

Corporation for National and Community Service

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Agency Response to the Office of the Inspector General's Semiannual Report to Congress

April 1, 2019 – September 30, 2019
Fiscal Year 2019 Semiannual Report No. 2

Corporation for National and Community Service Response to the OIG Semiannual Report 19-02

The Corporation for National and Community Service (CNCS) is pleased to share its response to the Office of Inspector General's (OIG) Semiannual Report (SAR) covering the second half of Fiscal Year (FY) 2019 (SAR 19-02).

CNCS appreciates the Inspector General's recognition of the progress we have achieved in key elements of our Transformation and Sustainability Plan. This includes implementing new tools and policies to help grantees conduct compliant National Service Criminal History Checks (NSCHCs) and beginning the migration to shared services to strengthen our accounting, procurement, travel, and human capital functions. We recognize that there is still a lot of work ahead of us to get where our agency needs to be; however, we have a solid plan that balances the urgency to address agency issues with a timeline that positions us to successfully continue our important work in communities across the country.

While the OIG applauds our agency's recent history of progress, it is frustrating to see its continued reference to its historical experience with the agency not having the organizational capacity to carry out such change. Since the announcement of the Transformation and Sustainability Plan in June 2018, our agency has had a track record of on-time execution, demonstrating we have a solid, realistic plan and our staff across the agency are capable and ready to make many long-overdue improvements a reality.

It is disheartening that the OIG critiques the steady pace at which CNCS has proceeded with the changes to its field structure, without recognizing or acknowledging that those changes and timeline were critical to making the move to shared services possible – a decision that the OIG applauds. With the recent change to our field structure, the agency was able to avoid significant and imminent rising costs that – particularly with a flat Salaries & Expense budget like CNCS has had for the past two years – would have made it prohibitive to proceed with the investment required to improve our accounting systems, not to mention maintaining and investing in other areas the OIG notes as important – such as information technology, cybersecurity, and cost-effective monitoring.

During this reporting period, CNCS continued to make progress on many elements of its Transformation and Sustainability Plan, including:

- ***Investing in CNCS's accounting and financial management.*** In June 2019, following a nine-month discovery and evaluation phase, CNCS announced the decision to move to shared services with the Department of Treasury's Administrative Resource Center (ARC) for certain accounting, procurement, and human resource functions. This move is a critical step in CNCS's efforts to address challenges with its accounting and financial management. Years of underinvestment in CNCS's systems – including not maintaining or upgrading its financial system consistent with federal requirements – resulted in CNCS's inability to complete key financial reports without external validation and significant manual corrections and adjustments. The migration to shared services is a proven process that will result in CNCS utilizing a tested and compliant financial management system that meets federal accounting and cybersecurity requirements.

- ***Helping grantees improve compliance with criminal history checks.*** In response to high rates of grantee non-compliance, CNCS launched a vendor tool in November 2018 to make it easier for grantees to conduct compliant NSCHCs. A preliminary analysis of the agency’s mandatory FY 2019 Improper Payments Elimination and Recovery Improvement Act (IPERIA) testing shows that the agency’s improper payment rates – which are overwhelmingly driven by insufficient documentation for grantee criminal history checks – would have dropped by approximately 40-53 percent across its susceptible programs had the newly-approved vendor been utilized during the full FY 2019 IPERIA testing cycle. While CNCS’s official FY 2019 results will not yet reflect that improvement, our preliminary data indicates the agency’s approach is working. CNCS looks forward to these improved results officially reflecting in the FY 2020 IPERIA testing cycle. In the meantime, CNCS will encourage more grantees to utilize the vendor to support compliant criminal history checks and provide targeted training and technical assistance to help grantees address the root causes of non-compliant criminal history checks and improper payments.
- ***Launching a new grant management structure to improve service.*** In September 2019, CNCS transitioned to its new Portfolio Manager model for grant management in the first three regions (Mountain, North Central and Northeast) of its new eight-region organizational structure. The new model positions one person – rather than two or more in our legacy model – as the day-to-day CNCS contact for each grantee organization. In addition to simplifying the points of contact for grantees, the new model positions Portfolio Managers to bring to bear the full menu of national service programs when assessing solutions to a community’s challenges. The regional office structure will also position CNCS to improve service consistency by addressing disparities in workload exacerbated by the legacy state-by-state staffing model. Additionally, the new regional office structure provides more robust career ladders and options for staff, which CNCS believes will help reduce high historic levels of staff attrition. Consistent with our planned three-phase approach to support evaluation and continuous learning, CNCS will transition to the Portfolio Manager model in the West, Midwest, and Southeast regions in March 2020 and the South Central and Mid-Atlantic regions in June 2020.
- ***Establishing a new, dedicated Office of Monitoring.*** CNCS’s new Office of Monitoring positions certain CNCS staff to focus solely on monitoring grant recipients for compliance, an area that the OIG has noted as a long-standing deficiency within the agency’s former organizational structure. The Office of Monitoring is charged with independently monitoring grant recipients and will utilize a risk-based framework that ensures monitoring activities are specific to the level of risk posed. CNCS acknowledges the importance of an effective risk model to support cost-effective monitoring and responsible administration of grants. CNCS’s monitoring strategy will be informed by a refined risk assessment module and prioritized compliance assessments of the most common findings among the CNCS grant portfolio, such as NSCHC timekeeping, prohibited activities, and subrecipient oversight. Furthermore, with leadership and staff dedicated to monitoring, CNCS is now positioned to centralize and automate processes related to records collection and reporting to ensure that monitoring findings inform training and technical assistance.

- ***Investing in staff training and development.*** This past year, we devoted significant time and staff resources reviewing, standardizing, improving, and documenting the business processes for CNCS's grant and project award activities. We also devoted significant time and staff resources to create a standardized orientation and training curricula – refreshing existing materials and creating new material where gaps existed – which we began delivering to our grant management staff in the first three regions in September 2019. We will continue to assess the additional needs and evaluate the effectiveness of training as we progress through the annual grant cycle in the first year of our new grant management model.

Additionally, in response to feedback from staff and their managers, CNCS is making critical investments in the training and lifelong learning of staff throughout the agency. In October 2019, we announced a unique partnership with a training provider to offer unlimited access to hundreds of live and online training courses. This includes access to more than 25 professional certificate programs and specialty tracks – including financial grant management – to meet various professional development goals. This follows CNCS's recent investment in the leadership development of 48 mid-level staff who participated in a nine-month Emerging Leaders Program. The opportunity to acquire and develop critical leadership skills, advance solutions to agency challenges, and build connections with peers signaled to these high-potential employees that their talents are valued and that they have a bright future at CNCS.

- ***Investing in grantee training and technical assistance.*** In response to input we received from grantees and State Service Commissions in our monthly conference calls to discuss CNCS's Transformation and Sustainability Plan, we are renewing our efforts to ensure CNCS is equipping grantees and project sponsors with the training and technical assistance resources they need most to effectively administer national service programs. For example, in direct response to feedback about inconsistent and not-always-timely availability of training for new directors of Senior Corps programs, we recently launched a monthly "New Director Training" so that new staff at grantee organizations across the country can get oriented to their national service program and federal grant requirements in a timely manner. Similarly, in response to interest for greater collaboration between CNCS and State Commissions to expand awareness of national service opportunities, CNCS created a "CNCS 101" for State Commissions. Over the next year, CNCS will prioritize organizing and simplifying the training and technical assistance materials we make available to current and prospective grantees on www.nationalservice.gov, including updating the eCourses we require of grantees.
- ***Modernizing CNCS's grant and member management systems.*** CNCS continues to carefully evaluate options to modernize its grants and member management systems. CNCS recently concluded a 12-month initiative with Accenture to evaluate the work that had been done with the Salesforce platform in a previous CNCS modernization initiative (GMM) and to develop a minimally viable product built on Salesforce (MAGNet). The evaluation of GMM showed that best practices were not followed and the platform was not built in a reusable, scalable, and maintainable manner. This

information was used to improve the development work of MAGNet. The results of MAGNet showed that a minimal-viable product could be developed based on the GMM lessons learned and a structured development process.

CNCS is also in the process of evaluating other potential options, including the viability of another federal agency's shared services solution for grant management. CNCS is taking into account recent guidance from OMB that encourages the use of shared services over the development of customized, single-agency systems. Once this evaluation is complete, we will have the necessary information to make a decision on the optimal path forward for modernizing and sustaining CNCS's grants and member management systems. CNCS recognizes the inherent relationship between modernizing our information technology systems and advancing our goal of making it easier for individuals and organizations to access national service programs.

Throughout this period of change, we continue to deliver on CNCS's core mission to develop and support AmeriCorps and Senior Corps programming in communities across the country. Additionally, CNCS employees continue to provide training, technical assistance, and monitoring across the spectrum of our programs. During this SAR period, AmeriCorps and Senior Corps program achievements include:

- Disbursed approximately \$250 million of grants through AmeriCorps State and National, nearly 60 percent of which went to national program models. An additional \$140 million was provided to Governor-appointed State Service Commissions, which in turn were awarded to state-based organizations. These grants will support AmeriCorps State and National members across the country.
- Announced more than \$5.7 million in funding available to support the Senior Corps Foster Grandparent Program and Senior Companion Program replacement competition in more than 30 communities across the country. These grants continue supporting national service programs that engage aging populations in communities with proven needs.
- Announced more than \$21.6 million in funding to support Senior Corps RSVP programs in more than 225 locations across the country. These grants will leverage the experience and skills of more than 55,000 volunteers.
- Placed 6,461 AmeriCorps VISTA members at 2,600 service locations across 725 counties and in all 50 states. In addition, AmeriCorps VISTA hosted a nationwide convening for sponsors to provide important and timely information to critical community partners and improve VISTA project and member management. During this SAR period, VISTA also launched an in-service training program and delivered in-person training content to 850 members.
- Responded during the last two years to every major hurricane, the 2018 California wildfires, and 2019 Midwest floods. CNCS also received \$29.85 million in FEMA Mission Assignments and 6,000 national service participants from AmeriCorps and Senior Corps programs responded to these calls to assist during natural disasters over the last two years.

- Demonstrated that a workforce development model can be successful in preparing the next generation of Emergency Management professionals. During this SAR period, FEMA hired 44 percent of the most recent class of AmeriCorps NCCC - FEMA Corps graduates.
- Mobilized AmeriCorps NCCC members to support the VA's Adaptive Sports Summer Clinic in San Diego, CA, the National Veterans Wheelchair games in Louisville, KY and the National Veterans Golden Age Games in Anchorage, AK, in partnership with the Veteran's Administration (VA) and the Paralyzed Veterans' of America.
- Celebrated the 25th anniversary of CNCS and AmeriCorps with events throughout the country.

Improper Payments Recovery

As noted in the introduction, CNCS has done significant work to help grantees reduce instances of improper payments, which are primarily the result of grantees' insufficient documentation regarding national service criminal history checks. CNCS implemented the OIG's proposed recommendations for Improper Payment Elimination & Recovery Improvement Act (IPERIA) testing. Most of the testing issues identified during the 2018 audit related to how CNCS maintained documentation and testing results. The reperformance work conducted by the auditors identified only two instances where the auditors disagreed with CNCS's assessment. CNCS stands by the appropriateness of our sampling methodology, which yielded statistically valid results.

Grant Audits

CNCS continues to focus on oversight of its grants to ensure prudent stewardship of federal funds. Of the four grantee audits highlighted in this report, two contained no compliance findings. Another report highlighted significant improvement in the grantee's operations between the 2019 audit and the previous OIG audit performed in 2011. OIG staff credited the positive results of these recent audits to CNCS's staff monitoring and technical assistance efforts.

Response to "Audit of CNCS VISTA Grant Award to Conservation Legacy" (SAR pp. 10-11)

We appreciate and share the OIG's desire to ensure that VISTA projects have strong, sustainable impacts in local communities, including long after the VISTA projects cease operations. In previous responses to *Evaluation/OIG report 18-12*, we noted our belief that the OIG's methodology for determining sustainability was flawed. The OIG has since revised its definition and we believe that new definition of sustainability is flawed as well.

CNCS does not expect 100 percent of a VISTA member's duties or a former project's activities to continue after the project ends. Also, in many cases, sustainability cannot be achieved by continuing to perform the same activities that VISTA members performed when the VISTA project was operating. Instead, capacity and sustainability is achieved by creating valuable and long-term benefits for the host organization such as increasing community awareness, volunteer management tools and resources, and critical community relationships.

Financial Statement Audit

Throughout FY 2019, CNCS continued its financial remediation efforts. Our Director of Accounting and Financial Management Services (AFMS), hired last fall, led a coordinated effort to clean up CNCS's financial records and improve the quality of financial reporting, which included producing supported and complete quarterly financial statements. AFMS's efforts continue to be guided by a comprehensive Corrective Action Plan that was presented to OMB and the OIG. While we encountered some delays, our agency has seen significant improvement and progress over the past year.

As described in our cover letter, CNCS leadership announced the decision to migrate to shared services for certain accounting, procurement, travel, and human capital functions in June 2019. CNCS kicked off the shared services migration process with ARC in September 2019, and it anticipates going live with the new system for accounting and procurement functions in October 2020 and human capital services in Spring 2021. The new financial management system is proven, tested, and compliant with accounting and cybersecurity requirements.

Unimplemented Recommendations

As the OIG indicates, CNCS has achieved significant improvement in resolving OIG recommendations. However, CNCS has concerns with how the OIG tallies and tracks unimplemented recommendations. According to our records, there are 12 OIG recommendations that we consider open, which are listed on page 12 of this report. We note that some of the recommendations the OIG states are unresolved are not yet due. We are currently in the process of determining the best course of action for those items and will respond to these recommendations by the due date.

Additionally, we note the OIG keeps recommendations "open" even when it is impossible for the exact corrective action to be taken because, for example, the program or activity is no longer ongoing. Further, the OIG considers a recommendation to request new legislation or different amounts of appropriated funds an "open recommendation" because Congress has not made these changes. Additionally, the OIG is prescriptive when articulating its recommendations. While prescriptive recommendations may be well intentioned, OIG recommendations are not directives and management decisions remain the province of CNCS. Regrettably, the OIG leaves recommendations open indefinitely when CNCS chooses an alternate action, rather than acknowledging that there are multiple paths to address a concern.

NCCC Evaluation Report

CNCS had extensive communication over the past two years with the OIG regarding the NCCC Evaluation Report. CNCS provided great deference to the OIG regarding their recommendations, where the recommendations were consistent with law or within CNCS's control. Given that the OIG recommended changing the legislation and asking our appropriators to provide less money for NCCC activities (arguing that activities could be done more efficiently by a different branch of national service), NCCC was extremely thoughtful in considering the OIG's recommendations. CNCS has made its final determination regarding the NCCC recommendations and will be taking no further action to try to mollify the OIG with respect to the few remaining recommendations that it identifies as unimplemented.

Risk Management

CNCS acknowledges the importance of enterprise risk management, including an effective risk model to support cost-effective monitoring and responsible administration of grants. As planned, we look forward to developing a new risk registry and implementing a refined grant risk assessment model in the months ahead.

National Service Criminal History Check Compliance

As noted in the introduction, CNCS has done significant work to help grantees improve their compliance with the important NSCHC requirement. One component of our strategy is a new cost-based disallowance structure. In general, disallowance will be applied against six months of costs; however, CNCS reserves the right to disallow costs for more than six months in cases where noncompliance spans multiple program funding years and if facts and circumstances support that a different period of disallowance – including across multiple terms of service – will further CNCS’s compliance objectives.

Investigations

CNCS notes that the OIG has greatly increased the number of matters it refers to the agency for further investigation, rather than conducting the investigation itself. CNCS recognizes that both the OIG and CNCS face difficult choices about how to apply the increasingly limited resources that are available to respond to matters. We look forward to continuing to work with the OIG to determine which matters to focus on and how to balance the competing demands on each of our resources.

Foster Grandparent Suspension and Debarment

CNCS notes that it did not suspend and debar a Foster Grandparent (FGP) volunteer alleged to have committed the heinous sexual offenses discussed by the OIG on page 33 of their report because the individual had already been convicted, was released from our Senior Corps program, and will never be eligible to serve in any CNCS program in the future. CNCS had grave concerns about our agency’s authority to debar the individual. As we have pointed out to the OIG, the federal government’s authority to use procurement and non-procurement debarment authorities in the context of a sexually-oriented crime is untested. The extension of protections of the federal government’s funds to become a back-door means to achieve other purposes (even for a purpose as valuable as protecting vulnerable populations) raises important due process questions. While there was little chance that the convicted sex offender would have had the resources to contest the suspension in order to raise those issues, that fact should not be treated as an invitation to expand the use of the government’s debarment authority.

Moreover, CNCS has significant concerns about the efficacy of using the suspension and debarment processes to protect vulnerable populations from possible predatory conduct. The System for Award Management (SAM)—which would be the only way that any federal grantee would access information about individuals suspended or debarred by CNCS—does not inform the public about the precise nature of the conduct on which a suspension or debarment is based. Therefore, the placement of any individuals on the SAM exclusion list for predatory conduct would leave CNCS-funded programs in the position of having to treat all SAM-excluded parties (due to their lack of “present responsibility”) as predatory risks. This is well outside the intent of the suspension and debarment process. In addition, debarring such individuals would mean that their predatory conduct would exclude them from other

federal programs, such as Veterans benefits, thereby making the use of suspension and debarment a punitive measure, contrary to its mandate.

In this case, the protection of vulnerable populations served by national service programs was achieved in the manner provided by Congress. The individual was convicted of an offense that requires registration as a sex offender and therefore he became ineligible to participate in CNCS-funded programs.

IG Independence

CNCS recognizes the benefits of a strong OIG and is heartened by instances of an improved collaborative relationship with its OIG. We remain optimistic that the OIG's actions will reflect as much respect for the agency's management role as they do concerns about its own independence. Recently, for example, the OIG asserted that it has "general jurisdiction" over all agency matters – a claim the agency struggles to reconcile with the respective roles of the agency and an independent OIG.

Our agency continues to collaborate with the OIG to ensure that the OIG is effectively and reasonably notified about matters within its purview. CNCS would like to clarify that rejecting an OIG recommendation is not a challenge to the OIG's independence. However, several of the OIG's practices result in needlessly wasting the time and effort of multiple CNCS staff. For example, when an allegation has already been reported to the OIG, the OIG persists in demanding that grantees and CNCS staff with any knowledge of the allegation report the very same instance of "possible" waste, fraud and abuse to them. To that end, CNCS is taking steps to amend its policies and grant recipients' terms and conditions to ensure timely notification in a practical, reasonable manner, without duplicative communication.

Among the policy changes is the institution of a procedure to make it clear that responding to OIG information requests must be coordinated through the agency's OIG liaison and establishing processes for providing materials to the OIG. This update in our policies addresses the OIG's suggestion that the agency should have a quality control/validation process when developing and implementing corrective action plans *before* submitting materials to the OIG and institutionalizes consistency throughout the agency.

CNCS appreciates the independent oversight of CNCS's programs and operations and welcomes the recognition of the independent role of agency management. Our agency remains committed to operating efficiently and avoiding waste, fraud, and abuse. CNCS welcomes the OIG's recommendations, and gives them all very serious consideration when making management decisions.

TABLES SECTION

TABLE I

FINAL ACTION TAKEN ON AUDIT, INSPECTION, AND EVALUATION REPORTS
(For the Period April 1, 2019 through September 30, 2019)

	<u>Number of Reports</u>	<u>Disallowed Costs</u>
A. Reports for which final action had not been taken by the commencement of the reporting period	4	-
B. Reports for which management decisions were made during the reporting period	1	\$7,500
C. Reports for which final action was taken during the reporting period	2	\$24,595
1. Recoveries ¹		
(a) Collections and offsets		\$158,545
(b) Property in lieu of cash		-
(c) Other (reduction of questioned costs)		-
2. Write-offs		-
D. Reports for which final action was not taken by the end of the reporting period	4	-

¹ Recoveries can include audits for which final action was taken in prior reporting periods.

TABLE II

**FINAL ACTION TAKEN ON AUDIT, INSPECTION, AND EVALUATION REPORTS WITH
RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**
(For the Period April 1, 2019 through September 30, 2019)

	<u>Number of Audit Reports</u>	<u>Dollar Value</u>
A. Reports for which final action had not been taken by the commencement of the reporting period	3	-
B. Reports for which management decisions were made during the reporting period	1	-
C. Reports for which final action was taken during the reporting period	1	-
i. Dollar value of recommendations completed		-
ii. Dollar value of recommendations that management has concluded should not or could not be implemented or completed		\$52,141
D. Reports for which no final action had been taken by the end of the reporting period.	3	-

Table III

AUDIT REPORTS ON WHICH MANAGEMENT HAS MADE A DECISION BUT FINAL ACTION HAS NOT BEEN TAKEN (OTHER THAN MANAGEMENT DECISIONS MADE WITHIN THE PRECEDING YEAR)

(For the Period April 1, 2019 through September 30, 2019)

The agency is not overdue on any reports where action has been taken but not completed.

OIG Recommendations that CNCS Recognizes are Open and Unimplemented

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	CNCS Response
7	Various Issued N/A Risk Management (multiple reports)	Various: Develop a risk-based process for monitoring grants, to replace its one-size-fits-all approach that uses risk assessment criteria developed for traditional cost reimbursement grants for fixed amount grants and grants for technical training and assistance. This system understates and/or ignores risks inherent in those other grants.	The Office of Chief Risk Officer is working toward resolving risk-related recommendations, and a revised grantee risk assessment is in development.
8	Various Issued N/A Risk Management (multiple reports)	Various: CNCS should validate its risk indicators for all grants against outcomes or use outcomes to identify other factors that could sharpen its analysis.	See number 7 for response.
65	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	Rec. No. 2: Improve agency's configuration management controls;	CNCS has taken measures to address findings and is reviewing the draft FY 2019 FISMA Evaluation Report – which was provided to CNCS on November 25, 2019 -- for further action.
66	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	Rec. No. 4: Implement multifactor authentication for privileged and non-privileged accounts;	See number 65 for response.
67	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	Rec. No. 9: Improve agency's vulnerability and patch management controls;	See number 65 for response.
68	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	Rec. No. 10: Strengthen access controls for mobile devices;	See number 65 for response.
69	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	Rec. No. 11: Strengthen monitoring of wireless access connections;	See number 65 for response.

73	OIG 18-05 Issued 11/08/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 4: Validate the SVs to address errors and invalid balances carried forward from prior years and correct the data submissions.	CNCS is implementing corrective actions to address findings.
74	OIG 18-05 Issued 11/08/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 5: Research and resolve warnings identified by the DATA broker before the DATA Act files submission. Document the actions taken to resolve the warnings so future errors can be avoided.	See number 73 for response.
75	OIG 18-05 Issued 11/08/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 6: Capture institutional knowledge and mitigate the effects of employee turnover by documenting CNCS's DATA Act compliance processes and keeping them up to date. In addition, develop a succession plan to ensure that CNCS retains required expertise and capabilities.	See number 73 for response.
76	OIG 18-05 Issued 11/08/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 7: Develop policies and procedures to ensure that reconciliations between internal files are completed prior to submission to the DATA broker.	See number 73 for response.
77	OIG 18-05 Issued 11/08/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 9: Ensure that accurate and complete data is presented to the general public by reviewing the CNCS information from residing external systems and reconciling the external site information to the CNCS source systems.	See number 73 for response.