

# **AmeriCorps Office of Inspector General**

## FY 2022 Congressional Budget Justification



### Program/Mission Summary

Protecting the public’s investment in national service is the mission of the AmeriCorps Office of Inspector General (OIG). The AmeriCorps 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. The OIG’s work strengthens AmeriCorps programs, operations, and activities by conducting audits and reviews to identify 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 is responsible for conducting audits, investigations, and other oversight for over 3,300 grants (not including subrecipients) throughout the United States, the Territories, and the Indian Tribes. In FY 2021, the OIG performed its oversight functions with five auditors and six investigators, supplemented by attorneys, contractors, a data scientist, college and law school interns, and the Inspector General and Deputy Inspector General. However, a larger workforce is needed to continue providing timely and meaningful oversight that keeps the public informed. In particular, additional oversight is needed following the recent AmeriCorps reorganization and restructuring to ensure the agency is effectively managing its grant programs and satisfactorily executing its core business functions. The risks posed by this recent reorganization and restructuring includes a new AmeriCorps workforce, a new grant risk assessment model, a new grant monitoring unit, an outdated grants management system, and cybersecurity challenges. AmeriCorps’ new leadership team recognizes these challenges and has invited OIG recommendations.

### FY 2022 Budget Request Summary

The Budget provides \$6,960,000 to the AmeriCorps OIG, an increase of \$460,000 above the FY 2021 Enacted level that will support the Administration’s oversight and transparency priorities. These resources will allow the OIG to continue delivering the audits and investigations (including those mandated by statute) needed for informed decision-making. Personnel is the largest component of the OIG’s costs, and the Budget will support two additional professionals, including a grant specialist, to expand the OIG’s oversight.

### OIG Budget Summary (in thousands)

	FY 2020 Enacted	FY 2021 Enacted	FY2022 Budget	Delta (2021-2022)
Audit	2,511	2,404	2,406	2
Investigation	1362	1,729	2,139	410
Counsel	213	323	496	173
Support	1,022	1,114	1,155	41
Information Technology	577	850	639	-211
Training	40	50	95	45
CIGIE	25	30	30	0
<b>Total</b>	<b>5,750</b>	<b>6,500</b>	<b>6,960</b>	<b>460</b>



The OIG's work is divided into two operating sections, Investigation and Audit, with support from Information Technology and Data Analytics, the Office of Counsel, the Administrative Support Section and the Inspector General's Immediate Office. Below are highlights from each of these areas.

### **Investigation Outcomes and Strategic Focus**

The OIG's Investigation Section 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 resources primarily to civil and criminal enforcement of significant frauds. These efforts have yielded six civil settlements, two criminal pleas, and the recovery of nearly \$4 million, not including the anticipated restitution of over \$500,000 from recent plea agreements. The OIG is currently working with Federal prosecutors throughout the country on ten 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 use;
- time and attendance fraud by grant-funded staff and members that deprives communities of needed services, defrauds the public, and misdirects Federal resources;
- fabrication or alteration of the criminal history checks needed to exclude convicted murderers and sex offenders from national service that can jeopardize the safety of program beneficiaries; 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 10 Government-wide debarments, and AmeriCorps has instituted 18 administrative actions based upon the OIG's work.

Using data analytics, the OIG aggregates information from open and proprietary sources to identify suspicious patterns and anomalous conduct suggestive of fraud. This reduces the dependence on whistleblowers to come forward with allegations. The Budget provides for expanding investigative resources in FY 2022 so that the OIG can pursue more leads.

In addition to detecting and deterring fraud, the OIG's investigative work has identified gaps in agency processes and produced programmatic improvements. An outreach program led by AmeriCorps OIG investigators, 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**

At the Budget level of \$6,960,000 for the AmeriCorps OIG, the Audit Section will conduct approximately six discretionary projects, in addition to the statutorily mandated oversight work. The OIG's Audit Section conducts evaluations and audits of AmeriCorps' contracts and grants, as well as audits and reviews of AmeriCorps' internal operations and programs. This oversight helps ensure that the financial, administrative, and programmatic activities of national service operate effectively, efficiently, and in compliance with law. OIG audits enable AmeriCorps to recoup misspent funds and improve management of awards and subawards to prevent future misuse of taxpayer money.

### **Areas of Internal Risk for Audit/Evaluation Coverage**

Many of the audits and evaluations performed by the Audit Section 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 Audit Section has identified the following four high-risk areas:

### ***Agency Financial Management***

Since FY 2017, independent auditors have been unable to confirm the accuracy or completeness of the agency-wide financial statement, nor the financial statement for the National Service Trust. These auditors 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. Future audit work will assess the degree to which this transfer has improved accounting and financial management, as well as measure AmeriCorps' progress in resolving the material weaknesses and significant deficiencies identified by independent auditors.

### ***Information Security***

Annual evaluations since FY 2017 have shown that AmeriCorps' cybersecurity program experiences risk and vulnerabilities, with limited progress since initial reporting. OIG evaluations recommended a strategic approach to help AmeriCorps' Office of Information Technology prioritize remedial actions to achieve progress in addressing this ongoing risk.

### ***Effects of Reorganization***

In FYs 2019 and 2020, AmeriCorps completed an agency-wide reorganization and restructuring, moving to a regional model in which a Portfolio Manager conducts program activities. These changes disrupted the agency's staffing and operations, as well as reduced

employee satisfaction. The Budget level allows the Audit Section to assess the effects of these changes on operations and the agency's ability to executing 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 \$34 million. The Budget provides for the OIG's close and real-time oversight if AmeriCorps undertakes a new effort to acquire a modern grants management system.

### **Audits of Recipients of AmeriCorps Grant Funds**

AmeriCorps disburses approximately three-quarters of its \$1.1 billion appropriations as grants, making oversight of funding recipients essential. Audits, evaluations, and other reviews of grantees and subgrantees assess whether recipients comply with the financial and administrative terms and conditions of awards and provide adequate stewardship of funds. 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. The recommendations from OIG audits strengthen the performance and the integrity of AmeriCorps grantees.

### **Outcomes and Strategic Focus of Support Functions**

#### **Office of Counsel**

The Office of Counsel (OC) consists of the Counsel to the IG and an assistant counsel. OC provides legal advice and analysis, including legal review of OIG work products and select correspondence. OIG attorneys collaborate with investigators, assisting in interviews, document review, evidentiary assessment, and referral of cases to prosecutors. In addition, OC 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 has resulted in 18 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 AmeriCorps OIG 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**

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 maintains OIG's public-facing website and procures

computers, phones, and software that will include the implementation of a new electronic investigative and audit management system in FY 2022.

The Budget also provides for increased use of data analytics in FY 2022, making oversight more efficient. The OIG's data scientist has developed automated tools that aggregates grantee information, refined the OIG's risk model, and created dashboards that provide information about civil, criminal, and administrative enforcement actions. For FY 2022, the OIG will expand its use of predictive analytics to pursue proactive leads.

### **Support**

The Support Section includes the OIG's senior leadership, its business and administrative operations (budget, finance, contracts, personnel), the training program that ensures that 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). For FY 2022, the AmeriCorps OIG requires \$95,000 to meet its training requirements and \$30,000 to support CIGIE.

### **Government-wide Outcomes**

AmeriCorps OIG continues to make contributions to the OIG community and the Government at large. For example:

- The Inspector General has served since 2017 as the Vice-Chair of CIGIE's Integrity Committee that reviews, investigates, and makes recommendations concerning allegations of serious misconduct against senior officials in the IG community;
- The Deputy Inspector General compiled and edited a capstone report on the OIG community's efforts to protect Federal grants from fraud, waste and abuse that is now used to strengthen controls over pandemic recovery funds;
- Members of the AmeriCorps OIG are instructors and speakers for the Inspector General Academy and other training programs on a variety of grant-related subjects;
- The OIG's data scientist performed analyses to identify fraud for the Pandemic Response Accountability Committee in its start-up phase.

### **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 requests an appropriation of \$6,960,000 for FY 2022;
- The portion for OIG's training needs is \$95,000 which is expected to suffice; and
- The portion to support CIGIE's operations is approximately \$30,000, based on CIGIE's annual percentage assessment (.36 percent of FY 2022), which is expected to suffice.