

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

2016 Audit Plan

Audits Required by Law

Financial Statement Audit

Under the Government Corporation Control Act, CNCS's annual agency financial report must include financial statements that have been audited by an independent public accounting firm under OIG's supervision. The audit includes an assessment of the effectiveness of the Corporation's internal controls for financial reporting, an area that offers many opportunities for improvement. As part of our ongoing audit supervision, OIG will continue to monitor the Corporation's progress toward correcting previously identified internal control weaknesses and deficiencies.

Audit of the National Service Trust

The Strengthen AmeriCorps Program Act of 2003 requires an annual independent audit of the National Service Trust, the repository for monies set aside to fund educational benefits earned by AmeriCorps members through their service. This audit is performed in conjunction with the Financial Statement Audit. The Trust Audit examines whether Trust obligations are recorded in a timely manner, whether the amount of the Trust obligation is based on the estimated value of the education benefit, and whether the reserve account is maintained to meet the needs of the Trust.

Independent Evaluation of the Corporation's Information System Security

The Federal Information Security Modernization Act of 2002, as amended (FISMA), requires an annual review to determine the effectiveness of the Corporation's information security program and practices, as well as its compliance with information security policies, standards and guidance, including requirements established by the Office of Management and Budget (OMB). In addition, as required by the Consolidated Appropriations Act, 2016, we will report to Congress on our review of Corporation's policies, practices, and controls regarding covered systems, which include Federal computer systems providing access to personally identifiable information.

Review of Improper Payments

The Improper Payments Elimination and Recovery Act (IPERA), as amended, and implementing guidance by OMB require OIG to conduct an annual review of the Corporation's reporting of improper payments and to evaluate its efforts to prevent, reduce and recover improper payments. In FY 2015, CNCS determined that the AmeriCorps State

and National program (ASN) is susceptible to significant levels of improper payments and estimated those payments at \$14.5 million with an error rate of 6.5 percent. CNCS has also determined that the Foster Grandparents and RSVP Senior Corps programs are likewise susceptible to significant levels of improper payments, but did not complete the work necessary to estimate the amount and rate of those payments. OIG will conduct a performance audit to determine whether the Corporation is in compliance with the IPERA requirements, assess the accuracy and completeness of its improper payment reporting in its FY 2015 Agency Financial Report, and evaluate the agency's performance in reducing and recapturing improper payments.

Review of Charge Card Abuse and Prevention

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194, which reinforced Administration efforts to prevent waste, fraud, and abuse of Government-wide charge card programs. On September 6, 2013, OMB issued Memorandum M-13-21 *Promoting Efficient Spending to Support Agency Operations*, with implementation guidance for the Charge Card Act. The Charge Card Act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts

The OIG will conduct risk assessments of Corporation purchase cards and its travel card programs to analyze the risks of illegal, improper, or erroneous purchases. We will use the risk assessment to determine whether an OIG audit of these programs is necessary.

Audits and Evaluations of the CNCS's Internal Operations

Contracting

In FY 2014, we issued an alarming audit, Report No. 14-09, *Audit of Blanket Purchase Agreements for Professional Consulting Services*, that reported fundamental problems in procurements conducted through Blanket Purchase Agreements. CNCS acknowledged that many of the problems identified in that audit were common throughout the procurement function. In 2016, we will monitor the status of the Corporation's resolution of these findings; depending upon the results, we may examine other contracting activities. Given the substantial sums expended on contracting, oversight and monitoring are vital for ensuring effective contracting and safeguarding taxpayer dollars.

Grant Monitoring

Based on discoveries in a pending audit of a Social Innovation Fund grant, in November 2015, OIG issued a Management Alert highlighting significant issues in CNCS's oversight of the SIF program. These included the lack of any reviews by CNCS of intermediaries' oversight of subrecipients; the failure to develop monitoring that addresses risks specific to the SIF program; and the inability of the Office of Grants Management to provide effective financial oversight due to inadequate staffing.

While continuing the specific audit that gave rise to these observations, OIG offered recommendations to address these issues. Based on these observations, OIG will evaluate the quality of financial oversight provided by CNCS and by its intermediaries in the SIF program.

Pending Audits and Evaluations

Cost-Effectiveness of the AmeriCorps National Civilian Community Corps (NCCC)

In furtherance of the agency's mission to increase the impact of national service, OIG has undertaken an efficiency-related evaluation of the AmeriCorps NCCC program. OIG will also evaluate the program effectiveness and efficiency of operations and service assignments at the regional campuses.

Evaluation on Program Effectiveness of VISTA

OIG has undertaken an evaluation of the AmeriCorps VISTA program to determine: (1) whether the services provided by VISTA members further the program purposes; (2) whether VISTA programs provide lasting enhancements to the capabilities of the sponsoring organizations and/or the communities they serve; (3) the root causes of VISTA member turnover and the efficacy of measures adopted by CNCS to improve retention; and (4) the impact on the VISTA program of a policy change that allowed VISTA members to take classes while they serve in the program.

Grant Audits

Grants account for 75 percent of the Corporation's budget, placing a premium on monitoring and oversight. Audits and agreed-upon procedures engagements that focus on particular grantees are an important component of ensuring that Federal funds are handled prudently and in compliance with requirements. Grantees are selected for audit based on input from the Corporation, issues identified in the course of monitoring and risk assessments, recent OIG experience, single audit results and other risk factors. OIG plans to review the following grantees:

- Kentucky Commission
- Louisiana Commission
- Washington Commission
- The Bonner Foundation
- Youthbuild

OIG also expects to complete the following pending audits and agreed-upon procedure reviews:

- Mayor's Fund to Advance New York City
- North Carolina Commission
- Illinois Commission
- New York Commission

Senior Corps, which represents approximately 27 percent of the Corporation's programmatic budget, has historically received relatively little attention from OIG until recently. CNCS field personnel have expressed reservations that Senior Corps grantees, some of which have maintained their grants for more than 20 years, may be relying on financial management practices and systems that are no longer adequate to account for Federal funds and do not contain sufficient internal controls. Accordingly, OIG intends to audit the following Senior Corps grantees:

- U.S. Virgin Islands grants
- RSVP of New York

Non-Federal Audits

We will continue to review audits conducted by non-Federal auditors, such as public accounting firms and State auditors, in accordance with Single Audit Act (formerly OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*). State, local, and Indian tribal governments; colleges and universities; and nonprofit organizations receiving Federal awards over the statutory threshold are required to have annual organization-wide audits of Federal funds that they receive. Our reviews will identify issues that may require CNCS attention about the management of Federal programs and identify significant areas of internal control weaknesses, noncompliance with laws and regulations, going concern issues, and questioned costs that require formal resolution by the Corporation.

Investigative Support

The Audit Section is often called upon to provide extensive support in connection with investigations of specific wrongdoing. Particular investigations may illustrate program vulnerabilities, gaps in internal controls and opportunities to strengthen program integrity, and therefore suggest areas for audit inquiry. We anticipate that this important activity will continue in FY 2016.

Outreach

OIG will continue to improve accountability by educating CNCS staff and the grantee community about common OIG audit findings and emerging issues and to engage them as active partners in our mission to prevent and detect waste, fraud and abuse in Corporation programs. The Audit Section actively participates in CNCS-sponsored events designed to inform the grantee community about OIG initiatives and audit-related matters. In FY 2015, OIG representatives took part in the AmeriCorps State and National Grantee meeting and other public forums that were attended by large audiences of grantees and subgrantees. We emphasized responsible and prudent use of Federal funds, preventable problems frequently discovered in audits, fraud indicators that should be taken as warning signs, and examples of recent audits and investigations. Considering the inherent risk of the Corporation's large grant portfolio, we will continue to participate in the 2016 National Service Training Conferences and communicate directly with grantees to enhance the effectiveness of grant administration.