

OFFICE OF INSPECTOR GENERAL
AmeriCorps

June 15, 2023

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 2023 Audit Plan

Enclosed is the AmeriCorps Office of Inspector General's (OIG) Audit Plan for 2023. This plan is subject to modification based on OIG staffing and funding, as well as changing OIG priorities and emerging high-risk items.

The FY 2023 written annual audit plan will be the last posted on our website. In lieu of posting a written annual audit plan, we will post audit notification summaries on our website on a rolling basis, in line with many of our OIG colleagues. Please see this [link](#) for a listing of projects announced thus far in FY 2023.

We will continue to conduct audit planning that identifies projects that promote efficiency and economy within AmeriCorps and email notifications of such audits to the appropriate AmeriCorps and/or grantee officials at the project outset. If you have any questions, you may contact me at M.Colter@AmeriCorpsOIG.gov or 202-875-0245.

Enclosure

cc: Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Prab Bajwa, Chief Information Officer
Jill Graham, Chief Risk Officer
Linda Southcott, Chief Modernization Officer
Fernando Laguarda, General Counsel
Danielle Melfi, Chief Program Officer
Erin McGrath, Director, Regional Operations
Sonali Nijhawan, Director, AmeriCorps State and National

M. Smith

Page 2

Atalaya Sergi, Director, Senior Corps

Meg Ansara, Director, AmeriCorps VISTA

Ken Goodson, Director, AmeriCorps NCCC

Lisa Bishop, Director of Office of Grants Administration

Amy Hetrick, Deputy Director, Office of Grants Administration

Caroline Fernandez, Director, Office of Monitoring

Mary Hyde, Director, Research and Evaluation

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Rachel Turner, Audits and Investigations Program Manager, Immediate Office



AmeriCorps

OFFICE OF INSPECTOR GENERAL

2023 AUDIT PLAN

JUNE 15, 2023

OFFICE OF INSPECTOR GENERAL
 **AmeriCorps**

AmeriCorps Office of Inspector General FY 2023 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 and make recommendations that promote effectiveness and efficiency and prevent and detect fraud, waste, and abuse in AmeriCorps' programs and operations. This work plan lists our required and planned discretionary audit, evaluation, and agile projects¹ for the Fiscal Year (FY) 2023. 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

Audits of AmeriCorps Consolidated and National Service Trust Financial Statements

Under the Government Corporation Control Act, AmeriCorps' annual agency management report must include financial statements audited by an independent public accounting firm under the supervision of AmeriCorps OIG. The audit covers AmeriCorps (1) consolidated financial statements, and (2) National Service Trust Fund (Trust) financial statements, including an assessment of the effectiveness of AmeriCorps' internal controls for financial reporting.

For FYs 2017-2022, the independent auditors have been unable to issue an opinion on AmeriCorps financial statements, which have been published in unaudited form. The FY 2022 audits found that AmeriCorps made little progress in resolving its financial operations deficiencies, resulting in the independent auditors issuing 12 material weaknesses (10 of which are recurring) and two significant deficiencies for the consolidated financial statements and six material weaknesses and one significant deficiency for the Trust financial statements. The repeated audit opinion disclaimers reflect AmeriCorps' lack of progress in addressing these weaknesses and deficiencies in their Federal financial management and operations. AmeriCorps senior leadership committed to monitor remediation efforts, which includes regular meetings with the agency department heads to review progress toward approved corrective actions.

In February 2023, the independent auditors initiated the FY 2023 audit of AmeriCorps' consolidated and Trust financial statements, in part to determine the extent to which AmeriCorps has made progress in implementing the 66 prior audit recommendations.

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

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*, available at: <https://www.pandemicoversight.gov/oversight/our-publications-reports/agile-products-toolkit>

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.

In March 2023, independent auditors initiated the assessment of 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 2022

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 December 2022, independent auditors initiated a performance audit of AmeriCorps' FY 2022 PIIA testing and controls.

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 is intended 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 (PHA), 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 a five-year period and comes as part of a larger \$7 billion investment in the public health workforce. Through April 2023, AmeriCorps has awarded over \$150 million in over 180 grants for PHA.

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 2023, the OIG will:

- Continue a proactive evaluation of Public Health AmeriCorps planning and risk assessment, with an emphasis on new grantees, to provide front-end oversight to determine if the agency is adequately safeguarding Federal funds.
- Continue to monitor the agency's IT modernization efforts.

- 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 plan, conduct and issue agile work products, 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.

Oversight of AmeriCorps' Monitoring and Debt Management Activities

AmeriCorps' Office of Audit and Debt Resolution, under the supervision of AmeriCorps' Office of Monitoring, manages the resolution of cost disallowances resulting from single audits, OIG audits and investigations, AmeriCorps' improper payment reviews, and other avenues of checks of a grantee's compliance with laws and regulations. In February 2023, we initiated a review of AmeriCorps' Monitoring and Debt Management activities. This oversight project is not a traditional audit and will follow agile oversight principles and the Quality Standards for Federal Offices of Inspector General issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

This engagement focuses on AmeriCorps' monitoring program and debt management activities. Areas of inquiry include the: (1) share of the grantee population that undergoes monitoring and (2) status and recent trends in AmeriCorps' disallowance determinations, debt collection activities, and write-offs. The period of review is FY 2019 to the present.

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 review based on input from AmeriCorps, recent AmeriCorps OIG experiences, single audit results, and other risk factors. During FY 2023, we will continue work on the audits of **PennServe** and **DC Commission** and complete our **Special Review of Subrecipient Monitoring**, audits of the **Puerto Rico Commission on Volunteering and Community Service** and **AmeriCorps Seniors Grantees' Financial Management Systems**.

In December 2022, independent auditors initiated a performance audit of **YouthBuild USA** (YouthBuild). YouthBuild has been an AmeriCorps grantee since 1994 and currently administers two AmeriCorps National Direct Grants and one AmeriCorps VISTA Grant. The objective of this audit is to determine whether AmeriCorps-funded Federal assistance, including American Rescue Plan Act funds, provided to YouthBuild and its subgrantees was expended in accordance with grant terms and provisions, laws, and regulations.

Recurring Weaknesses in Costs Claimed for In-Kind Match Require Better Guidance to Grantees

The match share for a Federal grant is the Non-Federal share of the total program cost that a grantee is required to provide from other sources than the Federal grant award. Grantees frequently receive and report in-kind match contributions donated from these other sources as match expenditures. The in-kind match costs can be in the form of the use of real property, tangible asset contributions, or donated labor services. Federal regulations require grantees to record the value of these match expenditures and differentiate these match expenditures from Federal in their financial management systems.

We have observed from OIG audit and investigations that grantees do not properly document the source and usage of in-kind match costs for the authorized purposes of the grant according to Federal regulations. For this project, we will summarize findings from AmeriCorps OIG audits, evaluations and investigations regarding inadequate support for claimed in-kind match costs and recommend measures that standardize, improve and support in-kind match reporting and documentation by grantees and subgrantees.

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. Key sources of information include other OIGs' audits and investigations of organizations that also receive AmeriCorps funds, monitoring results from "single audits" (statutorily required audits of organizations that expend more than \$750,000 in Federal funds per year) available on the Federal Audit Clearinghouse, and IRS Form 990 tax filings for nonprofit organizations, which contain substantial information regarding an organizations' financial activities and governance.

Continuous Monitoring Tool for AmeriCorps' Government Charge Card Transactions

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and the Office of Management and Budget (OMB) Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, require that the Inspector General of each Federal agency assess the risks of illegal, improper, or erroneous purchases and payments of the agency's charge card program. In fiscal year (FY) 2021, AmeriCorps had approximately 30 purchase cardholders with total purchase card disbursements of \$785,635 and over 300 travel cardholders with disbursements of \$805,629. We will create a data analytics tool that will continuously monitor purchase and travel card transactions for cardholders' compliance with charge card laws and regulations. The purpose of this tool is to identify and assess risks of improper or illegal payments and provide information for AmeriCorps' remediation.

Council of the Inspectors General on Integrity and Efficiency Peer Review

Work conducted by OIGs and other Federal audit organizations provides important accountability and transparency over government programs. To help auditors fulfill their

oversight roles and comply with statutory requirements, professional standards, and established policies and procedures, peer reviews of an OIG's audit and its inspection and evaluation operations are required by generally accepted government auditing standards (GAGAS) and the CIGIE Quality Standards for Inspection and Evaluation. We are scheduled to conduct a peer review of the General Services Administration OIG's inspection and evaluation operations during FY 2023.

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 continues in FY 2023.

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.

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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