

Office of Inspector General



November 21, 2016

TO: Wendy Spencer
Chief Executive Officer

FROM: Stuart Axenfeld 
Inspector General

SUBJECT: OIG Fiscal Year 2017 Audit Plan

Attached is CNCS-OIG's Audit Plan for 2017, which we developed following consultation with CNCS. This plan is subject to modification in the event of changing priorities and emerging high risk items. If you have any questions, you may call me or Stuart Axenfeld, Assistant Inspector General for Audit, at 202-606-9360.

Attachment

cc: Asim Mishra, Chief of Staff
Jeremy Joseph, General Counsel
Jeffrey Page, Chief Operating Officer and Chief Financial Officer
Thomas Hanley, Chief Information Officer
Lori Giblin, Chief Risk Officer
Dana Bourne, Chief Grants Officer
Kim Mansaray, Chief of Program Operations
Bill Basl, Director of AmeriCorps
Mikel Herrington, Director, Office of Field Liaison and Acting Director of Senior Corps
Max Finberg, Director, AmeriCorps* VISTA
Lois Nembhard, Acting Director, Social Innovation Fund

**Office of Inspector General
Corporation for National and Community Service**

2017 Audit Plan

Audits Required by Law

Financial Statement Audit

Under the Government Corporation Control Act, CNCS's annual agency financial report must include financial statements that have been audited by an independent public accounting firm under CNCS-OIG's supervision. The audit includes an assessment of the effectiveness of the Corporation's internal controls for financial reporting, an area that offers many opportunities for improvement. As part of our ongoing audit supervision, CNCS-OIG will continue to monitor the Corporation's progress toward correcting previously identified internal control weaknesses and deficiencies.

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 in a timely manner, whether the amount of the Trust obligation is based on the estimated value of the education benefit, and whether the reserve account is maintained to meet the needs of the Trust.

Independent Evaluation of the Corporation's Information System Security

The Federal Information Security Modernization Act of 2014 (FISMA), as amended, requires an annual review to determine the effectiveness of the Corporation's information security program and practices, as well as its compliance with information security polices, standards and guidance, including requirements established by the Office of Management and Budget (OMB). In addition, as required by the Consolidated Appropriations Act, 2016, we reported to Congress on our review of Corporation's policies, practices, and controls regarding covered systems, which included Federal computer systems providing access to personally identifiable information.

Review of Improper Payments

The Improper Payments Elimination and Recovery Act (IPERA), as amended, and implementing guidance by OMB require CNCS-OIG to conduct an annual review of the Corporation's reporting on improper payments and to evaluate its efforts to prevent, reduce and recover such payments. In FY 2016, CNCS failed to determine the amount and rate of improper payments in the AmeriCorps State and National program (ASN), which CNCS has acknowledged is susceptible to significant levels of improper payments. In the three Senior

Corps programs, which are also susceptible, the rate of improper payments ranged from 23 percent to 34 percent and totaled \$47 million. CNCS has acknowledged that it did not meet its obligations under IPERA in FY 2016. Under these circumstances, CNCS-OIG will conduct a limited review of CNCS's IPERA work for FY 2016.

Digital Accountability and Transparency Act (DATA Act) Readiness Review

Signed into law May 9, 2014, the Digital Accountability Transparency Act of 2014 (DATA Act) is intended: (1) to require increased disclosure regarding Federal expenditures; (2) establish uniform standards for the reporting of such data in consistent and searchable form; (3) streamline reporting for entities receiving Federal funds; (4) improve the quality of data submitted to USAspending.gov; and (5) apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal government.

The DATA Act requires the OIG of each Federal agency to review a statistically valid sample of the spending data submitted by that Federal agency and to report publicly on the completeness, timeliness, utility, and accuracy of the data sampled, as well as its compliance with data standards. Early in FY 2017, CNCS-OIG will issue a readiness review of the agency's implementation efforts, with more extensive reviews at two-year intervals through November 2020.

Review of Charge Card Abuse and Prevention

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*, CNCS-OIG conducts an annual risk assessment of CNCS's controls over its purchase cards and travel cards. The results of these risk assessments will determine whether CNCS-OIG will conduct an audit or other further review.

Audits and Evaluations of CNCS's Internal Operations

Contracting

In FY 2014, we issued Report No. 14-09, *Audit of Blanket Purchase Agreements for Professional Consulting Services*, which identified fundamental problems in these procurements. CNCS acknowledged that many of these problems existed throughout its contracting portfolio and has since instituted a number of corrective actions. In 2017, we will monitor the status of the Corporation's resolution of these findings; depending upon the results, we may examine other contracting activities. Given the substantial sums expended on contracting, oversight and monitoring are vital for ensuring effective contracting and safeguarding taxpayer dollars.

Grant Monitoring

Based on discoveries in a pending audit of a Social Innovation Fund (SIF) grant, CNCS-OIG issued a Management Alert in FY 2016 highlighting significant issues in CNCS's oversight of the SIF program. These included the lack of any reviews by CNCS of intermediaries' oversight of subrecipients; the failure to develop monitoring that addresses risks specific to the SIF program; and the inability of the Office of Grants Management to provide effective financial oversight due to inadequate staffing.

While continuing the specific audit that gave rise to these observations, CNCS-OIG offered interim recommendations to address these issues. Based on these observations, CNCS-OIG will conduct a financial audit of another SIF grantee, including a further evaluation of the quality of financial oversight provided by CNCS and by its intermediaries within the SIF program.

Pending Audits and Evaluations: Effectiveness of the VISTA Program

CNCS-OIG has undertaken an evaluation of the AmeriCorps VISTA Program to determine: (1) whether the services provided by VISTA members further the program's anti-poverty purposes; (2) whether VISTA assistance provides lasting enhancements to the capabilities of the sponsoring organizations and/or the communities they serve; (3) the root causes of VISTA member turnover and the efficacy of measures adopted by CNCS to improve retention; and (4) the impact on the VISTA Program of a policy change under which VISTA members may take classes while they serve in the program. We anticipate completing the evaluation in FY 2017.

Grant Audits

Grants account for 75 percent of the Corporation's operating budget, placing a premium on monitoring and oversight. Audits and agreed-upon procedures engagements that focus on particular grantees are an important component of ensuring that Federal funds are handled prudently and in compliance with requirements. Grantees are selected for audit based on input from the Corporation, issues identified in the course of monitoring and risk assessments, recent CNCS-OIG experience, single audit results and other risk factors. CNCS-OIG plans to audit/review the following grantees:

- New Mexico Commission for Community Volunteerism
- Vermont Commission on National and Community Service
- The Bonner Foundation
- YouthBuild USA
- Strong City Baltimore
- Enterprise Community Partners
- Northern Arizona University
- Community Action Partnership of Western Nebraska

CNCS-OIG also expects to complete the following pending audits and agreed-upon procedure reviews:

- Mayor's Fund to Advance New York City
- New York Commission for National & Community Service
- North Carolina Commission on Volunteerism and Community Service
- Kentucky Commission on Community Volunteerism and Service
- Volunteer Louisiana
- Serve Washington
- Seniors Council

Non-Federal Audits

We will continue to review audits conducted by non-Federal auditors pursuant to the Single Audit Act (formerly OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*). State, local, and Indian tribal governments; colleges and universities; and nonprofit organizations receiving Federal awards over the statutory threshold are required to have annual organization-wide audits of Federal funds that they receive. Our reviews will identify issues that may require CNCS attention about the management of Federal programs and identify significant areas of internal control weaknesses, noncompliance with laws and regulations, going concern issues, and questioned costs that require formal resolution by the Corporation.

Investigative Support

The Audit Section is often called upon to provide extensive support in connection with investigations of specific wrongdoing. Particular investigations may illustrate program vulnerabilities, gaps in internal controls and opportunities to strengthen program integrity, and therefore suggest areas for audit inquiry. We anticipate that this important activity will continue in FY 2017.

Outreach

CNCS-OIG will continue to improve accountability by educating CNCS staff and the grantee community about common CNCS-OIG audit findings and emerging issues and to engage these stakeholders as active partners in our mission to prevent and detect waste, fraud and abuse in Corporation programs. The Audit Section actively participates in CNCS-sponsored events designed to inform the grantee community about such matters at national and regional meetings and other events.

The Audit Section will also work with the Chief Risk Officer, in support of the Corporation's nascent Enterprise Risk Management program and its promised effort to develop a more rigorous, risk-based approach to grant monitoring.