

AmeriCorps Office of Inspector General

FY 2023 Congressional Budget
Justification

OFFICE OF THE INSPECTOR GENERAL

Program and Mission Summary

Protecting the public’s investment in national service is the mission of AmeriCorps’ Office of Inspector General (OIG). The OIG’s independent oversight promotes efficiency and effectiveness in agency programs, holds agency officials and grantees accountable for misconduct, and protects the rights of whistleblowers. This oversight strengthens AmeriCorps programs and operations by curbing wasteful spending and mismanagement, investigating fraud and wrongdoing, recommending appropriate policies and best practices, and taking steps necessary to prevent and detect fraud, waste, and inefficiencies. Investing in oversight strengthens national service and improves stewardship of taxpayer resources.

AmeriCorps OIG’s oversight extends to over 3,300 grants (plus thousands of subrecipients) throughout the United States, the Territories, and the Indian Tribes. Recent changes within the agency—including a reorganization and restructuring of all grant operations—warrant additional oversight to ensure the agency is effectively managing its programs and satisfactorily executing its core business functions. Risks include a new AmeriCorps workforce, a new risk assessment model, a new monitoring unit and approach, an outdated grants management system, cybersecurity challenges and legacy weaknesses in financial management. AmeriCorps’ leadership team recognizes these challenges and has invited OIG recommendations on reforms.

Budget Summary

The FY 2023 President’s Budget provides the AmeriCorps OIG \$8.121 million, an increase of \$1.526 million above the FY 2022 Enacted level, to sustain robust oversight. This increase will fund additional antifraud audit and investigative efforts, as well as support close oversight of multi-year agency reforms and priorities.

OIG Budget Summary (in thousands)

Items	FY 2021 Enacted (Annual)	FY 2021 Enacted (ARPA) ⁴⁵	FY 2022 Enacted	FY 2023 President’s Budget	Difference (FY22-FY23)
Audit	\$2,404	\$16	\$2,093	\$2,824	\$731
Investigations	\$1,729		\$2,125	\$2,424	\$299
Counsel	\$323		\$595	\$649	\$54
Information Technology	\$850		\$602	\$763	\$161
Support	\$1,114		\$1,100	\$1,336	\$236
Training	\$50		\$50	\$95	\$45
CIGIE	\$30		\$30	\$30	\$0
Total	\$6,500	\$9,000	\$6,595	\$8,121	\$1,526

The AmeriCorps OIG’s work is divided into two operating divisions, Investigation and Audit, with support from Information Technology and Data Analytics, the Office of Counsel, the

⁴⁵ The OIG’s ARP funding is available until FY 2026

Office of Administrative Support and the Inspector General's Immediate Office. Below are highlights from each of these areas.

Investigation Outcomes and Strategic Focus

The OIG's Office of Investigation pursues criminal, civil, and administrative wrongdoing related to AmeriCorps programs and operations, including by entities that receive AmeriCorps funds, as well as whistleblower reprisal investigations. Its goal is to identify and prosecute fraud schemes, helping AmeriCorps develop strong internal controls that deter and prevent additional fraud in the future. Collaborative relationships with United States Attorneys' Offices across the nation serve as a force multiplier in this mission. The OIG's investigators ensure that those who misuse AmeriCorps funds are held accountable, which serves as a meaningful deterrent to fraud and other misconduct.

Since FY 2019, the OIG has directed its investigative resources primarily to civil and criminal enforcement of significant fraud cases. These efforts have yielded eight civil settlements, three criminal pleas, and the recovery of nearly \$5 million, not including the ordered restitution of over \$550,000 from recent plea agreements. Three additional civil fraud settlements are expected in the next few months.

The OIG is currently working with Federal prosecutors throughout the country on seven additional civil and criminal investigations, as well as preparing other cases for referral.

Typical investigations involve:

- Theft, diversion of funds, and embezzlement from AmeriCorps grant programs for personal gain;
- Time and attendance fraud by grant-funded staff and national service members, which deprives communities of needed services, defrauds the public, and misdirects Federal resources;
- Fabrication or alteration of the criminal history checks required by law to protect program beneficiaries by excluding convicted murderers and sex offenders from national service; and
- Theft or fabrication of member/volunteer identities to steal stipends and living allowances.

Supported by the Office of Counsel, the OIG's suspension and debarment activities protect the public from individuals and organizations who have demonstrated that they cannot be trusted to do business with the Federal Government. Since FY 2019, the OIG has recommended 13 Government-wide suspensions and 18 government-wide debarments, and AmeriCorps has instituted 19 administrative actions based upon the OIG's work, with additional recommendations pending.

Using data analytics, the OIG aggregates information from open and proprietary sources to identify suspicious patterns and anomalous conduct suggestive of grant fraud. This reduces the dependence on whistleblowers to come forward with allegations. Expanding investigative resources so that the OIG can pursue more leads has been a major budget and operational priority for the OIG.

OIG's investigative and legal resources are increasingly spent on whistleblower reprisal complaints. At the OIG's recommendation, AmeriCorps has expanded its whistleblower outreach and training. This outreach will likely stimulate additional whistleblower reports.

In addition to detecting and deterring fraud, the OIG's investigative work has identified gaps in agency processes and produced programmatic improvements. Using lessons learned from recent fraud cases, investigators train AmeriCorps staff and grantee/subgrantee personnel in practical measures to prevent fraud. An outreach program led by AmeriCorps OIG investigators, auditors counsel, and leadership provides training for incoming agency staff and briefings for the grantee community intended to improve fraud awareness and decrease future cases.

Audit Outcomes and Strategic Focus

The OIG's Office of Audit conducts evaluations and audits of AmeriCorps' contracts and grants, as well as the agency's internal operations. This oversight helps ensure that the financial, administrative, and programmatic activities of national service operate effectively, efficiently, and in compliance with the law. Not only do OIG audits enable AmeriCorps to recoup misspent funds and improve management of awards and subawards to prevent future misuse of taxpayer money, but they also expose fraud and refer it for enforcement. The Audit Section also plays an active role in outreach to help grantees prevent fraud and misconduct by implementing effective internal controls and business practices.

Areas of Internal Risk for Audit/Evaluation Coverage

Many of the audits and evaluations performed by the Office of Audit are required by statute, including the:

- Annual financial statements audit,
- Annual assessment of information security (FISMA),
- Evaluation of improper payments, and
- Periodic review of compliance with the DATA Act.

This work is conducted by outside professional firms, with those contracts due to be re-competed in FY 2022. The OIG uses a risk-based approach to identify additional issues that warrant audit attention. The Office of Audit has identified the following four high-risk areas, in which oversight will support important agency priorities:

Agency Financial Management

Since FY 2017, independent auditors have been unable to confirm the accuracy or completeness of the agency-wide financial statement, as well as the financial statement for the National Service Trust. The auditors have repeatedly issued disclaimers of opinion and have identified nine material weaknesses that prevent AmeriCorps from accurately reporting on the taxpayer's investment. To address these findings, AmeriCorps shifted its accounting and financial management functions to a shared services platform operated by the Department of Treasury. AmeriCorps has not yet realized the benefit of this transfer because it remains incomplete, leaving the agency with two financial systems that have limited interoperability.

In response to the FY 2021 audit results and Congressional oversight, AmeriCorps has begun a substantial initiative to improve financial management and resolve longstanding

weaknesses. Future audit work will assess the success of this effort and measure AmeriCorps' progress in resolving the material weaknesses and significant deficiencies identified by independent auditors. Oversight of the agency's corrective action planning and execution requires a multi-year commitment and will be important to achieve responsible financial management within the contemplated timeframe.

Information Security

Annual evaluations since FY 2017 have shown that AmeriCorps' cybersecurity program is not effective, with substantial risks and vulnerabilities remaining. OIG evaluations recommended a strategic approach to help AmeriCorps' Office of Information Technology prioritize remedial actions to achieve progress in addressing this ongoing risk. After long periods of mandatory telework, anticipated growth in agency programs, and the likely return to a hybrid environment, oversight of the agency's corrective action planning and implementation to manage and mitigate these risks remains a priority.

Effects of Reorganization

AmeriCorps is undertaking a workforce study to review the effects of the FY 2019-2020 reorganization and restructuring of the agency's core grant-making, grant management, and grant administration activities. Depending on the scope of that action and the corrective actions proposed, the OIG will undertake complementary activities to assess AmeriCorps' ability to execute core business functions.

Modernization of Grants Management Information System

AmeriCorps' grant management system is outdated and needs to be replaced with a system that supports best practices. Design and acquisition of IT systems are identified as high-risk activities across Government, and AmeriCorps' prior efforts to develop a new system resulted in the complete write-off of \$33.8 million. Real-time oversight of AmeriCorps' upcoming effort is a priority.

Grant Monitoring

As part of its reorganization, AmeriCorps created a central Monitoring Office (OM) at Headquarters, which is charged with monitoring the agency's grant portfolios for compliance with laws, financial practices and programmatic results. By design, OM's monitoring consists of an in-depth review focused principally on administrative compliance by a relatively small fraction of AmeriCorps' grant portfolio. The OIG will examine the effectiveness of this monitoring strategy relative to alternative approaches.

Audits of Recipients of AmeriCorps Grant Funds

AmeriCorps disburses approximately three-quarters of its annual appropriations in the form of grants, making oversight of funding recipients essential. Audits, evaluations, and other reviews of grantees and subgrantees assess whether recipients provide adequate stewardship. The OIG's oversight identifies systemic deficiencies and misspent funds, and, increasingly, uncovers evidence of fraud or other unlawful conduct that auditors refer to the Investigation Section for further action. Recommendations from OIG audits strengthen the performance and integrity of AmeriCorps grantees. One of AmeriCorps' new priorities is extending agency programs to new grantees. Since new grantees often pose high risks, focusing oversight and outreach on them promotes long-term success and allows course corrections before problems become severe.

Outcomes and Strategic Focus of Support Function

Office of Counsel

The Office of Counsel (OC) provides legal advice and analysis, collaborating with investigators by assisting in interviews, evidentiary assessment, and referral of cases to prosecutors for enforcement. OC also handles a wide range of administrative issues including procurement, information disclosure and privacy, ethics advice, personnel, and IG Act authorities. The legal team is also responsible for drafting recommendations for Government-wide suspension and debarment that have resulted in 19 administrative actions since FY 2019.

Counsel to the IG serves as a technical advisor to AmeriCorps' Policy Council, identifying opportunities to promote program integrity and increase efficiency and effectiveness by updating internal policies and grant terms and conditions. Counsel to the IG also introduces all-new AmeriCorps employees to the mission of the OIG and informs them of how and when to contact the office to report waste, fraud, and abuse. The legal team's involvement in mission and mission support enables the office to quickly identify and resolve potential legal issues and risks.

Technology and Data Analytics

To ensure independence, the OIG maintains its own IT systems, separate from those of AmeriCorps. The Information Technology Section consists of a Chief Technology Officer (CTO), an IT specialist, and a data scientist. Under their leadership, the OIG transitioned smoothly to full-time telework during the pandemic, ensuring that existing and new staff have the necessary tools and software to maximize productivity. The IT Section also maintains OIG's public-facing website, procures computers, phones, and software, and is currently implementing a new electronic investigative and audit management system.

Support

The Support Section includes the OIG's senior leadership, its business and administrative operations (budget, finance, contracts, personnel), the training program that ensures AmeriCorps OIG staff possess the knowledge and expertise needed to complete their oversight role, and the contribution to the Council of Inspectors General on Integrity and Efficiency (CIGIE).

Government-wide Outcomes

AmeriCorps OIG continues to make contributions to the OIG community and the Government at large. Members of the AmeriCorps OIG professional leadership and senior staff are instructors and speakers for the Inspector General Academy and other training programs on a variety of grant-related subjects and serve as thought-leaders in the Inspector General community.

Inspector General Reform Act Statement

Pursuant to Section 6(g)(1) of the IG Act, as amended, OIG submits the following summary concerning the OIG's annual budget:

- AmeriCorps OIG's requested appropriation for FY 2022 totals \$8.121 million;

- The amount included for OIG's training needs is \$95,000, which will be sufficient to support the office's training needs in FY 2023; and
- The amount included to support the operations of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is about \$30,000, based on CIGIE's annual assessment (0.36 percent of each OIG's appropriation), which is expected to suffice.