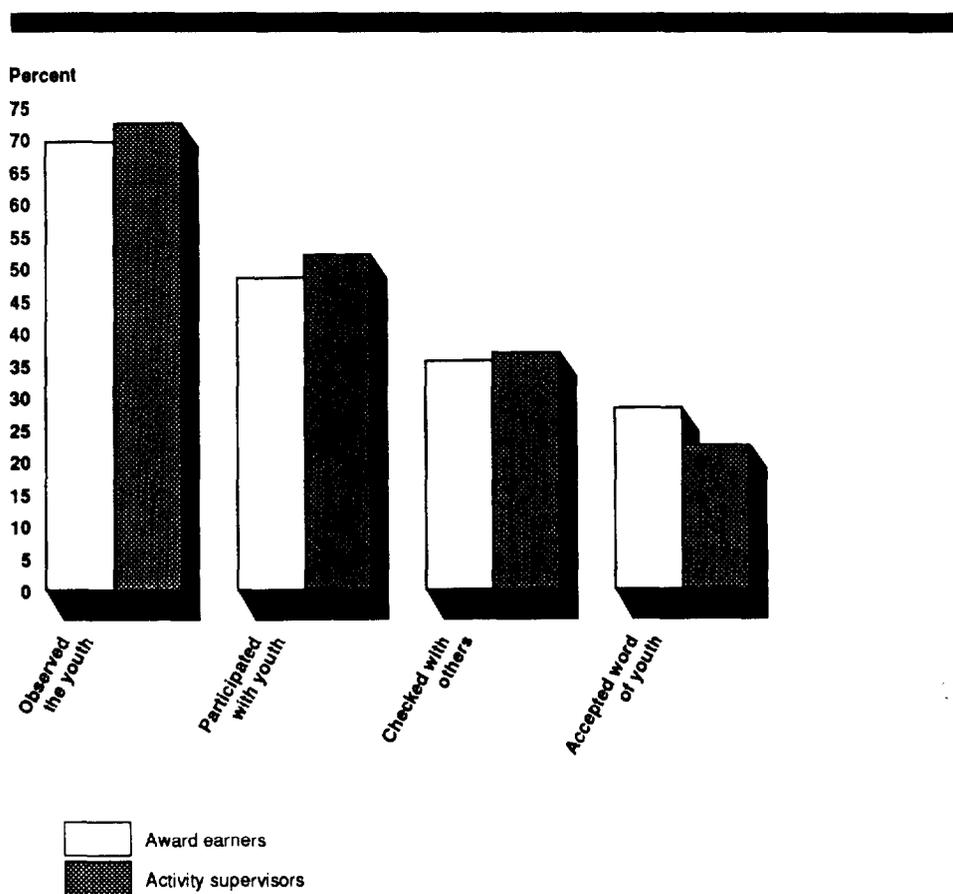
Note: Based on 178 responses.

Verification Procedures Are Generally Adequate

Responses to our questionnaires and discussions with program participants gave us reasonable assurance that those who earned medals met the activity standards. We determined that the adults who had signed off on the claimed hours of public service, personal development, and physical fitness generally had a good basis for doing so. Also, there was substantial agreement between activity supervisors and the youths who had earned medals on the basis for supervisors' verification of the number of hours spent on qualifying activities.

We asked youths to identify how the supervisors who signed their activity sheets had verified their hours of participation. We also asked supervisors for the same information. Respondents frequently reported that more than one method had been used to verify activity performance. Figure 2.3 summarizes the responses to these questions.

Figure 2.3: Comparison of How Award Earners and Activity Supervisors Said Activities Had Been Verified



Questionnaire results indicate that about 72 percent of the activity supervisors responded that they had observed the youths' activities, and 52 percent indicated that they had actually participated with the youths in their activities. Responses from the youths closely paralleled those of the activity supervisors.

Recommendation Forms Are Thoroughly Reviewed

Foundation and council officials advised us that applications for Congressional Award medals are reviewed rather thoroughly, with strict attention being paid to eligibility requirements. We reviewed 242 recommendation forms and estimate that 98 percent of the youths earning medals had clearly satisfied the program requirements.

Review Process

For most youths who complete award requirements, recommendation forms are submitted to a council for review and approval. Using review guidelines provided by the Foundation, the following determinations are made:

- Is the youth within the allowable age range for the medal?
- Have the activity hour requirements been met?
- Have the activities listed fulfilled program goals?
- Have activity supervisors verified the performance of the activities reported?

In some cases council officials may also telephone one or more of the activity supervisors to verify the authenticity of the activity statement and the supervisor's signature. After the council reviews and approves the recommendation form, it is forwarded to the Foundation for review by a field service representative, who uses the same criteria. In addition, Foundation officials may make telephone calls to activity supervisors on a random basis.

Youths who live in areas where no councils have been established send their recommendation forms directly to the Foundation for review. For these youths, referred to as "independents," the Foundation's review is the only one conducted.

Review Actions

Interviews with a council representative from Missouri and with council presidents from Virginia and Wyoming indicated that all forms received

at the council level are reviewed thoroughly. Two of the three individuals indicated that the field service representatives at the Foundation seldom call them to verify information. Questionnaire results indicate that councils attempted to verify information submitted by potential awardees 96 percent of the time.

If the council or the Foundation believes award requirements have not been met, the youth is notified. They may also contact the youth to request additional information. Council representatives from Missouri and Wyoming advised us that all the forms they received in 1987 were approved. A Virginia council approved 51 of 56 forms in 1986. The Foundation's review efforts confirmed that the councils adequately reviewed recommendation forms. Also, the Foundation satisfactorily reviews the recommendation forms submitted to it by independents.

Adequate Funding of Local Programs

Seventeen of the 21 council presidents responding to the financial questions on our questionnaire reported that their councils had raised sufficient funds to cover their expenses during 1986, the latest year for which information was available. For the years 1983 through 1986, the 21 councils had an average annual revenue of \$4,420, and spent about \$4,077 annually. Primarily because council members volunteer their time, councils have been able to minimize their expenses.

Program Achievements

Specific criteria for assessing the program's success do not exist. However, over the past 5 years, there has been substantial program growth, which translates into substantial levels of public service as well as self-development by participating youth. This opinion is based on our analysis of questionnaire responses, a review of Foundation records, and the perceptions of the participating youths and adults.

Program Grew Rapidly, Then Growth Rate Declined

We measured program growth by the number of youths earning medals, the number of councils participating in the program, and the number of states wherein councils had been established. Because the Foundation does not keep such statistics, we were unable to obtain information on how many youths were participating in the program, how many activity supervisors were volunteering their services, and what the dropout rate was for those who had started but had not met the program's requirements.

Youths Earning Medals

From a pilot project established in Minnesota in 1981, the first 15 medals were awarded in 1982. For the next 4 years, the number of youths receiving medals increased substantially to 44 in 1983, 255 in 1984, 458 in 1985, and 635 in 1986. In 1987, the number of medals awarded was 658, thus suggesting that program growth is slowing. The number of gold, silver, or bronze medals awarded through a council or to an independent is shown in table 2.2.

Table 2.2: Medals Awarded From 1982 Through 1987

	1982	1983	1984	1985	1986	1987	Total
Gold							
Council	0	10	46	84	38	^a	
Independent	0	1	3	30	1	^a	
Total Gold	0	11	49	114	39	53	266
Silver							
Council	7	9	98	129	212	^a	
Independent	0	1	0	1	18	^a	
Total Silver	7	10	98	130	230	230	705
Bronze							
Council	7	22	108	212	321	^a	
Independent	1	1	0	2	45	^a	
Total Bronze	8	23	108	214	366	375	1094
Total Medals	15	44	255	458	635	658	2065

^aData were not available from the Foundation.

Although independents do not make up a large percentage of medal earners, their numbers grew from 1982 through 1986.

Councils and States Involved in the Program

Another measure of the program's achievement is the number of councils established and the number of states with council representation. Table 2.3 shows a slowing growth rate in the number of councils and the number of states they represent.

Table 2.3: Council and State Representation Growth

Year	Number of councils	Number of councils awarding medals	Number of states represented by councils
1982	2	2	1
1983	8	4	6
1984	16	12	9
1985	27	21	12
1986	37	26	18
1987	45	^a	22

^aData were not available from the Foundation.

The table shows that not all councils award medals each year. This is partly explained by the fact that new councils may require more than a year before the first youths have satisfied the requirements for a medal. Another reason is that the awarding of the medals is sometimes delayed because councils may only have one medal presentation ceremony a year. Seventy-six percent of the youths responding to our questionnaire said they received their medals within 6 months of submitting their completed recommendation form, and most of these youths indicated that the time between submission and receipt was about right. Twenty-two percent responded that the time it took to receive their medals was too long; several of them had waited over 12 months.

Potential to Expand the Program

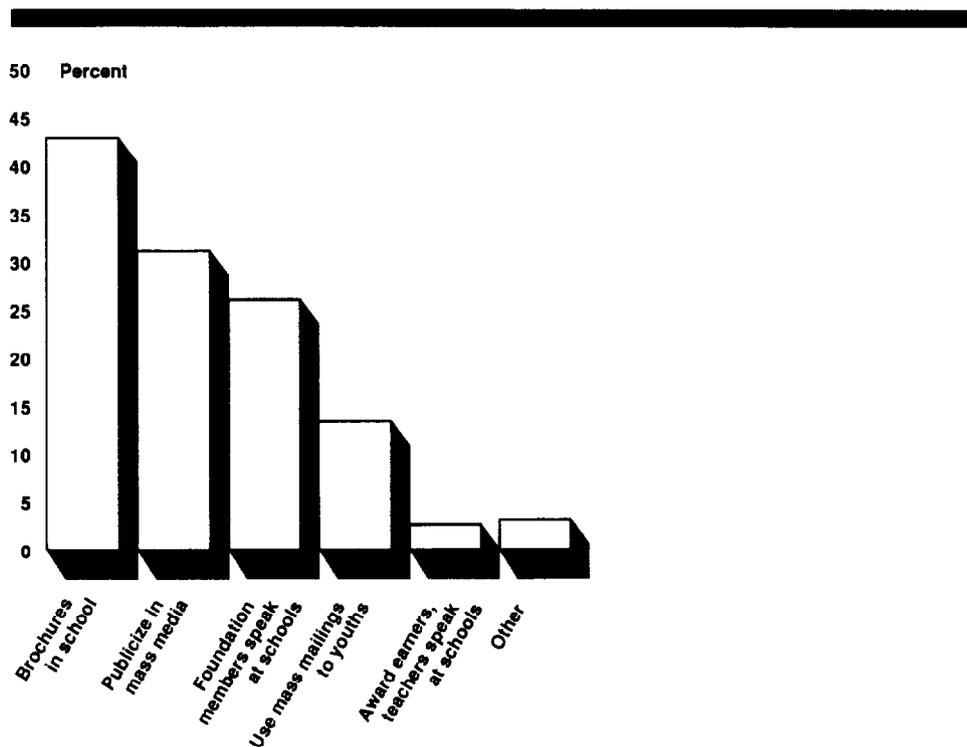
Two matters came to our attention which could play a role in the future expansion of the program. The first is that program promotion and publicity appears limited. In our discussions with youths and from information gathered from our questionnaires, we learned that the program is not well known—even in areas with active councils. Second, the authorizing legislation contains a provision for awarding scholarships, but this aspect of the program has not been formally implemented. Awarding scholarships to youths who have donated their time and efforts to community and self-improvement would seem to offer an attractive potential for expanding interest in the program, obtaining program publicity, and encouraging private sector contributions to the program.

Publicity Could Widen Program Awareness and Participation

Youths responding to our questionnaire indicated that the Congressional Award Program did not receive enough publicity. Many youths knew of friends who were already participating in activities which might qualify them for a medal in the future, but these youths were unaware of the program.

According to these youths, the best approach to increasing publicity would be to have brochures and other forms of information on the program easily accessible in schools. Figure 2.4 shows the most frequently suggested methods for publicizing the program.

Figure 2.4: Award Earners' Recommended Approaches to Reach More Youths



Although the program has experienced growth in the number of medal earners, councils, and states involved, an opportunity still exists for more participation. We believe that broader participation could be achieved by program publicity directly aimed at reaching potential program participants and supervisors.

Scholarship Feature of the Program Has Not Been Effectively Implemented

The Congressional Award Act, as amended, provides that all medal earners may be awarded scholarships in such amounts as the Board determines to be appropriate. In 1984, a Board member made the first donation of \$1,000 to the scholarship fund. No additions to the fund have been made since then. As of March 1988, only one scholarship of about \$550 had been awarded to a youth who formerly worked at the Foundation's office.

The Foundation has not prepared any guidelines, directives, or literature specifying how the scholarships are to be awarded. There is no promotional literature encouraging councils to submit names of worthy candidates. In short, the scholarship aspect of the program has not been developed.

The youth who did receive a scholarship may have been well-qualified for it; however, there was no written documentation showing the youth's qualifications for the scholarship or indicating that the Board had approved the award. We also do not know whether other medal earners around the country were aware that the Board could award scholarships or whether they would have applied for one if they had known of their existence.

Board Comments and Our Evaluation

The Acting Chairman of the Board stated that the report's very positive comments on the growth and quality of medal earners and councils reinforces the strong belief that the national office needs to become a strong and well financed service organization. The Acting Board Chairman did not provide specific comments on the findings contained in this chapter regarding expansion of the program through increased publicity and scholarship activity. (See appendix III.)

Financial Resources and Control of Expenses Inadequate

The Congressional Award Board and the Foundation have had difficulty raising adequate private sector funding and are operating at a deficit which exceeded \$320,000 as of March 31, 1988. As stated in appendix I of this report, in our opinion, there is substantial doubt about the program's ability to continue based on recent years' operating losses and the inability to raise private funding. We see little promise that adequate funds can be obtained from private sources without substantial operational changes. Board members have attempted to compensate for the cash shortages by making personal contributions, and the Congress provided a stopgap appropriation to sustain Foundation operations. The program's financial condition has also eroded due to ineffective Board control over Foundation expenses and because of missed opportunities to reduce costs. Finally, the Board and the Foundation have not complied with certain provisions pertaining to financial control matters contained in the authorizing legislation and in their respective bylaws.

Fund-Raising History

The 1979 legislation establishing the Congressional Award Program specified that the Congressional Award Board would be responsible for raising funds to operate the program. It specifically stated that the Board is not an agency or instrumentality of the United States and the federal government would not be liable for any obligation or liability incurred by the Board. The legislation required the Board to submit an annual report to the Congress which, among other items, was to describe the methods used to raise funds, list funding sources, and account for expenditures.

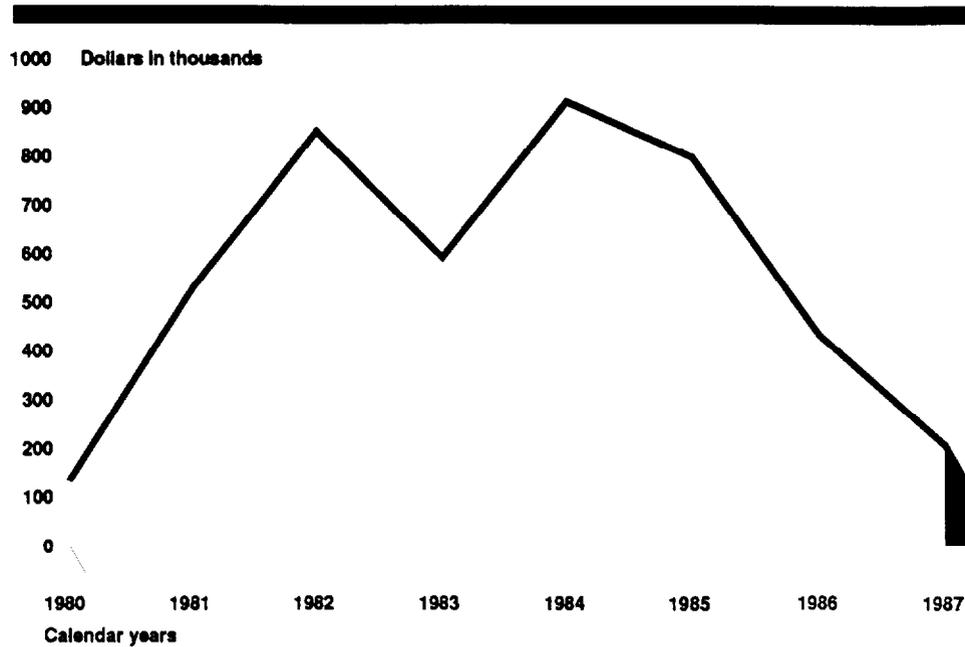
Since the program's inception, fund-raising efforts have been shared by the Board and the Foundation. Thus far, they have solicited funds from companies and individuals, either personally or through the Foundation's fund-raising consultant, and some Board members have donated their own personal or corporate funds. In December 1987, the Board received an appropriation of \$189,000 to fund its operations.

Board and Foundation Fund-Raising Efforts

Between 1980 and 1986, the Foundation received substantial funding from the private sector, but as shown by figure 3.1, the trend has been sharply downward since 1984. Contribution levels have been inconsistent, rising from \$130,500 during the Foundation's first year of operation to peaks of \$845,800 and \$907,200 in 1982 and 1984, respectively, and falling sharply to \$204,400 in 1987. At the current pace, less will be

raised from private funding in 1988 than in any other year since the program's inception.

Figure 3.1: Congressional Award
Foundation Funds Raised (1980-1987)



Problems With Sustaining Initial Fund-Raising Approach

Our interviews with Foundation staff revealed that the early funding success was largely attributable to the personal efforts of the Foundation's first Director, who held that position from the start of the program through September 1985. He was successful in obtaining rather large, one-time contributions from relatively few donors. This approach to fund-raising, however, has not been sustainable.

Somewhat concurrent with the first Director's departure, fund-raising began to decline sharply. Among the cited reasons were that 3-year pledges were expiring, foreign contributions were drying up, and, for the most part, the companies that were contacted preferred that their contributions be used for local councils rather than for a national office.

Three-Year Pledges

In the early years of the program, corporations were asked to make 3-year pledges, with the understanding that they would not be asked to

contribute again. Although this approach provided sufficient contributions through 1984, the Foundation was actually shrinking its future fund-raising sources and its ability to establish a contribution base that would sustain future activities.

Foreign Contributors

The Congressional Award Program is similar to a program in England called the Duke of Edinburgh's Award. British corporations thus took a great interest in the Congressional Award Program, and during the years 1984 to 1986, 29 of them contributed \$1,030,845. Since then, however, British corporate contributions dwindled to \$12,000 in 1987 and a pledge of \$10,000 for 1988. According to a British member of the Congressional Award Board, United States corporations are not doing their part to support the program, and he is reluctant to press British companies to go on contributing without a similar response from U.S. corporations.

Local Interest

Based on a review of Foundation records and on interviews with Foundation and corporate officials, we learned that many U.S. corporations declined to contribute because they do not, as a policy, make contributions to national offices. Corporate officials expressed concern that such contributions are often used to cover overhead costs, and, consequently, corporations cannot identify concrete benefits from their charitable contributions. In their rejection letters to the Foundation, several corporations stated that they prefer to make their contributions at the local level, thereby achieving better visibility with their employees and the community.

Consultant Hired to Raise Funds

Realizing that the multiyear pledges were continuing to expire and that they were having limited success in generating new donors, in mid-1986, the Board and the Foundation hired a consultant to handle fund-raising functions. However, the consultant has had limited success in raising funds from the private sector.

The consultant used a mass-mailing approach of sending letters to large companies, visited several corporations, asked Board members to contribute, and followed up on tentative responses. She routinely sent thank-you letters to donors but did not, as a general rule, keep contributors abreast of current events or let them know what their money had been used for.

Under a contract effective until December 31, 1987, the consultant received a 10 percent commission on the contributions she obtained. From July 1986 to September 1987, the consultant was credited with raising \$42,260, including \$23,250 from Board member contributions. For this effort, she received fees totaling \$4,226.

Citing her belief that only limited contributions were available from the private sector, the consultant resigned from her contract as of October 1, 1987. At a Board meeting prior to the effective date of her resignation, the Board expressed appreciation for the consultant's efforts and authorized the Director to work out a mutually satisfactory agreement to retain the consultant's fund-raising services. Under the new agreement, the consultant was paid \$31.25 an hour or \$250.00 per day. For the 5-month period from October 1987 through February 1988, the consultant billed the Foundation \$5,500 for fund-raising services, during which time she did not raise any funds.

We contacted another nonprofit organization that also operates programs for youths to compare fund-raising methods. In general, it does not use a mass-mailing approach. Instead, it studies the giving habits of organizations which it considers to be potential contributors and asks for contribution amounts consistent with each organization's contribution history. It has developed a wide contribution base and a consistent level of contributions since 1982. Contributors receive information on program accomplishments or other pertinent literature about six times a year and also receive letters from youths who have benefited from the contributions.

Current Fund-Raising Situation

The lack of an effective fund-raising strategy has been a major cause of the Foundation's current deficit financial position. Unless there are substantial changes, the Foundation's prospects for continued operation with private financing are poor. During 1987, its major sources of private contributions were Board members who, as shown in table 3.1, provided over 84 percent of the Foundation's financial resources.

Chapter 3
 Financial Resources and Control of
 Expenses Inadequate

Table 3.1: Funds Contributed by Board Members (1980-1987)

Calendar year	Total contributions	Contributions by Board Members		
		Amount	Percent of total	Number of members contributing
1980	\$130,500	\$50,000	38	1
1981	527,575	121,000	23	4
1982	845,751	162,300	19	7
1983	587,790	61,400	10	8
1984	907,225	85,550	9	10
1985	794,135	131,900	17	11
1986	430,358	117,750	27	17
1987	204,379	172,400	84	14
Total	\$4,427,713	\$902,300		

Between 1980 and 1987, Board members contributed over 20 percent of all the funds raised. Of the \$172,400 provided by Board members during 1987, over \$162,000 came from one member of the Board who has contributed more than \$688,500 of the \$4.4 million in total contributions raised to date. He also loaned the Foundation \$50,000 and guaranteed repayment of a \$250,000 line of credit, both of which are now due. In his January 1988 letter resigning from the Board, he stated that it would no longer be feasible to provide the level of financial support as he had done in the past because of other outstanding charitable commitments he had made. This benefactor's resignation from the Board heightens questions regarding the extent to which the Board can continue to be a major funding source.

The Board's Finance Committee, which is also charged with raising private sector funds, has not developed an effective fund-raising strategy. The committee, which met only three times in the last 5 years, focused on the Foundation's fiscal problems at its July 1987 meeting. However, it did not make any changes in how the Foundation should pursue private funding. In a letter to the Board Chairman dated July 29, 1987, the committee chairman stated that private sector funding would not be forthcoming in the short term and that immediate federal funding was needed to keep the program in operation. Subsequently, the Director concentrated her efforts on getting congressional members to support an appropriation for the program.

Although the Congressional Award Act did not envision supporting the program with federal funds, the Congress included in the continuing resolution for fiscal year 1988 (Public Law 100-202, December 22, 1987) an

appropriation of \$189,000 to help sustain program operations. The appropriation is not available to pay any debt of the program which was outstanding at the time the appropriation was enacted.

In February 1988, some Board members proposed plans for rejuvenating the program which call for a more concerted effort on the part of the Board to raise funds. No final actions have yet been taken to accept or reject these plans. They were to receive further consideration at a Board meeting scheduled for June 1988.

As of March 31, 1988, when we concluded our audit work, prospects for adequately financing the Board's and the Foundation's operations from private sources continued to look bleak. No money had been received from private sources as of that date, thereby creating the lowest level of private support since 1980 when the Board started operations.

Ineffective Control of Foundation Expenses

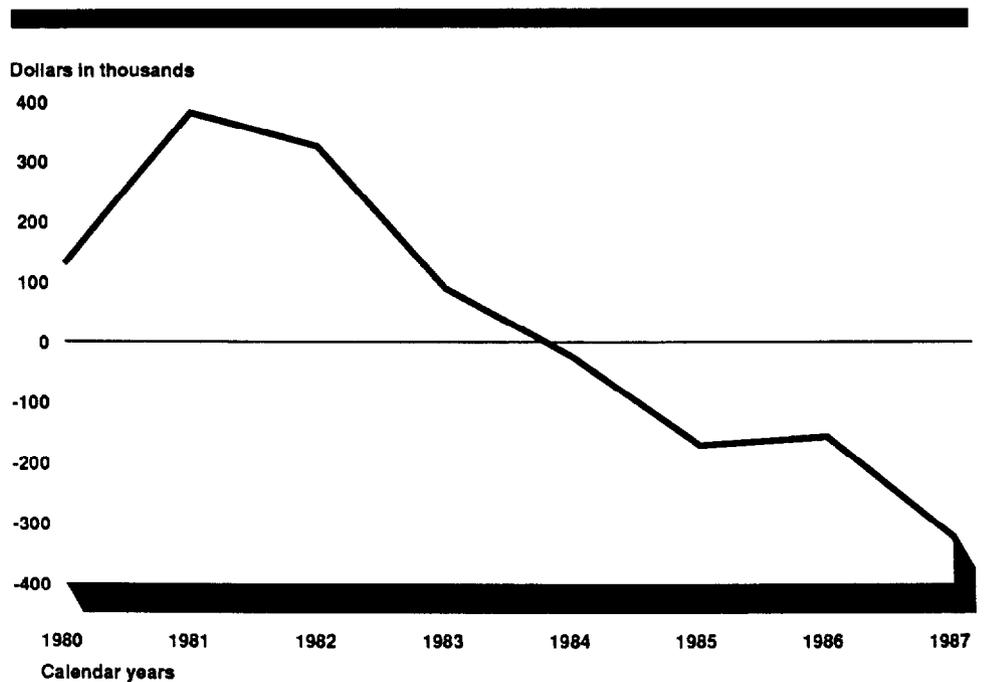
When the Congress adopted Public Law 99-161 to reauthorize the program in 1985, it expressed concern for fiscal responsibility and amended the authorizing legislation to address this concern. The 1985 amendments required that the Board's annual report list administrative expenditures, including salaries, travel, and reimbursed expenses for Board members, employees, and consultants. The amendments further required that the Board's bylaws include provisions to prevent conflicts of interest, and appropriate fiscal control and funds accountability principles to ensure compliance with certain statutory requirements. Nevertheless, Foundation expenses, including those of the Director, have not been adequately controlled, primarily because the Board, through its Treasurer, has not fully carried out its responsibility to monitor and approve expenditures in accordance with the Foundation's bylaws. This has led to noncompliance with a legislative requirement which prohibits deficit spending, and to expenditures being made which were either improper or imprudent and which, in our opinion, did not clearly advance the program's purposes.

Aggressive Board Oversight Needed to Monitor Expenses

Foundation bylaws require that the Treasurer of the Board maintain current financial records adequate to permit a determination of the resources available to the Foundation. Although the Foundation's office manager had such records, to our knowledge, neither of the last two Treasurers had requested or had been provided timely information to obtain first-hand knowledge of the Foundation's revenues, expenses, and overall financial condition. The apparently limited attention by the

Board and the Foundation to financial matters permitted spending and management decisions that resulted in a negative net worth, as shown in figure 3.2.

**Figure 3.2: Congressional Award
Foundation Fund Balance (1980-1987)**



As specified by the Foundation's bylaws, the Treasurer is responsible for all funds and for maintaining current financial records adequate to determine the resources available. Further, the Treasurer is to be consulted in determining whether adequate resources are available prior to entering into a contract. The last two Treasurers have not instituted procedures to ensure that the Treasurer is consulted prior to entering into contracts. As a result, the Board has incurred debts without any forthcoming funds to repay them. These circumstances have contributed to the Foundation's continuing deficit.

In January 1988, a Board member started reviewing the amounts paid from funds appropriated in the fiscal year 1988 continuing resolution. Because this resolution provides for disbursement of funds upon approved vouchers, the former Acting Chairman of the Board delegated this responsibility to the Board Treasurer and one other Board member.

No similar oversight has been imposed over the use of privately contributed funds.

Director's Expenses

The Director has been permitted to approve the reimbursement of her own expenses without any routine Board monitoring or approval of such reimbursements. This situation has allowed Foundation funds to be used for expenses such as parking tickets, club membership dues, and commuting expenses. Also, a related-party transaction involving the Director did not have proper Board approval.

Several years ago, one of the Board members asked an official of his company to assess the financial controls of the Foundation. After doing so, the chief financial officer of the company, in a February 1985 letter to the Audit Committee, recommended that the Board's Treasurer approve the Director's expense reports prior to disbursement. The recommendation was never implemented, and the current Director has continued to approve her own expense reimbursements.

Between January 1986 and December 1987, the Foundation paid expenses amounting to over \$20,000 on behalf of the Director. Of this amount, over \$4,300 was reimbursed to the Director for entertainment expenses in the Washington, D.C. area, for parking tickets, club membership dues, and gifts. Such expenses are not expressly prohibited under the authorizing legislation. However, the legislation and bylaws provide that neither income nor assets of the Board or the Foundation may inure to the benefit of any director or employee except as reasonable compensation for services or reimbursement for expenses. We believe that reimbursing some of these expenses was improper and, in other instances, imprudent. The fact that the program is meant to encourage youth activities and that it needed appropriated funds to continue operations indicates that a more circumspect use of available program funds is needed.

Entertainment Expenses

During 1986 and 1987, the Director entertained congressional staff, employees, consultants, Board members, and others 95 times, at a total reimbursed cost exceeding \$3,700. Almost \$1,400 of this was spent entertaining Foundation employees and its consultant 53 times. It was not possible to determine how much of the \$3,700 was spent on the Director. She told us that employee and consultant lunches were working lunches and that it is necessary to treat congressional staff to lunch

in order to meet with them. Whether or not business was discussed during these lunches, spending Foundation money for this purpose does not seem to demonstrate good financial management of limited resources. Also, it is not clear how these expenditures furthered the program's objectives.

Membership dues of \$320 were paid to the National Democratic Club during 1986 and 1987. Although the cited justification for Foundation reimbursement was that out-of-town Board members are entertained there, the expense reports showed that others, not Board members, were entertained at the club. Further, there are numerous suitable public facilities that could have been used for such purposes. We believe, therefore, that it was inadvisable under the circumstances to use Foundation funds to pay these dues.

A breakdown of entertainment expenses is shown in table 3.2.

Table 3.2: Entertainment Expenses

	1986	1987	Total
Congressional staff	\$297	\$248	\$545
Employees	691	306	997
Board members	46	292	338
Consultant	141	230	371
Others	574	644	1,218
Club dues	180	140	320
Total	\$1,929	\$1,860	\$3,789

Other Reimbursed Expenses

Among the other reimbursed expenses were:

- \$370 for vehicle violations. Some parking tickets were received on weekends or for parking improperly near the Director's residence. Another ticket was for an expired vehicle registration. We believe these legal citations were personal expenses and should not have been paid from Foundation funds. During February 1988, the Director did reimburse the Foundation \$145 for four of the parking tickets.
- \$221 for gifts, including theater tickets, luggage, a plant, and a book for employees and congressional staff. The Director informed us that these were given in appreciation for employees' work and congressional staff assistance. Since these gifts were not provided as part of a formal award program, and since it is not clear that they were necessary for achieving

program objectives, we do not believe they constituted prudent expenditures during a time of serious financial problems.

- \$721 for local taxi fares, of which we determined at least \$40 to be for travel between the Director's residence and the Foundation office. Because records were not sufficiently detailed, we could not determine if the remaining amount was specifically used for conducting Foundation business. Foundation policy prohibits employees from being reimbursed for commuting costs. The Director narrowly interpreted this policy to mean that automobile mileage would not be reimbursed. We believe that reimbursements for commuting costs constituted using program funds for personal benefit and, therefore, were improper.

Related-Party Transaction Not Properly Approved

Foundation bylaws contain a conflict of interest section which provides that (1) each employee is required to avoid the appearance of conflicts of interest with regard to procurement or employee actions, (2) transactions involving a Board member must be approved by the Board in compliance with its bylaws, and (3) the employee with the conflict must not be involved in the approval or supervision of the action. We found one instance where the Director approved the procurement of a service performed by a family member without obtaining proper Board approval. (See note 8 to the financial statements in appendix I.) While the amount of funds involved was small, the procedure used to approve the transaction did not comply with the Foundation's conflict of interest bylaw provision. Also, the situation represents a further example of the Board not adequately monitoring Foundation expenditures.

Director's Actions to Ease the Financial Crisis

The Foundation has reduced its operating costs. One of the cost-cutting initiatives, however, substantially weakened the Foundation's ability to serve as a national office. On the other hand, several options with merit have either been overlooked or rejected.

Beginning in March 1988, the Foundation sublet about 200 square feet, or 12 percent, of its office space until its lease expires in August 1988. This action will reduce rental expense by about \$1,500 over a 6-month period. Also, in March 1988, the Foundation agreed to sell excess office furniture for \$1,000.

Personnel actions have also reduced operating costs. During November 1987, the Foundation's word processor resigned due to concerns about the organization's future. Another typist was hired in February 1988, largely because the office manager was not trained to

operate the word processing machine, which contains data needed to issue the annual report. In December 1987, the Director released the two field service staff members, who had a combined annual salary of \$80,700, because of a lack of funds. This left the Foundation with two employees—the Director and an office manager. In February 1988, the Director prepared a proposal for the Board’s consideration which would cut the office manager’s salary, but no action was taken on this proposal.

Terminating both field service staff members was counter to achieving the major purposes for which the Foundation exists—to assist the existing councils and to help others get started. Without this capability, the Foundation’s effectiveness is substantially reduced. In our opinion, at least one field service staff member should have been retained to work with councils and independents.

Other Cost-Cutting Opportunities

We identified several other areas in which Foundation costs could be reduced. Among the possibilities are:

- further reductions in rental costs,
- reconsidering fund-raising arrangements,
- selling the Foundation’s automobile,
- consolidating the office manager and word processor positions,
- reducing the Director’s compensation, and
- disposing of the existing debts.

Rental Costs

The Foundation has done relatively little to reduce annual outlays of about \$25,000 for office space. While it has sublet some of its excess office space, little action has been taken to pursue two Board members’ proposals to secure free office space for time frames ranging from 4 months to 2 years. The Foundation also needs to determine whether it is necessary to continue renting separate storage space for Foundation records at a cost of approximately \$700 annually.

Fund-Raising Arrangement

The Board and the Foundation need to make other arrangements for obtaining contributions from the private sector. The fund-raising consultant has not been successful in establishing a solid contribution base. In nearly two years, the consultant has managed to raise only \$42,260. Since retaining the consultant at a \$31.25 hourly rate, the Foundation has paid fees of \$5,500 for fund-raising services, but it has yet to

receive any contributions resulting from her efforts. Accordingly, it is difficult to understand the basis for continuing the arrangement with the current fund-raiser.

Foundation Automobile

Selling the car which is furnished as a benefit to the Director would save several thousand dollars annually. Table 3.3 shows that the car, excluding depreciation, cost the Foundation over \$7,100 during 1986 and 1987

Table 3.3: Automobile Expenses

Type	1986	1987	Total
Repairs	\$519	\$2,979	\$3,498
Insurance	1,113	1,113	2,226
Gas	299	493	792
Tickets	265	105	370
Parking	80	50	130
Car washes	30	34	64
Personalized tags	25	0	25
Residential parking permit	0	5	5
Total expenses	\$2,331	\$4,779	\$7,110

Since the Foundation keeps no "log" on the auto's use, we cannot accurately cite the total miles driven or its business mileage use during 1986 and 1987. However, the Director agreed that using an estimate of paying \$1 a gallon for gasoline and getting 20 miles to the gallon was fair. Using the \$792 spent for gasoline, the auto would have been driven for about 15,840 miles. At the government reimbursement rate of 21 cents per mile, in effect at the time of our review, the Foundation could have reimbursed staff for 33,857 miles of private auto use for Foundation business, based on a total cost of \$7,110. This comparison indicates that the auto's use is not cost-effective.

Staff Positions

The office manager's primary duties include paying about 10 bills a week, opening mail, timekeeping, answering the telephone, and maintaining accounting records. Based on our observations and a review of duties, we believe that these duties could be fully performed by someone working two or three days a week. Presently, the office manager receives an annual salary of \$24,000. Since the office manager does not type, another individual was hired temporarily at \$20,000 annually to do word processing. It appears to us that one qualified individual could

handle the duties of both positions at a cost less than the \$44,000 in salaries now being paid to both individuals.

Director's Compensation

Since the program's budget and staff have decreased substantially from prior years, and since the level of operations at the Foundation has been correspondingly reduced, we believe the Board may wish to consider at least a temporary reduction in the compensation of all Foundation employees. The Director is paid \$60,000 annually and the office manager \$24,000. Continuing to pay these salaries will consume a large portion of the appropriated funds on which the program is now operating. Since two staff members have lost their jobs and the office manager was proposed for a salary decrease, it seems inconsistent that the Director did not propose a salary reduction for herself—at least until funding and program operations are increased.

Debt Disposition

A major cost facing the Board is repayment of outstanding debt. The Board took out a loan of \$50,000 on March 31, 1986, in the form of a 9-percent demand note. There have been no principal payments made on this debt which can be declared due and payable at any time. A guaranteed line of credit for \$250,000 was made available on December 11, 1986, for one year at a rate of 3/4 percent above the prime interest rate. The full amount of the line of credit was drawn out for program use. After the lender determined that the Board could not repay the principal, it notified the Director in February 1988 of its intent to seek repayment from the guarantor, who in turn can demand from the Board payment of interest and principal due.

Both of these debts are payable to a former Board member who, in the past, has made substantial financial contributions to the program. Steps should be taken to discuss the disposition of these debts with this program benefactor. Alternative dispositions include seeking forgiveness of the debt, requesting reduced interest rates, negotiating future due dates, or considering other possibilities as may be identified by the Board.

Annual Report Consistently Late

The Congressional Award Act, as amended, requires an annual report to be issued to the Congress before March 1st of each year. The report is to contain program accomplishments as well as data on fund-raising methods, sources of private sector donations, and expenditures, along with a separate itemizing of administrative costs paid on behalf of each member, officer, employee, or consultant of the Board or Foundation. Annual

reports for the last 3 years have either been issued late or not at all. The 1985 report was 9 months late when it was submitted in December 1986. The 1986 and 1987 reports were not issued as of May 31, 1988.

According to the Director, the delay in issuing annual reports occurred because the public accounting firm did not complete its audit work and issue a report on its work until after March of each year. However, this would not explain why the Foundation has not issued the 1986 annual report. We found that the Foundation was late in collecting the information required in the annual report and in arranging for printing the annual report even after receiving the public accounting firm's report and obtaining operating funds from an appropriation.

We believe an annual report is a valuable public relations document for a nonprofit organization. While most of the information is management's representation, the opinion on the financial statements included in the report is provided by an independent auditor. Hence, potential contributors can use annual reports to assist in deciding whether and how much to contribute. The Board has paid little attention to this situation even though the annual report could contain valuable information on sources and uses of funds which should aid the Board in its future decisions. Annual reports also provide advice to the Congress on the program's status. By allowing long delays in issuing annual reports, the Board diminishes their usefulness and importance and does not comply with one of its legislated mandates.

Board Comments and Our Evaluation

The Acting Board Chairman agreed with our findings and stated that the following actions have been taken:

- The Board is actively seeking free office space.
- The agreement with the fund-raising consultant has been terminated.
- Two fund-raising organizations have agreed to submit their qualifications to the Board for review.
- A new Treasurer has been appointed and now plays a more active role.
- The Foundation's automobile will be sold; however, the Foundation does not expect to realize its net book value.

The first two actions identified above were taken as a result of proposals contained in our draft report. Since the Acting Board Chairman stated that these actions have been completed, we have omitted the corresponding proposed recommendations. (See appendix III.)

Program Improvement Could Be Achieved Through Stronger National Leadership

The Congressional Award Board and the Foundation have not provided the leadership needed for the Congressional Award Program to operate successfully. Many Board seats, including officer positions, have been vacant for extended periods. Attendance at Board meetings has been low, and important Board committees have not been very active. The Foundation does not have a well-defined role in writing. Actions that one might expect from an organization's national office are either marginally addressed or not addressed at all by the Foundation. Some council officials have even commented that they can carry out their activities without the Foundation since its activities have little impact on their councils.

More Board Participation Required

Although Public Law 96-114 made the Congressional Award Board responsible for administering the program, the Board has experienced difficulty in achieving active participation by its members. Over the past 2 years, the Board has not retained its full membership or kept its officer positions filled. Its bylaws require it to have four officers, a Chairman, Vice Chairman, Secretary, and Treasurer. There has been substantial turnover, and the result has been that these positions have not been filled concurrently since 1985.

As of March 31, 1988, two Board members were serving in three of the four Board officer positions. One member was serving as the Secretary, and the other was serving as both the Treasurer and Acting Chairman. The Vice Chairman position has been vacant since 1985. The individuals serving as Secretary and Acting Chairman have only been in these positions since February 1988. The Treasurer position was filled by three different Board members during 1987.

In addition, over the last 4 years, Board membership has fallen below legislatively established levels. We found that the last time all Board seats were filled simultaneously was in 1983, when legislation increased the number of Board members from 17 to 33. During the 12-month period ended March 31, 1988, 10 Board members resigned and only 5 new members were appointed. At the end of this period there were 11 vacancies on the Board.

The Board met eight times from March 1986 through February 1988, with an average of less than nine members attending each meeting. Of the 33 Board members who served on the Board during that time, 14 did not attend any of the meetings. Only seven members attended four or

more of the meetings. The February 1987 meeting had 11 members present, the highest attendance for the period.

The consequence has been an inability to muster the 17-member quorum stipulated in the bylaws as needed to transact Board affairs. Our review showed that since the Board's first meeting in 1980, only 1 of the 22 meetings has had a quorum. Although the Director or other officers may take certain actions under delegation by the Board, not having a quorum at Board meetings gives the appearance that formal Board business is being conducted in a manner not provided for in the bylaws. It also creates an impression of disinterest in the program on the part of Board members. Table 4.1 shows the Board's recent attendance statistics.

Table 4.1: Board Attendance

Date of Meeting	Number attending	Percent attending
March 26, 1986	8	24
June 18, 1986	9	27
September 17, 1986	8	24
February 18, 1987	11	30
June 18, 1987	7	21
September 21, 1987	8	24
December 2, 1987	7	21
February 25, 1988	10	30

Based on resignation letters of former Board members and discussions with several current members, we learned of various reasons for low attendance at meetings. Some members stated they lacked the time to attend. Others said they had scheduling conflicts and were unable to attend because the notification letters were sent only two weeks before the meetings. Still others indicated that the large number of Board members made it seem less important that they personally attend.

**Board and Committees
 Need to Make Crucial
 Decisions**

By attending Board meetings and reviewing minutes and transcripts, we found that the Board has not aggressively sought solutions to existing problems. It did not pursue items of old business for which no answers had been reached, nor did it follow up on previous agreements. Thus, there appeared to be little continuity from meeting to meeting. For example, although the Board recognized that the 1986 annual report was overdue at its June 1987 meeting, the topic was not reintroduced at any of the three subsequent meetings even though the report had still not been issued. We noted that the Board had discussed the financial

crisis and low Board attendance at meetings, without agreeing on a definitive approach that would be a practical solution to those problems. One former Board member stated in her resignation letter that she was frustrated because the Board was not adequately addressing pressing problems and that some Board members' concerns over program problems did not extend beyond the time of the meetings.

One possible reason for this situation is that the Board meetings seem rather informal and do not follow in the manner of meetings conducted under Robert's Rules of Order. For example, minutes of the previous meeting are not always read and approved. Neither the Treasurer nor committee chairmen are routinely called upon to report to the Board. Old business and new business segments of the meeting are not clearly designated. The manner in which the meetings are conducted allows for overlooking unresolved problems and does not encourage committee action.

The bylaws of both the Congressional Award Board and the Foundation require that minutes be maintained for Board and committee meetings. For two of the last five Board meetings, minutes were not prepared for one of them, and in the other case, a verbatim transcript of the meeting was prepared. Also, for the period covered by our audit, minutes have not been maintained for committee meetings. This lack of minutes not only constitutes noncompliance with a bylaw provision but also handicaps the Board and the committees in easily recalling issues discussed, motions passed, and unresolved matters from prior meetings that need attention.

Board Committee Status

Since its inception, the Board has established 13 committees to assist in administering the program. Although two were formed to deal with a single event, the others were intended to have a continuing function. The committees are:

- | | | |
|----------------------------|--------------------------------|---------------------------|
| 1. Executive | 6. Public Relations | 11. Finance |
| 2. International | 7. Personnel | 12. Nominating |
| 3. Program
Development | 8. Organization
Development | 13. Honorary
Directors |
| 4. Earned Income | 9. Search | |
| 5. Government
Relations | 10. Audit | |

Nine of these 13 committees are now defunct. Of the remaining four, only the Executive Committee has met with any frequency during the last 2 years. Also, we found that the committees, like the Board, are not fully staffed.

Many of the program's problems which are discussed in this report relate to matters that should have been addressed by committees. For example, Board vacancies, raising funds, controlling expenses, and publicizing the program are all matters which fall under the purview of one of the above committees. The following discussion of three committees illustrates the vital role they have and how their inaction may have contributed to the program's current problems.

Nominating Committee

The Nominating Committee is responsible for nominating Board officers, submitting recommendations for Board membership, evaluating Board members' performances and recommending action regarding continued service on the Board. These duties, however, are not being carried out. Although it has not met since 1983, much of the committee's work is done by telephone according to the Director. There is no documentation, however, to show what has been done through telephone conversations. Presently, the committee does not have a chairman.

The committee's lack of activity is evidenced by (1) vacancies in Board officer positions (one for about 3 years), (2) continuous numerous vacancies on the Board, (3) no evaluations prepared on Board members, and (4) no action taken on Board members with poor attendance at meetings and little action on behalf of the program. One council president who was interested in serving the program on a national level personally experienced the committee's inaction regarding the submission of recommendations for Board membership. Since the Congressional Award Act, as amended, allows any interested party to submit nominations for Board membership, in February 1988, he took this action and obtained seats on the Board for himself and two colleagues. Two of these appointments filled vacancies that occurred in 1986.

Finance Committee

The Finance Committee was established in 1980, primarily to establish fund-raising goals, objectives, and policies. We found, however, that in the last 5 years, the committee has met only three times—once each in 1983, 1984, and 1987. Other than coming up with the idea for fund-raising dinners, no other accomplishment has been attributed to the committee regarding fund-raising.

In addition to raising funds through private sector donations, the Foundation also obtained needed operating funds in 1986 from a \$50,000 note and a \$250,000 line of credit. We found no evidence that the Finance Committee had been involved in securing this debt-type funding or in planning how this temporary funding would be repaid.

Although section 7(f)(1) of the Congressional Award Act, as amended, prohibits the Board from issuing obligations creating long-term debt, the note and the line of credit have been outstanding for more than a year. There does not appear to be any realistic prospect that they can be repaid in the near future. Even with a critical need to raise funds, the Finance Committee has continued to be inactive.

Search Committee

The Search Committee did not fulfill its responsibility of conducting a full-scale search for a new Director in 1985. At that time, it advertised for a Director but did not follow through with the project. After the previous Director resigned in September 1985, the Board designated one of the remaining Foundation staff as Acting Director and established the Search Committee to seek a replacement. Over 120 applicants for the Director's position submitted resumes in response to advertisements placed in several prominent newspapers. The Acting Director, who had not applied for the position, and another staff member reviewed the resumes, based on performance qualifications cited by the Board. They referred the names of 13 individuals deemed to be the most qualified to the Search Committee.

About 3 months later, citing the program's financial crisis, the committee chairman recommended that the Board suspend its efforts to find a new Director because of the Foundation's financial instability. He advised the Board that, in his opinion, it was unlikely that someone would accept the position without the organization having sufficient resources to pay. The Board then decided to keep the Acting Director in the position and to designate her as the Director because it would be difficult for a person working in an "acting" capacity to raise funds.

Based on the number of resumes received and on our reading of the 13 finalists' resumes, it appeared as though there were a significant number of well-qualified applicants. In retrospect, we believe that by not at least interviewing the finalists, the committee and Board may have missed an opportunity to hire an experienced, well-qualified person who could have steered the Foundation toward financial independence and further renewed or expanded the role of the Foundation by

creating new councils and interacting with those councils already established. It should be noted that the committee chairman's concern about a lack of resources to pay a Director's salary proved to be unfounded since the Director has been continuously paid an annual salary of \$60,000 and in 1986 was voted and paid a \$10,000 bonus by the Board.

The Role of the Foundation Should Be Clearly Defined

Although the Congressional Award Board is ultimately responsible for the success of the program, it relies on the Foundation to carry out day-to-day operations. Consequently, it is important that the Foundation have a clear set of goals and responsibilities and adequate resources to carry them out. Our review showed that Foundation staff have not been extensively involved with the types of program functions that are necessary to expand the program or, recently, even to provide adequate service to existing councils.

Our review of Board and Foundation bylaws showed that the Board has not developed or adopted specific written responsibilities for the Foundation. In addition, there are no operations manuals or guidelines specifying duties or responsibilities of the Foundation. Because of its national office status, we believe the Foundation should be clearly charged with carrying out activities such as publicizing the program, assuring program standards are met, expanding program interest in establishing councils, and sharing information among existing councils to promote a good relationship between the councils and the Foundation.

Foundation Activities

Since its inception, the Foundation has been active in many ways. Some of these activities, however, were limited in scope and effectiveness, could have been carried out by councils, or did not need the level of effort put into them. More recently, Foundation activities have been substantially curtailed because of the reduction in staff and funds available. Over the past years, the Foundation's activities have not generated a close working relationship with the councils.

Examples of the activities carried out by the Foundation include:

- arranging Board meetings and preparing meeting agendas,
- raising funds for Board and Foundation operations,
- helping to establish new councils and assisting existing ones,
- publicizing the program,
- enforcing program standards by reviewing all medal applications, and

- preparing financial statements and annual reports from records maintained by the Foundation.

Such activities appear impressive. However, our review disclosed several shortcomings. In earlier sections of this report, we discussed the limited effectiveness of Board meetings (chapter 4), raising funds (chapter 3), publicizing the program (chapter 2), and issuing annual reports (chapter 3). Purchasing medals and selling them to councils are unnecessary tasks, since arrangements could be made for the councils to purchase them directly from the manufacturer. Some actions, such as reviewing all medal applications, could be curtailed to sampling those submitted by councils, since it is clear that the councils are already doing a good job of evaluating them (chapter 2).

Several council officials have stated that they have had little, if any, contact with Foundation staff since the establishment of their councils. Some have said they believe they could function successfully without the Foundation because the Foundation does not do anything that is critical to their operations. It appears that something should be done to increase the interaction between the Foundation and the councils to improve their relationship.

Board Comments and Our Evaluation

The Acting Chairman agreed with our findings and stated that the following actions have been taken:

- The Board has an Executive Committee which has been very active with semimonthly conference calls and bimonthly meetings.
- The Executive Committee also plans to serve as the Nominating Committee. Additional committees will be reinstated as Board positions are filled and the Board is revitalized.
- The National Director will be leaving on August 31, 1988, and a three person Search Committee has been formed to find a new National Director.
- Six Board members have been added since GAO's examination.

Although the Acting Chairman stated that six Board members have been added, it is our understanding that four members have resigned. Therefore, the Board has had a net increase of two members as of the completion of our review. (See appendix III.)

Conclusions and Recommendations

Conclusions

The Congress established the Congressional Award Program in 1979 to promote initiative, achievement, and excellence among youths in the areas of public service, personal development, and physical fitness and expeditions. While enacting reauthorization legislation in 1985, the Congress expressed its concern over the financial and programmatic management of the program both during hearings and in the legislation it ultimately passed.

The program presents a paradoxical situation. On the one hand, at the council level where the youths are actually involved in the program, the situation is generally good. Since the inception of the program, there have been continuous increases in the numbers of medal earners, councils, and states represented. The councils generally have been able to be financially self-sufficient, and are doing a good job of maintaining program standards.

Conversely, at the national level, the Board has not been effective in overseeing the program. Fund-raising responsibilities have almost totally been delegated to the Foundation. Monitoring of expenses has been very limited. Committees have not been active in fulfilling stated missions. Attendance at Board meetings is poor, and numerous vacancies and turnover in Board membership have hampered its ability to operate effectively.

In addition, the Board has not adequately fulfilled some responsibilities specified in the program's legislation or in its own bylaws. The Board has not ensured that the legislatively required annual report is issued when required. It has also permitted contracts to be entered into for which it did not have sufficient funds to pay during the same fiscal year, thus allowing the program's fund balance to remain in a deficit position for the last 4 years. Although the Board has no authority to issue obligations creating long-term debt, it does have indebtedness from a note and line of credit payable on demand which has been outstanding for more than a year.

Similar to the Board, the Foundation has not been very effective in administering the program. There is no written statement of duties or responsibilities for the Foundation which specifies exactly what the Foundation's role is. While the Foundation does perform a number of duties, some are not done well, some could be done on a reduced level, and others could be done by the councils.

Because of a lack of success in raising funds, the Foundation's staff size was reduced. As a result of this reduction in staff, those responsible for dealing with council matters were laid off. Therefore, the Foundation is now severely handicapped in trying to work with existing councils and promote the development of new ones.

Foundation leadership has not been effective in preventing a deteriorating financial condition from becoming worse, nor has it done much to promote and expand the program. Efforts to obtain program contributions through a fund-raising consultant proved to be ineffective over a 14-month period. However, the same fund-raising approach was continued, with the consultant being switched from a commission only to an hourly wage basis, which caused an increase in the Foundation's expenses. In its recent period of financial crisis, reimbursements have been made for certain expenditures which seemed imprudent and, in some cases, improper. Further, the Foundation has not instituted significant projects to promote or expand the program and has not attempted to develop the scholarship feature of the program, a measure which could possibly assist with fund-raising and publicity.

The lack of aggressive Board and Foundation leadership and reduced financial resources have been key elements in the program's diminishing growth and resulting financial deficit. An appropriation enacted by the Congress in December 1987 has been the primary reason why the Board and Foundation have been able to continue in operation.

If the Congressional Award Program is to regain its financial health and expand to include additional councils and more participants, substantial changes are needed. The Board must become a more active body in overseeing program operations, participating in fund-raising efforts, and monitoring program expenditures. The role of the Foundation must be clearly defined, and a determination must be made as to the type of staff and leadership needed to operate the Foundation. Finally, a realistic plan must be developed to financially and operationally reinvigorate the program. As noted in its opinion on the Foundation's financial statements, GAO believes that the financial condition of the Foundation raises substantial doubt concerning its ability to continue as a going concern.

Recommendations to the Congressional Award Board

Because of the serious problems at the national level, it is critical for the Board to demonstrate to the Congress that it has the capacity to improve the program's waning growth and to establish a firm financial base with private sector funds from which the program can be operated.

Therefore, we recommend that the Chairman of the Congressional Award Board direct the Board to take the following actions.

- Clearly define the Foundation's role in writing. Determine the number and type of staff needed to carry out the Foundation's duties. Identify the other resources needed to fulfill the Foundation's role and select a Director who is capable of leading the Foundation in this role.
- Determine whether committees formed in the past are still relevant to current Board needs. For those that are, ensure they have written mission statements and redesignate Board members to serve on them.
- Work with the congressional leadership to fill vacant Board positions with qualified, dedicated individuals who will make time available for program work. Assess the performance of current Board members and determine the desirability of their continued participation.
- Conduct Board meetings in a more systematic manner, such as following Robert's Rules of Order, to ensure that uncompleted or unresolved matters are not overlooked and that the financial condition of the program and committee activities will be routinely discussed. Also, prepare minutes for all Board and committee meetings, in accordance with bylaw provisions.
- Ensure that the Foundation issues annual reports with all required information included for 1986 and 1987 and make arrangements for issuing subsequent reports within the legislated deadline.
- Require the Board to become more actively involved in fund-raising. A concerted effort should be made to develop and implement a plan to successfully raise contributions from private sector organizations.
- Actively consider and act upon all reasonable opportunities to reduce operating costs, such as (1) selling the Foundation's car unless it can be shown to be cost-effective to keep it and (2) reducing Foundation staff salaries at least until financial resources and program activities begin to show substantial growth.
- Develop and implement a plan to pay off all existing debts. The possibility of seeking forgiveness for these debts, making them interest free, and working out long-term repayments should be explored.
- Require the Board's Treasurer to more actively carry out the responsibilities specified for that position in the Foundation's bylaws. In the future, the Treasurer should review Foundation expenditures and approve all reimbursements of the Foundation Director's expenses

before they are made. Further, the Treasurer should evaluate and recommend to the Board whether any expenses paid for the Director after 1985, such as those cited in chapter 3 of this report, should be repaid to the Foundation.

- Develop appropriate guidelines for carrying out the scholarship feature of the program and implement them as soon as funds are available to award scholarships.
- Expand program publicity and target it to reach potential program participants and supervisors.
- Take the actions necessary to ensure that the Board and Foundation are brought into full compliance with authorizing legislation and bylaw provisions and that full compliance is maintained.

Board Comments and Our Evaluation

The actions presented in the Acting Board Chairman's comments are positive and are steps in the right direction. However, as noted in our report, major changes are needed before the Foundation can be considered a going concern. GAO believes that it is possible to enhance both the programmatic and financial aspects of the Congressional Award Program through continued implementation of GAO's recommendations. For example,

- a timely annual report can be used to attract funds and promote positive program accomplishments,
- increasing the number of qualified and dedicated Board members can provide needed funds and funding sources as well as additional program insight, and
- development and implementation of the scholarship program can attract donors who prefer to contribute to programs with established guidelines rather than to fund administrative expenses.

Financial Audit

Opinion Letter



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-229163

To the Board of Directors
Congressional Award Foundation

We have examined the statement of financial position of the Congressional Award Foundation as of December 31, 1987 and 1986, the related statements of revenue and expenses and changes in fund balance, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In addition to this report on our examination of the Foundation's 1987 and 1986 financial statements, we are also reporting on our study and evaluation of internal accounting controls and compliance with laws and regulations.

In our opinion, the financial statements referred to above present fairly the financial position of the Congressional Award Foundation as of December 31, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

The accompanying financial statements have been prepared based on the assumption that the Foundation will continue as a going concern. As shown in note 2 to the financial statements, the Foundation has suffered losses from operations in 3 of the last 4 years. Its revenue from contributions decreased from \$907,225 in 1984 to \$204,379 in 1987. As of December 31, 1987, the Foundation had a net deficit of \$322,995. It has not raised any funds during the first 4 months of 1988. The Foundation is operating solely on an appropriation of \$189,000.

These facts raise substantial doubt concerning the entity's ability to continue as a going concern. The financial statements, however, do not include any adjustments that might result from the outcome of this uncertainty. It

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should also be noted that the authorizing legislation for the Congressional Award Program expires on November 16, 1988.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. We did not examine other financial information which the Foundation prepared for purposes of complying with the law and which is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the examination of the basic financial statements, and, accordingly, we express no opinion on it.



Frederick D. Wolf
Director

March 31, 1988

Report on Internal Accounting Controls



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-229163

To the Board of Directors
Congressional Award Foundation

We have examined the financial statements of the Congressional Award Foundation for the years ended December 31, 1987 and 1986, and have issued our opinion thereon. As part of our examinations, we made a preliminary study and evaluation of the system of internal accounting controls, as required by generally accepted government auditing standards. This report pertains only to our study and evaluation of the system of internal accounting controls for the year ended December 31, 1987.

The purpose of our study and evaluation was to determine the nature, timing, and extent of auditing procedures necessary for expressing an opinion on the Foundation's financial statements. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- payroll,
- revenue,
- expenditures, and
- equipment.

Because financial records were maintained entirely by one individual, there was an inadequate separation of duties. Therefore, we chose not to rely on the system of internal accounting controls, and accordingly, we did not test and evaluate them. Instead, we expanded our substantive audit tests to determine the reasonableness of reported account balances.

The management of the Foundation is responsible for establishing and maintaining a system of internal accounting controls. In fulfilling this responsibility,

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estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that (1) assets are safeguarded against loss from unauthorized use or disposition and (2) transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance may deteriorate.

Our preliminary study of internal accounting controls disclosed the following two conditions that could result in errors or irregularities in amounts material to future financial statements, which may not be detected within a timely period.

APPROVAL OF EXPENDITURES

Sound internal control procedures require that reimbursement of expenses be approved by an individual independent of the person incurring the expenditure. The Foundation's Director routinely approved reimbursements of her own expenses without prior review or approval by the Congressional Award Board. These expenses, which totalled approximately \$10,000 during 1987, were not reviewed or approved even though some funds were spent on activities which, in our opinion, did not clearly further the Foundation's mission. An appropriate control procedure would require the approval by a Congressional Award Board member of all expenditures to be reimbursed to the Director.

The issue of approval of expenditures has been addressed with respect to the expenditure of \$189,000 in funds appropriated from Public Law 100-202, December 22, 1987, to the Congressional Award Program. These funds can only be disbursed upon receipt of vouchers approved by the Chairman of the Congressional Award Board or a designee.

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SAFEGUARDING ASSETS

The Foundation has not adequately safeguarded its physical assets. It does not maintain a record or an inventory of its office furniture and equipment, which had an original cost of about \$84,200. Such records should contain property identification or serial numbers and physical locations of items owned. This condition was reported to the Foundation, and we furnished a list of serial numbers for the equipment in an attempt to assist the Foundation with its recordkeeping.

Our preliminary review of internal controls did not disclose any other conditions that materially affected our opinion on the statement of financial position.

To compensate for the weakness in the internal accounting controls, we used substantive audit tests to verify financial statement amounts. Therefore, the weaknesses reported above, while material, did not affect our opinion on the Foundation's financial statements for the year ended December 31, 1987.



Frederick D. Wolf
Director

March 31, 1988

Report on Compliance With Laws and Regulations

GAO

United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-229163

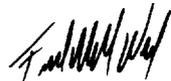
To the Board of Directors
Congressional Award Foundation

We have examined the financial statements of the Congressional Award Foundation for the years ended December 31, 1987 and 1986, and have issued our opinion thereon. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of compliance with laws and regulations as we considered necessary in the circumstances. This report pertains only to our review of compliance with laws and regulations for the year ended December 31, 1987.

In our opinion, the Foundation, except for the matter discussed below, complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements.

The Foundation has not complied with the provision in the Congressional Award Act which requires that expenditures be made only with available resources. Because there were insufficient resources to meet its needs, the Foundation borrowed funds to cover operating expenditures, and this borrowed money remains outstanding. Currently, the Foundation is unable to pay all its bills, and the fund is in a deficit position.

During the course of our examination, we also identified other instances of noncompliance that we did not consider to be material to the financial statements. Nonetheless, they merit corrective action, and we are reporting them separately to the Congress.



Frederick D. Wolf
Director

March 31, 1988

Appendix I
Financial Audit

Statement of Financial Position

AS OF DECEMBER 31, 1987 AND 1986

<u>ASSETS</u>	<u>1987</u>	<u>1986</u>
Cash	\$ 8,371	\$ 51,782
Accounts Receivable	4,048	0
Pledges Receivables (note 4)	10,000	22,000
Prepaid Expenses	3,393	4,742
Deposits	4,302	4,302
Office Furniture and Equipment (note 3)	\$84,226	\$84,226
Less Accumulated Depreciation	<u>74,393</u>	<u>60,263</u>
TOTAL ASSETS	<u>\$ 39,947</u>	<u>\$106,789</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Accounts Payable	\$ 37,278	\$ 14,602
Accrued Payroll and Related Taxes	10,944	11,567
Notes Payable (note 5)	300,000	215,000
Deferred Revenue (note 4)	10,000	22,000
Other	<u>4,241</u>	<u>478</u>
TOTAL LIABILITIES	<u>362,463</u>	<u>263,647</u>
Restricted Scholarship Fund	479	448
Fund Deficit	(322,995)	(157,306)
TOTAL FUND BALANCE	<u>(322,516)</u>	<u>(156,858)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 39,947</u>	<u>\$106,789</u>

The accompanying notes are an integral part of these statements.

Appendix I
Financial Audit

Statement of Revenue and Expenses and Changes in Fund Balances

FOR THE YEARS ENDED DECEMBER 31, 1987 AND 1986

<u>REVENUE</u>	<u>1987</u>	<u>1986</u>
Contributions	\$ 204,379	\$ 430,358
Interest Income	2,330	1,409
Medals - Certificates	30,447	0
Others	<u>0</u>	<u>553</u>
TOTAL REVENUE	<u>237,156</u>	<u>432,320</u>
 <u>EXPENSES</u>		
Salaries	182,772	185,168
Employee Benefits	28,999	55,855
Professional Fees	32,816	49,490
Program Services	46,504	1,865
Promotion	0	14,118
Travel and Entertainment	13,891	16,111
Office Expense	60,951	67,403
Interest	22,781	11,439
Depreciation	14,131	14,933
Award Ceremony	<u>0</u>	<u>2,129</u>
TOTAL EXPENSES	<u>402,845</u>	<u>418,511</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(165,689)	13,809
Fund balance at beginning of year	(<u>157,306</u>)	(<u>171,115</u>)
FUND BALANCE AT END OF YEAR	\$ (<u>322,995</u>)	\$ (<u>157,306</u>)

The accompanying notes are an integral part of these statements.

Appendix I
Financial Audit

Statement of Changes in Financial Position

FOR THE YEARS ENDED DECEMBER 31, 1987 AND 1986

<u>FUNDS PROVIDED</u>	<u>1987</u>	<u>1986</u>
Net income from operations	\$ 0	\$ 13,809
Decrease in pledges receivable	12,000	197,000
Decrease in prepaid expenses	1,349	739
Increase in accounts payable	22,676	0
Increase in notes payable	85,000	212,290
Increase in other liabilities	3,762	0
Decrease in travel advances	0	1,660
Depreciation	<u>14,131</u>	<u>14,933</u>
TOTAL FUNDS PROVIDED	<u>138,918</u>	<u>440,431</u>
 <u>FUNDS APPLIED</u>		
Net loss from operations	165,689	0
Increase in accounts receivable	4,048	0
Decrease in accounts payable	0	146,927
Decrease in accrued payroll	623	4,000
Decrease in deferred revenue	11,969	197,552
Decrease in other liabilities	0	4,512
Cost of employee separation	<u>0</u>	<u>36,923</u>
TOTAL FUNDS APPLIED	<u>182,329</u>	<u>389,914</u>
 INCREASE (DECREASE) IN CASH	 \$ (<u>43,411</u>)	 \$ <u>50,517</u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1987 AND 1986

Note 1. Organization

The Congressional Award Foundation was formed in 1979, under Public Law 96-114, and is a private, nonprofit, tax-exempt organization established to promote initiative, achievement, and excellence among youth in areas of public service, personal development, and physical and expedition fitness.

The Foundation has 45 congressional district and state councils nationwide. These councils receive program assistance, but they are financially independent of the Foundation.

Note 2. Continued Existence

The following factors impact on the Foundation's continued existence:

a. Loss of key contributor - One Board member who contributed 80 percent of funds received in 1987 has subsequently resigned.

b. Deficit Trend - The Foundation has ended each of the last 4 years with a fund deficit, due primarily to a decrease in private sector contributions. During this period, the Foundation's fund balance has decreased and it has experienced operating losses in 3 of these years, as shown in the following table.

<u>For the Years Ended December 31</u>	<u>Amount of Private Sector Contributions</u>	<u>Net Income or (Loss)</u>
1984	\$907,225	\$(114,223)
1985	794,135	(145,836)
1986	430,358	13,809
1987	204,379	(165,689)

c. Congress appropriated \$189,000 in December 1987. These funds are intended to keep the program in operation with the expectation that the Foundation will raise additional private funds and cut costs where feasible.

d. Authorizing legislation provides for the program to terminate on November 16, 1988, unless reauthorized as it was in 1985. Reauthorization hearings are planned for 1988. At that time Congress will determine the future direction of the program.

Note 3. Significant Accounting Policies

The financial statements are prepared on the accrual basis of accounting.

Office furniture and equipment is stated on the basis of cost. Depreciation is computed by the straight-line method, using estimated useful lives of 3 and 5 years.

The scholarship grant was designated by the donor for a specific purpose and constitutes restricted funds. Contributions made to benefit a future period are deferred and recorded as revenue in the period specified by the donor.

Note 4. Deferred Revenue

Deferred revenue consists of the following:

	<u>December 31,</u>	
	<u>1987</u>	<u>1986</u>
Hoare Govett, Inc. - \$20,000 (\$10,000 to be available in 1987, and \$10,000 in 1988)	\$10,000	\$20,000
Slough Parks, Inc. - \$2,000 (All available in 1987)	<u>0</u>	<u>2,000</u>
	<u>\$10,000</u>	<u>\$22,000</u>

Note 5. Notes Payable

Notes payable consist of the following:

	<u>December 31,</u>	
	<u>1987</u>	<u>1986</u>
Balance of \$250,000 line of credit, 8.25 percent interest, due on demand.	\$250,000	\$165,000
Demand note, 9 percent interest.	<u>50,000</u>	<u>50,000</u>
	<u>\$300,000</u>	<u>\$215,000</u>

Note 6. Employee Benefit Plan

The Foundation has a defined contribution pension plan for the benefit of its employees. The plan requires that the Foundation make an annual contribution to the plan based upon the compensation of eligible plan participants.

The contribution to the pension plan amounted to \$16,849 and \$19,808 for the years ended December 31, 1987 and 1986, respectively.

Note 7. Lease

The Foundation leases office facilities under a non-cancellable operating lease for a 5-year term expiring August 31, 1988. Rent expense for the years ended December 31, 1987 and 1986, amounted to \$24,751 and \$24,095, respectively. The future minimum lease payment for 1988 is \$16,967.

Note 8. Related Party Transactions

During 1987, the Foundation paid \$165 to an employee's family member for delivery services.

During 1986, the Foundation borrowed \$50,000, to be paid on a demand note bearing interest at 9 percent per annum, from a former Board member who also is the guarantor on the \$250,000 line of credit.

Note 9. Administrative Expenses

Administrative expenses amounted to 41 percent of all expenses in 1987 and 1986, as detailed below:

	<u>1987</u>	<u>1986</u>
Salaries	\$75,124	\$79,496
Employee Benefits	13,787	28,983
Professional Fees	3,621	6,978
Program Services	0	1,865
Travel and Entertainment	7,965	1,886
Office Expenses	28,635	24,097
Interest	22,781	11,439
Depreciation	<u>14,132</u>	<u>14,933</u>
Total Administrative Expenses	<u>\$166,045</u>	<u>\$169,677</u>

Appendix II
Questionnaire Results

8. Did your brother(s) and/or sister(s) participate in the Congressional Award Program (earn a medal or attempt to earn one)? (Check one) ⁽¹⁸⁾

- 1. Yes 28
- 2. No 160
- 3. Does not apply. I do not have any brother(s) or sister(s). 12

9. From what source did you learn about the Congressional Award Program? (Check all that apply)

- 1. School ⁽¹⁹⁾ 101
- 2. Parents ⁽²⁰⁾ 33
- 3. Relative ⁽²¹⁾ 6
- 4. Friend ⁽²²⁾ 47
- 5. Media (television, radio, newspaper) ⁽²³⁾ 18
- 6. Other (Specify) ⁽²⁴⁾ 46

10. From whom did you obtain the application package for the medal? (Check one) ⁽²⁵⁾

- 1. School 87
- 2. Friend 13
- 3. Congressman 14
- 4. Congressional Award Foundation local council 43
- 5. Congressional Award Foundation National Headquarters 16
- 6. Other (Specify) 26

11. How many Congressional Award medals have you earned? (Check all that apply)

- 1. One ⁽²⁶⁾ 171
- 2. Two ⁽²⁷⁾ 28
- 3. Three ⁽²⁸⁾ 0
- 4. None (PLEASE RETURN QUESTIONNAIRE AND DO NOT ANSWER ANY MORE QUESTIONS) ⁽²⁹⁾ 1

12. Which Congressional Award medal(s) have you earned? (Check all that apply)

- 1. Bronze ⁽³⁰⁾ 117
- 2. Silver ⁽³¹⁾ 89
- 3. Gold, go to question 16 ⁽³²⁾ 20

Appendix II
Questionnaire Results

<p>13. Are you presently in the process of completing the requirements for the next higher medal? (Check one) ⁽³³⁾</p> <p>1. <input type="checkbox"/> Yes, go to question 15 71</p> <p>2. <input type="checkbox"/> No 108</p>	<p>16. Which of the areas did you continue to participate in after earning your most recent medal? (Check all that apply)</p> <p>1. <input type="checkbox"/> Voluntary public service ⁽³⁹⁾ 163</p> <p>2. <input type="checkbox"/> Personal development ⁽⁴⁰⁾ 179</p> <p>3. <input type="checkbox"/> Physical and expedition fitness ⁽⁴¹⁾ 163</p> <p>4. <input type="checkbox"/> None of the above ⁽⁴²⁾ 0</p>
<p>14. If you are not presently in the process of earning the next higher medal, will you work towards it at some time in the future? (Check one) ⁽³⁴⁾</p> <p>1. <input type="checkbox"/> Definitely yes 19</p> <p>2. <input type="checkbox"/> Probably yes 28</p> <p>3. <input type="checkbox"/> Uncertain 35</p> <p>4. <input type="checkbox"/> Probably no 24</p> <p>5. <input type="checkbox"/> Definitely no 1</p>	<p>17. To fulfill the requirements for your most recent medal, approximately how many months did you spend actively doing volunteer work, personal development, and physical fitness activities? (Check one) ⁽⁴³⁾</p> <p>1. <input type="checkbox"/> Under 3 months 5</p> <p>2. <input type="checkbox"/> From 3 months to under 6 months 17</p> <p>3. <input type="checkbox"/> From 6 months to under 9 months 44</p> <p>4. <input type="checkbox"/> From 9 months to under 12 months 71</p> <p>5. <input type="checkbox"/> 12 months or more (Specify number of months) 60</p>
<p>15. Which of the areas will you continue to participate in after earning your medal? (Check all that apply)</p> <p>1. <input type="checkbox"/> Voluntary public service ⁽³⁵⁾ 153</p> <p>2. <input type="checkbox"/> Personal development ⁽³⁶⁾ 165</p> <p>3. <input type="checkbox"/> Physical and expedition fitness ⁽³⁷⁾ 152</p> <p>4. <input type="checkbox"/> None of the above ⁽³⁸⁾ 2</p>	

SECTION II — ASSESSMENT

We are interested in obtaining your opinions on the Congressional Award Program.

18. Overall, how satisfied have you been with your involvement in the Congressional Award Program? (Check one)	(44)		20. With regard to receiving the application package, what is your opinion on the time it took to receive the application package after you requested it? (Check one)	(46)
1. <input type="checkbox"/> Very satisfied	129		1. <input type="checkbox"/> Way too long	1
2. <input type="checkbox"/> Satisfied	58		2. <input type="checkbox"/> Too long	19
3. <input type="checkbox"/> Neither satisfied nor dissatisfied	9		3. <input type="checkbox"/> About right	178
4. <input type="checkbox"/> Dissatisfied	1		21. [If you earned a bronze medal, please answer this question; otherwise go to question 22.] In your opinion, are the total number of activity hours that must be satisfied to receive a bronze medal (200 hours) reasonable or unreasonable? (Check one)	(47)
5. <input type="checkbox"/> Very dissatisfied	1		1. <input type="checkbox"/> Very reasonable	63
19. Would you recommend the Congressional Award Program to other youths such as yourself? (Check one)	(45)		2. <input type="checkbox"/> Reasonable	53
1. <input type="checkbox"/> Definitely yes	163		3. <input type="checkbox"/> Neither reasonable nor unreasonable	1
2. <input type="checkbox"/> Probably yes	32		4. <input type="checkbox"/> Unreasonable	0
3. <input type="checkbox"/> Uncertain	3		5. <input type="checkbox"/> Very unreasonable	0
4. <input type="checkbox"/> Probably no	0			
5. <input type="checkbox"/> Definitely no	1			

Appendix II
Questionnaire Results

22. **[If you earned a silver medal, please answer this question; otherwise go to question 23.]**
In your opinion, are the total number of activity hours that must be satisfied to receive a silver medal (400 hours) reasonable or unreasonable? (Check one) ⁽⁴⁸⁾
- | | |
|--|----|
| 1. [] Very reasonable | 51 |
| 2. [] Reasonable | 36 |
| 3. [] Neither reasonable nor unreasonable | 1 |
| 4. [] Unreasonable | 1 |
| 5. [] Very unreasonable | 0 |

23. **[If you earned a gold medal, please answer this question; otherwise go to question 24.]**
In your opinion, are the total number of activity hours that must be satisfied to receive a gold medal (800 hours) reasonable or unreasonable? (Check one) ⁽⁴⁹⁾
- | | |
|--|---|
| 1. [] Very reasonable | 8 |
| 2. [] Reasonable | 8 |
| 3. [] Neither reasonable nor unreasonable | 1 |
| 4. [] Unreasonable | 3 |
| 5. [] Very unreasonable | 0 |

24. With regard to the most recent medal you received, approximately how many months did it take from the time you sent in your completed application form until you actually received the medal? (Check one) ⁽⁵⁰⁾
- | | |
|---|----|
| 1. [] Under 3 months | 75 |
| 2. [] From 3 months to under 6 months | 73 |
| 3. [] From 6 months to under 9 months | 26 |
| 4. [] From 9 months to under 12 months | 8 |
| 5. [] 12 months or more (Specify number of months) | 14 |

25. With regard to the most recent medal you received, what is your opinion on the time period between sending in your completed application for a Congressional Award and receiving your medal? (Check one) ⁽⁵¹⁾
- | | |
|---------------------|-----|
| 1. [] Way too long | 18 |
| 2. [] Too long | 25 |
| 3. [] About right | 154 |

Appendix II
Questionnaire Results

<p>26. To what extent, if any, has the Congressional Award Program inspired you to continue doing voluntary public service? (Check one) ⁽⁵²⁾</p> <p>1. <input type="checkbox"/> To a very great extent 38</p> <p>2. <input type="checkbox"/> To a great extent 62</p> <p>3. <input type="checkbox"/> To a moderate extent 56</p> <p>4. <input type="checkbox"/> To some extent 26</p> <p>5. <input type="checkbox"/> To little or no extent 17</p>	<p>28. To what extent, if any, has the Congressional Award Program inspired you to continue to participate in some regular physical fitness activity? (Check one) ⁽⁵⁴⁾</p> <p>1. <input type="checkbox"/> To a very great extent 38</p> <p>2. <input type="checkbox"/> To a great extent 61</p> <p>3. <input type="checkbox"/> To a moderate extent 57</p> <p>4. <input type="checkbox"/> To some extent 18</p> <p>5. <input type="checkbox"/> To little or no extent 25</p>
<p>27. To what extent, if any, has the Congressional Award Program inspired you to continue your personal development? (Check one) ⁽⁵³⁾</p> <p>1. <input type="checkbox"/> To a very great extent 50</p> <p>2. <input type="checkbox"/> To a great extent 64</p> <p>3. <input type="checkbox"/> To a moderate extent 48</p> <p>4. <input type="checkbox"/> To some extent 22</p> <p>5. <input type="checkbox"/> To little or no extent 15</p>	<p>29. With regard to the most recent medal you received, what method(s) did the activity supervisor(s) who signed your voluntary public service application form use to verify your activity statement? (Check all that apply)</p> <p>1. <input type="checkbox"/> Checked with others ⁽⁵⁵⁾ 82</p> <p>2. <input type="checkbox"/> Accepted my word ⁽⁵⁶⁾ 55</p> <p>3. <input type="checkbox"/> Participated with me in the activity ⁽⁵⁷⁾ 116</p> <p>4. <input type="checkbox"/> Observed my participation in the activity ⁽⁵⁸⁾ 145</p> <p>5. <input type="checkbox"/> I do not recall ⁽⁵⁹⁾ 8</p> <p>6. <input type="checkbox"/> Other (Specify) ⁽⁶⁰⁾ 3</p> <p>_____</p> <p>_____</p>

Appendix II
Questionnaire Results

30. With regard to the most recent medal you received, what method(s) did the activity supervisor(s) who signed your **personal development** application form use to verify your activity statement? **(Check all that apply)**

- | | | |
|--|------|-----|
| 1. [] Checked with others | (61) | 72 |
| 2. [] Accepted my word | (62) | 56 |
| 3. [] Participated with me in the activity | (63) | 89 |
| 4. [] Observed my participation in the activity | (64) | 138 |
| 5. [] I do not recall | (65) | 10 |
| 6. [] Other (Specify) | (66) | 4 |

31. With regard to the most recent medal you received, what method(s) did the activity supervisor(s) who signed your **physical and expedition fitness** application form use to verify your activity statement? **(Check all that apply)**

- | | | |
|--|------|-----|
| 1. [] Checked with others | (67) | 58 |
| 2. [] Accepted my word | (68) | 57 |
| 3. [] Participated with me in the activity | (69) | 84 |
| 4. [] Observed my participation in the activity | (70) | 132 |
| 5. [] I do not recall | (71) | 7 |
| 6. [] Other (Specify) | (72) | 2 |

32. If you had to do it all over again, would you participate in the Congressional Award Program? **(Check one)**

- | | | |
|-----------------------|------|-----|
| 1. [] Definitely yes | (73) | 154 |
| 2. [] Probably yes | | 34 |
| 3. [] Uncertain | | 8 |
| 4. [] Probably no | | 1 |
| 5. [] Definitely no | | 1 |

Appendix II
Questionnaire Results

33. In your opinion, what would be the **best** approach the Congressional Award Foundation should use to reach more youths like yourself so they too could participate in the program? (**Check one**) ⁽⁷⁴⁾
- | | |
|--|----|
| 1. [] Have program information and brochures easily accessible in schools | 63 |
| 2. [] Publicize program information in the media (television, radio, newspaper) | 46 |
| 3. [] Make program information known through the use of mass mailings to youths | 19 |
| 4. [] Have members of the Congressional Award Foundation speak at school assemblies | 35 |
| 5. [] Other (Specify) | 9 |

Appendix II
Questionnaire Results

34. If you have additional comments on any of the items in this questionnaire or related topics, please express your views in the space below (attach additional sheet if necessary). **Thank you for your cooperation.**

(75-77)

Mixed 23

Negative 14

Positive 72

35. If your parents or guardian have any comments on the program or views they would like to express, please have them use the space provided below (attach additional sheet if necessary). **Thank you for your cooperation.**

(78-80)

Mixed 12

Negative 8

Positive 34

* - Denotes an average of the responses received.

Appendix II
Questionnaire Results

Questionnaire to Activity Supervisors

SECTION I — BACKGROUND

INFORMATION

We are asking you for some basic background information on yourself so we have an idea of the types of people who are involved in the Congressional Award Program as activity supervisors.

□ □ □ □ □ 0 1

1. What is your age?
41* (Number of years) (9-11)

2. What is your sex? (Check one) (12)

1. Female 84

2. Male 82

3. What is the highest educational degree that you have attained? (Check one) (13)

1. High school diploma 26

2. Associate's degree 11

3. Bachelor's degree 60

4. Graduate degree 67

5. Other (Specify) 1

4. Are you presently employed? (Check one) (14)

1. Yes, employed full-time 136

2. Yes, employed part-time 18

3. No, unemployed 8

4. Other (Specify) 4

5. Approximately how many individual Congressional Award applications have you signed certifying a youth's participation in an activity for the indicated number of hours?
5* (Number of different applications) (15-17)

6. Do you have a relative who participated in the Congressional Award Program (earned a medal or is in the process of earning one)? (Check one) (18)

1. Yes 18

2. No, go to question 8 143

3. Do not know 3

7. Did you or will you act as an activity supervisor for this relative? (Check one) (19)

1. Definitely yes 11

2. Probably yes 3

3. Uncertain 1

4. Probably no 0

5. Definitely no 5

8. From what source did you learn about the program? (Check all that apply)

1. School (20) 48

2. The parent(s) of the youth (21) 20

3. Relative (22) 0

4. Friend (23) 8

5. Media (television, radio, newspaper) (24) 11

6. The youth participating in the program (25) 79

7. Congressman (26) 13

8. Business colleague (27) 9

9. Other (Specify) (28) 13

Appendix II
Questionnaire Results

SECTION II — ASSESSMENT

We are interested in obtaining your opinions on the Congressional Award Program.

9. Overall, how satisfied have you been with your involvement in the Congressional Award Program? (Check one) (29)

- | | |
|--|----|
| 1. <input type="checkbox"/> Very satisfied | 51 |
| 2. <input type="checkbox"/> Satisfied | 82 |
| 3. <input type="checkbox"/> Neither satisfied nor dissatisfied | 30 |
| 4. <input type="checkbox"/> Dissatisfied | 2 |
| 5. <input type="checkbox"/> Very dissatisfied | 0 |

10. Would you recommend the Congressional Award Program to other adults such as yourself who may be interested in becoming an activity supervisor? (Check one) (30)

- | | |
|--|----|
| 1. <input type="checkbox"/> Definitely yes | 80 |
| 2. <input type="checkbox"/> Probably yes | 69 |
| 3. <input type="checkbox"/> Uncertain | 16 |
| 4. <input type="checkbox"/> Probably no | 0 |
| 5. <input type="checkbox"/> Definitely no | 0 |

11. Would you recommend the Congressional Award Program to youths who are eligible for participation in the program? (Check one) (31)

- | | |
|--|-----|
| 1. <input type="checkbox"/> Definitely yes | 124 |
| 2. <input type="checkbox"/> Probably yes | 37 |
| 3. <input type="checkbox"/> Uncertain | 3 |
| 4. <input type="checkbox"/> Probably no | 1 |
| 5. <input type="checkbox"/> Definitely no | 0 |

12. In your opinion, are the total number of activity hours that must be satisfied to receive a bronze medal (200 hours) reasonable or unreasonable? (Check one) (32)

- | | |
|---|----|
| 1. <input type="checkbox"/> Very reasonable | 56 |
| 2. <input type="checkbox"/> Reasonable | 98 |
| 3. <input type="checkbox"/> Neither reasonable nor unreasonable | 2 |
| 4. <input type="checkbox"/> Unreasonable | 3 |
| 5. <input type="checkbox"/> Very unreasonable | 0 |
| 6. <input type="checkbox"/> Do not know, cannot comment | 6 |

13. In your opinion, are the total number of activity hours that must be satisfied to receive a silver medal (400 hours) reasonable or unreasonable? (Check one) (33)

- | | |
|---|-----|
| 1. <input type="checkbox"/> Very reasonable | 52 |
| 2. <input type="checkbox"/> Reasonable | 101 |
| 3. <input type="checkbox"/> Neither reasonable nor unreasonable | 2 |
| 4. <input type="checkbox"/> Unreasonable | 3 |
| 5. <input type="checkbox"/> Very unreasonable | 0 |
| 6. <input type="checkbox"/> Do not know, cannot comment | 7 |

14. In your opinion, are the total number of activity hours that must be satisfied to receive a gold medal (800 hours) reasonable or unreasonable? (Check one) (34)

- | | |
|---|----|
| 1. <input type="checkbox"/> Very reasonable | 53 |
| 2. <input type="checkbox"/> Reasonable | 96 |
| 3. <input type="checkbox"/> Neither reasonable nor unreasonable | 3 |
| 4. <input type="checkbox"/> Unreasonable | 6 |
| 5. <input type="checkbox"/> Very unreasonable | 0 |
| 6. <input type="checkbox"/> Do not know, cannot comment | 7 |

15. With regard to the most recent youth you were an activity supervisor for, which of his/her three activity areas did you certify? (Check all that apply)

- | | |
|---|---------|
| 1. <input type="checkbox"/> Voluntary public service | (35) 96 |
| 2. <input type="checkbox"/> Personal development | (36) 91 |
| 3. <input type="checkbox"/> Physical and expedition fitness | (37) 67 |

16. To what extent, if at all, do you believe the Congressional Award Program encouraged the youth to continue doing voluntary public service after earning the award? (Check one) (38)

- | | |
|---|----|
| 1. <input type="checkbox"/> To a very great extent | 22 |
| 2. <input type="checkbox"/> To a great extent | 35 |
| 3. <input type="checkbox"/> To a moderate extent | 20 |
| 4. <input type="checkbox"/> To some extent | 11 |
| 5. <input type="checkbox"/> To little or no extent | 3 |
| 6. <input type="checkbox"/> Do not know, cannot comment | 5 |
| 7. <input type="checkbox"/> Not applicable | 70 |

Appendix II
Questionnaire Results

17. To what extent, if at all, do you believe the Congressional Award Program encouraged the youth to continue his/her personal development after earning the award? (Check one) ⁽³⁹⁾

- | | |
|---|----|
| 1. <input type="checkbox"/> To a very great extent | 20 |
| 2. <input type="checkbox"/> To a great extent | 28 |
| 3. <input type="checkbox"/> To a moderate extent | 23 |
| 4. <input type="checkbox"/> To some extent | 11 |
| 5. <input type="checkbox"/> To little or no extent | 4 |
| 6. <input type="checkbox"/> Do not know, cannot comment | 5 |
| 7. <input type="checkbox"/> Not applicable | 75 |

18. To what extent, if at all, do you believe the Congressional Award Program encouraged the youth to participate in some regular physical fitness activity after earning the award? (Check one) ⁽⁴⁰⁾

- | | |
|---|----|
| 1. <input type="checkbox"/> To a very great extent | 13 |
| 2. <input type="checkbox"/> To a great extent | 16 |
| 3. <input type="checkbox"/> To a moderate extent | 20 |
| 4. <input type="checkbox"/> To some extent | 9 |
| 5. <input type="checkbox"/> To little or no extent | 5 |
| 6. <input type="checkbox"/> Do not know, cannot comment | 3 |
| 7. <input type="checkbox"/> Not applicable | 99 |

19. How did you assure yourself that the applicant for the Congressional Award medal had completed the activity requirements for a medal? (Check all that apply)

- | | |
|--|---------------------|
| 1. <input type="checkbox"/> I checked with others | ⁽⁴¹⁾ 61 |
| 2. <input type="checkbox"/> I accepted the applicant's word | ⁽⁴²⁾ 37 |
| 3. <input type="checkbox"/> I participated with the applicant in the activity | ⁽⁴³⁾ 86 |
| 4. <input type="checkbox"/> I observed the applicant's participation in the activity | ⁽⁴⁴⁾ 120 |
| 5. <input type="checkbox"/> I do not recall | ⁽⁴⁵⁾ 3 |
| 6. <input type="checkbox"/> Other (Specify) | ⁽⁴⁶⁾ 9 |

20. Have you ever been contacted by the Congressional Award Foundation's National Headquarters prior to July 31, 1987 to discuss any activity data on an application you certified? (Check one) ⁽⁴⁷⁾

- | | |
|--|-----|
| 1. <input type="checkbox"/> Yes, I was contacted by the National Foundation Headquarters | 7 |
| 2. <input type="checkbox"/> Yes, I was contacted, but I do not know if it was by the National Foundation | 5 |
| 3. <input type="checkbox"/> No | 146 |
| 4. <input type="checkbox"/> I cannot remember | 8 |

21. Have you ever been contacted by a Congressional Award Foundation local council prior to July 31, 1987 to discuss any activity data on an application you certified? (Check one) ⁽⁴⁸⁾

- | | |
|--|-----|
| 1. <input type="checkbox"/> Yes, I was contacted by a local council | 22 |
| 2. <input type="checkbox"/> Yes, I was contacted, but I do not know if it was by a local council | 6 |
| 3. <input type="checkbox"/> No | 130 |
| 4. <input type="checkbox"/> I cannot remember | 8 |

22. Out of all the application(s) that you signed, approximately how many of these were later questioned by the Congressional Award Foundation by a phone call or letter? (Check one) ⁽⁴⁹⁾

- | | |
|---|-----|
| 1. <input type="checkbox"/> All | 13 |
| 2. <input type="checkbox"/> Most | 2 |
| 3. <input type="checkbox"/> Half | 0 |
| 4. <input type="checkbox"/> Few | 9 |
| 5. <input type="checkbox"/> None | 121 |
| 6. <input type="checkbox"/> Cannot remember | 21 |

Comments From the Congressional Award Board

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



The Congressional Award

August 5, 1988

Mr. Frederick D. Wolf
Director
General Accounting Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Wolf:

I have reviewed a copy of your draft report on the Congressional Award Program, included with your letter of July 5, 1988, and offer the following comments:

Comment

This page is missing from my copy of the draft. Since it is part of an Executive Summary, perhaps my comments on the following pages might be included on page 3.

The very positive comments regarding the growth and quality of medal earners and councils contained herein and throughout the report reinforce our strong belief that our Board of Directors continue to work hard to change our National Office into a strong, well financed service organization. Also, the GAO is to be commended for including the status of the program at the council and medal earner level in the scope your examination.

Subsequent to the date of your examination we have added 6 Board members. Also, letters signed by the Speaker of the House, the Majority and Minority Leaders of the Senate have been sent to Norton Co., Eastman Kodak and Gannett Co. Inc., inviting the Chairmen of those companies or another senior executive to join our Board of Directors.

The fund-raising consultant has been terminated.

See 7 Above.

See comment 1.

See comment 2.

See comment 3.

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**Appendix III
Comments From the Congressional
Award Board**

The Executive Committee of the Board has contacted three (3) fund-raising organizations and asked them to present qualifications at our August 22nd meeting in New York. Two of the organizations have agreed to present qualifications and one declined. We recognize the great difficulty in raising funds for a national organization such as ours (page 29 of your report describes the dilemma), however, we do feel that a case statement and good professional counsel can aid us in developing a meaningful strategy.

We have recently named a new Treasurer, who is employed in Washington, DC, and is playing a more active role.

The following actions have been taken by the Board:

- Office space is being sought. It is our aim to find free space. (The lease will terminate August 31)
- The Acting National Director will leave August 31, 1988. Ads have been placed to enable us to find a replacement.
- The auto will be sold however, we do not expect to realize net book value.

The Board has an Executive Committee which has been very active recently with semi-monthly conference calls and bi-monthly meetings.

The Executive Committee plans to serve as the Nominating Committee. Other committees will be reinstated as Board positions are filled and the Board is revitalized.

A three person Search Committee has been formed to find a new National Director. This will not be an easy task. Because of our financial position, we are probably perceived as less than an ideal employer.

**Appendix III
Comments From the Congressional
Award Board**

The Board will finalize Foundation responsibilities and staff position descriptions as soon as a new National Director has been hired. We feel that it is important that he or she play a significant role in outlining all responsibilities within the Organization.

I appreciate the opportunity to respond to your report. Also, Mr. Matt Solomon and his staff are to be commended for the professionalism with which they approached this work.

Sincerely,


Merlin E. Dewing
Acting Chairman

MED/tb

**Appendix III
Comments From the Congressional
Award Board**

The following are GAO's comments on the Congressional Award Board's letter dated August 5, 1988.

GAO Comments

1. GAO was notified of a missing page one day before the date of the Board's comments.
2. GAO has incorporated the Board's comments in the report, as appropriate.
3. Refers to preceding statement regarding the fund-raising consultant.