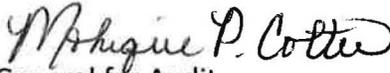


OFFICE OF INSPECTOR GENERAL  
  
CORPORATION FOR  
NATIONAL & COMMUNITY SERVICE  
  


January 23, 2018

MEMORANDUM TO: Barbara Stewart  
Chief Executive Officer

FROM: Monique P. Colter   
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General Fiscal Year 2019 Audit Plan

Enclosed is the Corporation for National and Community Service, Office of Inspector General's (CNCS-OIG) Audit Plan for FY 2019, which we developed following consultation with the Corporation for National and Community Service. This plan is subject to modification based on CNCS-OIG staffing and funding, and in the event of changing priorities and emerging high risk items. If you have any questions, you may contact me at [m.colter@cncsoig.gov](mailto:m.colter@cncsoig.gov) or 202-606-9360.

Enclosure:  
As stated

cc: Desiree Tucker-Sorini, Chief of Staff  
Timothy Noelker, General Counsel  
Robert McCarty, Chief Financial Officer  
Edward Davis, Acting Chief Information Officer  
Lori Giblin, Chief Risk Officer  
Joseph Liciardello, Acting Chief Grants Officer  
Erin Dahlin, Acting Chief of Program Operations  
Chester Spellman, Director of AmeriCorps State and National  
Deborah Cox-Roush, Director of Senior Corps  
Eileen Conoboy, Acting Director of AmeriCorps VISTA  
Gina Cross, Acting Director of AmeriCorps NCCC  
Lora Pollari-Welbes, Audits and Investigations Program Manager  
Melissa Langley, Special Assistant, AmeriCorps State and National

# **CORPORATION FOR NATIONAL & COMMUNITY SERVICE**

**OFFICE OF INSPECTOR GENERAL**

Fiscal Year 2019 Audit Plan



**Office of Inspector General  
Corporation for National and Community Service  
FY 2019 Audit Plan**

***Audits Required by Law***

**Financial Statement Audit**

Under the Government Corporation Control Act, the Corporation for National Community Service's (CNCS or the Corporation) annual agency financial report must include financial statements that have been audited by an independent public accounting firm under the Corporation for National Community Service, Office of Inspector General's (CNCS-OIG) supervision. The audit includes an assessment of the effectiveness of the Corporation's internal controls for financial reporting, an area that requires substantial improvement. The independent auditors were unable to state that the information in CNCS's Fiscal Years (FY) 2017 and 2018 financial statements were fairly and accurately presented, and they disclaimed any opinion on the financial statements. As part of our ongoing audit supervision, CNCS-OIG will continue to monitor the Corporation's progress toward correcting the material weaknesses and significant deficiencies in internal controls, prior to and during the FY 2019 audit.

**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 (which is estimated based in part on historical data concerning members' completion of service, earning of an education award and usage) is adequately supported and whether the reserve account is maintained to meet the needs of the Trust. The independent auditors found material internal control weaknesses relating to the Trust's unpaid obligations and the Trust liability model, which contributed to the FY 2017 and 2018 financial statements disclaimers of the audit opinion. CNCS-OIG will continue to actively oversee the resolution of these complex Trust issues, prior to and during the FY 2019 Trust audit.

**Independent Evaluation of the Corporation's Information System Security**

The Federal Information Security Modernization Act of 2014 (FISMA), as amended, requires an annual review to determine the effectiveness of CNCS'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).

**Review of Improper Payments**

The Improper Payments Elimination and Recovery Act (IPERA), as amended and implementing guidance by OMB, require CNCS-OIG to conduct an annual review of the Corporation's reporting on

improper payments and to evaluate its efforts to prevent, reduce and recover such payments. In FY 2019, CNCS-OIG will conduct a performance audit of CNCS's FY 2018 IPERA work.

### **Review of Charge Card Abuse and Prevention**

Pursuant to the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194, and OMB Memorandum M-13-21, *Promoting Efficient Spending to Support Agency Operations*, CNCS-OIG conducts an annual risk assessment of CNCS's controls over its purchase cards and travel cards. In September 2018, CNCS-OIG assessed the overall risk of significant illegal, improper and erroneous purchases made through the CNCS' purchase card and travel card program as "low" for FY 2018. Therefore, CNCS-OIG will not conduct a full scope audit/review of CNCS's government charge card programs in FY 2019 and will continue to monitor the CNCS's internal control environment and conduct the required annual risk assessments.

### **Digital Accountability and Transparency Act Compliance Audit**

Signed into law May 9, 2014, the Digital Accountability Transparency Act of 2014 (DATA Act) is intended to: (1) require increased disclosure regarding Federal expenditures; (2) establish uniform standards for the reporting of such data in consistent and searchable form; (3) streamline reporting for entities receiving Federal funds; (4) improve the quality of data submitted to USAspending.gov; and (5) apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal government.

The DATA Act requires the Office of Inspector General of each Federal agency to review, at two-year intervals, a statistically valid sample of the spending data submitted by that Federal agency and to report publicly on the completeness, timeliness, utility, and accuracy of the data sampled, as well as its compliance with data standards. As we reported for FY 2017, CNCS did not fully comply with the DATA Act due to weaknesses in its existing financial reporting system (internal control over source systems) and internal control weaknesses within financial reporting, data management, and data reporting processes. CNCS-OIG will perform an audit of the agency's implementation of corrective action and efforts to become fully compliant with the DATA Act.

### **Review of Grant Closeout**

The Grants Oversight and New Efficiency Act (GONE Act) requires Federal agencies to report their status and efforts towards timely closeout of completed grants. The Inspector General of an agency that funds more than \$500 million in grants annually must conduct a risk assessment to determine whether an audit or review of the agency's grant closeout process is warranted. CNCS-OIG plans to conduct this risk assessment once CNCS submits its grant closeout data to the OMB.

### ***Audits and Evaluations of CNCS's Internal Operations***

#### **SIF Grant Audits and SIF Grant Monitoring**

Our audit of the Mayor's Fund to Advance New York City, a Social Innovation Fund (SIF) grantee, identified significant weaknesses in CNCS's program oversight. These included the lack of reviews

by CNCS of intermediaries' oversight of subrecipients; the failure to develop monitoring that addresses risks specific to the SIF program; and the inability to ensure subgrants were properly awarded to qualified subrecipients. Based on these serious findings, CNCS-OIG began a financial audit of another SIF grantee, Youthprise, in FY 2018. We will complete this audit in FY 2019. Due to the magnitude of SIF Grantee findings to date, CNCS-OIG will perform a review of the remaining SIF Grantees to focus on cross-cutting issues.

### **CNCS Compliance with Uniform Guidance Requirements**

This review will determine whether CNCS has complied with selected requirements of the Uniform Guidance,<sup>1</sup> including the implementation of the certifications required by 2 C.F.R. 200.415.

### **Adequacy of New Senior Corps Grantees' Financial Management Systems**

Our audit work continues to identify grantees with financial management systems that do not meet grant terms and conditions or Uniform Guidance requirements. We will review the process by which CNCS determined that 13 new Senior Corps Grantees (see August 31, 2018, CNCS Press Release) had sufficient systems for financial management of CNCS grants. We will select some of these grantees for a site visit to review the adequacy of their financial management systems.

### **Grant Audits**

Grants account for 75 percent of the Corporation's operating 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 CNCS and regulatory requirements under the Uniform Guidance. Grantees are selected for audit based on input from the Corporation, issues identified during monitoring and risk assessments, recent CNCS-OIG experience, single audit results, and other risk factors. CNCS-OIG plans to audit/review the following grantees:

- Arizona Governor's Commission on Service and Volunteerism
- PennSERVE
- American National Red Cross DC (*scope of the engagement to be determined during planning*)
- United Planning Organization (*scope of the engagement to be determined during planning*)
- Ser De New Mexico
- Denver Public Schools

**CNCS-OIG also expects to complete the following in-process audits and agreed-upon procedure reviews:**

- YouthBuild USA

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<sup>1</sup> The Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance") is an authoritative set of rules and requirements for Federal awards.

- Youthprise
- Conservation Legacy
- North Carolina Commission on Volunteerism and Community Service
- Serve Indiana
- Maryland Governor's Office on Service and Volunteerism
- Maine Commission for Community Service
- Serve Guam Commission
- Governor's Commission on Community & Volunteer Service (Delaware)
- St. Bernard Project

### **Review of National Service Criminal History Check Results for Grantees that Opted Out of Using Fieldprint and Truescreen**

To strengthen grantees' compliance with National Service Criminal History Checks (NSCHC) requirements, CNCS contracted with two vendors, Fieldprint and Truescreen, to provide grantees service on obtaining compliant NSCHC. The use of Fieldprint and Truescreen is expected to increase NSCHC compliance and grantees' operational efficiency. CNCS-OIG will review the grantees' usage of Fieldprint and Truescreen, with a focus on those grantees which did not choose to use Fieldprint and Truescreen to ensure their compliance with NSCHC requests.

### ***Non-Federal Audits***

We will continue to review audits conducted by non-Federal auditors pursuant to the 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. We will also monitor the Council of Inspectors General for Integrity and Efficiency's Oversight.gov for audits and investigations of CNCS grantees. 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, non-compliance with federal regulations, 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 2019.

### ***Outreach***

CNCS-OIG will continue to improve accountability by educating CNCS staff and the grantee community about common CNCS-OIG audit findings and emerging issues and to engage these

stakeholders 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 such matters at national and regional meetings and other events.

The Audit Section will also work with the Chief Risk Officer, in support of the Corporation's nascent Enterprise Risk Management program and its promised effort to develop a more rigorous, risk-based approach to grant monitoring.

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