



January 30, 2020

MEMORANDUM TO: Barbara Stewart
Chief Executive Officer

FROM: Monique P. Colter /s/
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General 2020 Audit Plan

Enclosed is the Corporation for National and Community Service, Office of Inspector General's (CNCS-OIG) Audit Plan for 2020. This plan is subject to modification based on CNCS-OIG's resources. If you have any questions, you may contact me at m.colter@cncsoig.gov or 202-606-9360.

Enclosure:
As stated

cc: Lisa Guccione, Chief of Staff
Timothy Noelker, General Counsel
Scott Hefter, Chief Operating Officer
Doug Hilton, Acting Chief Financial Officer
Dr. Pape Cissé, Chief Information Officer
Jill Graham, Acting Chief Risk Officer
Joseph Liciardello, Acting Chief Grants Officer
Erin Dahlin, Acting Chief of Program Operations
Chester Spellman, Director of AmeriCorps State and National
Deborah Cox-Roush, Director of Senior Corps
Desiree Tucker-Sorini, Director of AmeriCorps VISTA
Gina Cross, Acting Director of AmeriCorps NCCC
Linda Southcott, Director, Office of Monitoring
Rachel Turner, Audits and Investigations Program Manager

CORPORATION FOR NATIONAL & COMMUNITY SERVICE

OFFICE OF INSPECTOR GENERAL

2020 Audit Plan

Prepared by:

Office of Inspector General

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This report was issued to Corporation management on December 19, 2017. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than June 19, 2018, and complete its corrective actions by December 20, 2018. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

**Office of Inspector General
Corporation for National and Community Service
2020 Audit Plan**

Audits Required by Law

Financial Statements Audit

Under the Government Corporation Control Act, the Corporation for National and Community Service's (CNCS's) annual financial report must include financial statements that have been audited by an independent public accounting firm under the supervision of CNCS's Inspector General. The audit includes an assessment of the effectiveness of the Corporation's internal controls for financial reporting, an area that continues to require substantial improvement. The independent auditors were unable to validate that CNCS's financial statements for Fiscal Years (FYs) 2017, 2018, and 2019 were fairly and accurately presented, and they disclaimed any opinion on the financial statements. As part of our ongoing audit supervision, CNCS-OIG will continue to monitor CNCS's progress toward correcting the material weaknesses and significant deficiency in internal controls.

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 statements audit. The Trust Audit examines whether Trust obligations are recorded in a timely manner, whether the amount of the Trust obligation is appropriately based on the estimated value of the education benefit, and whether the reserve account is maintained to meet the needs of the Trust. The independent auditors found material internal control weaknesses relating to the Trust's unpaid obligations and the Trust liability model, which contributed to the disclaimers of audit opinion for CNCS's FY 2017, 2018, and 2019 financial statements. CNCS-OIG will continue to actively oversee the resolution of these complex Trust issues.

Independent Evaluation of CNCS's Information System Security

The Federal Information Security Modernization Act of 2014 (FISMA), as amended, requires an annual review to determine the effectiveness of CNCS's information security program and practices, as well as its compliance with information security policies, standards, and guidance, including requirements established by the Office of Management and Budget (OMB). CNCS's information security program has been assessed "Not Effective" over the past three years and has made little progress in maturing. CNCS-OIG will assess CNCS's corrective actions to implement prior year audit recommendations in the FY 2020 FISMA evaluation.

Review of Improper Payments

The Improper Payments Elimination and Recovery Act (IPERA), as amended, together with implementing guidance by OMB, requires CNCS-OIG to conduct an annual review of CNCS's

reporting on improper payments and to evaluate its efforts to prevent, reduce and recover such payments. In the first quarter of FY 2020, CNCS-OIG began a performance audit of CNCS's FY 2019 IPERA work.

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. In September 2019, CNCS-OIG assessed the overall risk of significant illegal, improper, and erroneous purchases made through the CNCS' purchase card and travel card program as "low" for FY 2019. Therefore, CNCS-OIG will not conduct a full scope audit/review of CNCS' government charge card programs in FY 2020 and will continue to monitor the CNCS's internal control environment and conduct the required annual risk assessments.

Review of Grant Closeout

The Grants Oversight and New Efficiency Act (GONE Act) requires Federal agencies to report the status of, and efforts towards, the timely closeout of completed grants. The Inspector General of an agency that funds more than \$500 million in grants annually must conduct a risk assessment to determine whether an audit or review of the agency's grant closeout process is warranted. CNCS-OIG plans to conduct this risk assessment once CNCS submits its grant closeout data to OMB.

Discretionary Audits and Reviews

Report on CNCS Management Challenges

CNCS-OIG will update our prior report on the top management challenges facing CNCS, based on our audit, review and investigative work, as well as discussions with CNCS management regarding existing vulnerabilities and new initiatives. During calendar year 2020, CNCS anticipates the full implementation of its reorganization of grant administration and related core business processes as part of its Transformation and Sustainability Plan. The plan includes reorganizing the financial and program management of grants into eight regional hubs, migrating critical CNCS procurement and financial accounting operations to a shared services provider and other initiatives. We will consider the status of these changes and any challenges to the effective and efficient management of CNCS.

Adequacy of Senior Corps Grantees' Financial Management Systems

Our audit work continues to find grantees whose financial management systems and practices are not sufficient to manage Federal funds in accordance with the grant terms and conditions and Uniform Grant Guidance requirements. We will review the process by which CNCS evaluates the financial management systems of Senior Corps grantees and grant applicants. We will also select new and experienced Senior Corps grantees for an in-depth examination of their financial systems and related practices.

Effectiveness of Subgrantee Monitoring

A pass-through grantee, which makes subawards to other non-Federal organizations to carry out part of a Federal program, is responsible for monitoring the activities of subgrantees to ensure that funds are used for authorized purposes, in compliance with regulations and the terms and conditions of the subaward. Subgrantee monitoring is vital to protect the integrity of Federal funds, and CNCS relies on pass-through grantees to perform this critical function. However, our prior audits and agreed upon procedures reviews have frequently found that pass-through grantees did not consistently and effectively monitor their subgrantees or meet their regulatory obligations. We will compile the results of our prior work to summarize common challenges and assess the adequacy of subgrantee monitoring by selected pass-through entities.

Grant Audits

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

- PennSERVE
- DC Commission
- Puerto Rico State Commission

CNCS-OIG also expects to complete the following work in process:

- YouthBuild USA
- Youthprise
- Maryland Governor's Office on Service and Volunteerism
- Maine Commission for Community Service

Continuous Grantee Monitoring and Data Analytics

Entities that expend Federal funds of more than \$750,000 per year are subject to organization-wide audits, commonly known as single audits. During FY 2019, CNCS officials resumed their formal responsibilities to follow up on grantees' single audit report findings. CNCS-OIG remains vigilant in identifying significant single audit findings, such as internal control weaknesses, noncompliance with laws and regulations, going concern issues, and questioned costs, noted by non-Federal auditors. We will continue monitoring the Council of Inspectors General for Integrity and Efficiency's Oversight.gov for audits and investigations of CNCS grantees as part of our continuous grantee monitoring and data analytics efforts.

Investigative Support

The Audit Section is often called upon to provide extensive support in connection with investigations of specific wrongdoing. Investigations may illustrate program vulnerabilities, non-compliance with federal regulations, 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 2020.

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. We 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 Office of the Chief Risk Officer, in support of CNCS's Enterprise Risk Management program and its promised effort to develop a more rigorous, risk-based approach to grant monitoring. Also, the Audit Section looks forward to working with the newly created Office of Monitoring to improve grant monitoring.

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