

OFFICE OF INSPECTOR GENERAL
AmeriCorps

July 15, 2022

MEMORANDUM TO: Michael D. Smith
Chief Executive Officer

FROM: Monique P. Colter *Monique P. Colter*
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General Fiscal Year 2022 Audit Plan

Enclosed is the AmeriCorps Office of Inspector General's (OIG) Audit Plan for 2022. This plan is subject to modification based on 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@AmeriCorpsOIG.gov or 202-875-0245.

Enclosure:
As Stated

cc: Jenny Mauk, Chief of Staff
Fernando Laguarda, General Counsel
Gina Cross, Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Syed Murshed, Acting Chief Information Officer
Jill Graham, Chief Risk Officer
Meg Ansara, Acting Chief of Program Operations
Erin McGrath, Director of Regional Operations
Sonali Nijhawan, Director of AmeriCorps State and National
Atalaya Sergi, Director of Senior Corps
Carly Bruder, Acting Director of AmeriCorps VISTA
Ken Goodson, Director of AmeriCorps NCCC
Lisa Bishop, Director of Office of Grants Administration
Caroline Fernandez, Director of Office of Monitoring
Maelat Mathias, Director of Office of Human Capital
Ashley Pressley, Director of Office of Procurement Services
Rachel Turner, Audit and Investigations Liaison



AmeriCorps

OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDIT

2022 AUDIT PLAN

JULY 15, 2022

OFFICE OF INSPECTOR GENERAL
The logo consists of a stylized 'A' with three horizontal bars, followed by the word 'AmeriCorps' in a bold, sans-serif font.

AmeriCorps Office of Inspector General FY 2022 Office of Audit Work Plan

The Inspector General Act of 1978, as amended, authorizes the AmeriCorps Office of Inspector General (OIG) to conduct and supervise independent audits and other reviews relating to agency programs and operations and to recommend policies that promote effectiveness and efficiency and prevent and detect fraud, waste, and abuse. This work plan lists our required and planned discretionary audit and evaluation projects for the Fiscal Year 2022. AmeriCorps OIG may modify the plan to address issues that arise or to respond to requests from Congress or other stakeholders.

Audits Required by Law

Audit of Agency Financial Statements

Under the Government Corporation Control Act, AmeriCorps' annual agency management report must include financial statements that have been audited by an independent public accounting firm under the supervision of AmeriCorps OIG. The audit covers the financial statements of AmeriCorps and the National Service Trust, including an assessment of the effectiveness of AmeriCorps' internal controls for financial reporting.

For FYs 2017-2021, the independent auditors have been unable to issue an opinion on AmeriCorps financial statements, which have been published in unaudited form. The FY 2021 audit found that AmeriCorps had made little progress in remedying eight longstanding material weaknesses that undermine the reliability of the agency's financial reporting. AmeriCorps has committed to a multi-year plan to rectify these defects, beginning with the development of corrective action plans. In FY 2022, the independent auditors will conduct an audit of AmeriCorps' consolidated financial statements, in part to determine the extent to which AmeriCorps has made progress in implementing the 73 prior audit recommendations. The OIG is also working with AmeriCorps on the status and development of corrective action plans to address these recommendations.

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 promptly, whether the amount of the Trust obligation is appropriately based on the estimated value of the education benefit, and whether the required reserve account is maintained to meet the needs of the Trust. Since FY 2017, the independent auditors have found material internal control weaknesses relating to the Trust's unpaid obligations and the Trust liability model, leading to a disclaimer of opinion on the Trust's financial statements and contributing to the disclaimers of opinion on AmeriCorps' financial statements. In FY 2022, AmeriCorps OIG will undertake an audit of the Trust's financial statements.

Independent Evaluation of AmeriCorps' Information System Security

The Federal Information Security Modernization Act of 2014 (FISMA), as amended, requires an annual review to determine the effectiveness of AmeriCorps' information security program and practices, as well as its compliance with information security policies, standards, and requirements established by the Office of Management and Budget (OMB). AmeriCorps' information security program has been assessed as "Not Effective" since FY 2017 and has made little progress in that time.

Independent auditors will assess AmeriCorps' information security program using the maturity model in effect across the Federal government and will review the status of corrective actions taken to implement the recommendations from prior evaluations.

Review of AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 (formerly Improper Payments Elimination and Recovery Act) for FY 2021

In 2019, Congress enacted the Payment Integrity Information Act (PIIA) to update required reporting on agencies' improper payments. PIIA, as amended, together with implementing guidance by OMB, requires AmeriCorps OIG to conduct an annual review of AmeriCorps' reporting on improper payments and to evaluate its efforts to prevent, reduce and recover such payments. In FY 2022, AmeriCorps OIG will conduct a performance audit of AmeriCorps' FY 2021 PIIA work.

Discretionary Audits and Reviews

Oversight of American Rescue Plan Act Funding

Under the American Rescue Plan (ARP) Act, AmeriCorps received approximately \$1 billion, available through September 2024. Funding will be used to supplement existing grants by increasing living allowances, increasing the numbers of people serving, serving communities disproportionately affected by COVID-19, and advancing racial and economic equity. AmeriCorps is also devoting a portion of its ARP funds to replacing its legacy information technology systems and improving its financial management. Additionally, AmeriCorps has launched Public Health AmeriCorps, a new partnership with the Centers for Disease Control and Prevention to support the recruitment, training, and development of a new generation of public health leaders who will be ready to respond to the nation's public health needs. The program, which is supported by a \$400 million investment from ARP, is anticipated to fund up to 5,000 AmeriCorps positions over the next five years and comes as part of a larger \$7 billion investment in the public health workforce.

OIG's oversight of these funds will take several forms, including audits and reviews, assisting the agency in risk identification and recommendation of mitigation plans, targeted reviews of the grantee and subrecipient ARP spending, and oversight of the agency's grant monitoring and internal controls. During FY 2022, the OIG will:

- Initiate a proactive evaluation of Public Health AmeriCorps planning and risk assessment, to provide front-end oversight to determine if the agency is adequately safeguarding Federal funds.

- Begin the planning phase of a review of the NCCC Covid-19 response to assess the pandemic readiness of the four NCCC campuses.
- Ensure and coordinate coverage of ARP funds in ongoing OIG grantee audits and other special projects
- Continue to provide investigative support in cases involving pandemic-related frauds or misuse of pandemic funds.

We expect to conduct agile planning and issue agile work products,¹ in addition to traditional audits and evaluations. OIG efforts will also include data analytics including updating the grantee risk profiles and developing proactive leads for potential fraud, waste and abuse. The OIG also continues to participate actively in the work performed by the Pandemic Response Accountability Committee.

Performance Audit of AmeriCorps’ Government Charge Card Program

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*, AmeriCorps OIG engaged independent auditors to conduct a performance audit of AmeriCorps’ government charge card program, including purchase and travel cards

Penetration Testing and Phishing Campaign

Given cybersecurity concerns, the OIG engaged an independent certified public accounting firm to conduct an internal penetration test of AmeriCorps’ network to provide additional areas of improvement towards having an effective information security program. The auditors initiated testing of AmeriCorps’ network, the General Support System that supports the AmeriCorps’ Headquarters, as well as a phishing campaign targeting a subset of all AmeriCorps’ email users.

Grant Audits

Grants account for 75 percent of AmeriCorps’ annual operating budget, placing a premium on monitoring and oversight. Audits, evaluations, and reviews that focus on grantees are an important component of ensuring that Federal funds are handled prudently and in compliance with applicable requirements. Grantees are selected for audit based on input from AmeriCorps, issues identified during monitoring and risk assessments, recent AmeriCorps OIG experience, single audit results, and other risk factors. AmeriCorps OIG initiated audits of the **Puerto Rico Commission on Volunteering and Community Service** and **AmeriCorps Seniors Grantees’ Financial Management Systems**. We will complete the work in process in our **Special Review of Subrecipient Monitoring** and will continue work for the following:

- Maryland Governor’s Office on Service and Volunteerism
- PennSERVE

¹ Agile products highlight issues requiring immediate action for oversight officials or Congressional stakeholders and others who have requested reviews of high-risk areas. Additionally, agile products can inform, without requiring actions, by providing transparency and ensuring key agency leadership, affected stakeholders, and the public have access to information more quickly. *Pandemic Response Accountability Committee Agile Products Toolkit*

- DC Commission

Continuous Grantee Monitoring and Data Analytics

AmeriCorps OIG has established a data analytics program through which we integrate information from multiple sources to inform our audits, evaluations, and investigations, identify potential fraud and sharpen our risk assessments. We are vigilant in monitoring “single audits” (statutorily required audits of organizations that expend more than \$750,000 in Federal funds per year) for significant findings, including internal control weaknesses, noncompliance with laws and regulations, going concern limitations, related party transactions, and questioned costs. Additional key sources of information include other OIGs’ audits and investigations of organizations that also receive AmeriCorps funds, available on the Council of Inspectors General for Integrity and Efficiency’s Oversight.gov site, and IRS Form 990 tax filings for nonprofit organizations, which contain substantial information regarding an organizations’ financial stability and disclosures of a significant diversion of funds and related party transactions.

Investigative Support

The Office of Audit is often called upon to provide extensive support in connection with investigations of specific wrongdoing. Investigations may also reveal program vulnerabilities, noncompliance with Federal regulations, gaps in internal controls, opportunities to strengthen program integrity, and suggestions for audit inquiries. This important activity has continued in FY 2022.

Outreach

AmeriCorps OIG will continue to improve accountability by educating AmeriCorps staff and the grantee community about common audit findings and emerging issues. We engage these stakeholders as active partners in our mission to prevent and detect waste, fraud, and abuse in AmeriCorps programs. The Office of Audit actively participates in AmeriCorps-sponsored events designed to inform the grantee community about such matters at national and regional meetings and other events. For FY 2022, OIG auditors and investigators are developing specific, case-based anti-fraud training.

The Office of Audit will also work with the Office of the Chief Risk Officer and the Office of Monitoring, in support of AmeriCorps’ Enterprise Risk Management program and efforts to develop a more rigorous, risk-based approach to grant monitoring, with appropriately aligned monitoring activities.



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