



# **CORPORATION FOR NATIONAL & COMMUNITY SERVICE**

**OFFICE OF INSPECTOR GENERAL**



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**Semiannual Report To Congress**

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**04/01/17 – 09/30/17**

## ***About the Corporation for National and Community Service***

The Corporation for National and Community Service (CNCS or the Corporation) provides grants and technical assistance to volunteer organizations throughout the United States to strengthen communities, foster civic engagement and improve the lives of all Americans serving their local communities and the Nation. In 2017, the Corporation has invested over \$700 million in national service through its programs, AmeriCorps State and National (ASN), Volunteers in Service to America (VISTA), the National Civilian Community Corps (NCCC), Senior Corps and Innovation and Demonstration programs. A substantial portion of these funds is distributed through public service commissions in each U.S. State and Territory.

## ***and the Office of Inspector General.***

Along with CNCS, Congress established the CNCS Office of Inspector General (CNCS-OIG or the Office), to promote economy, efficiency and effectiveness in the Corporation's programs and to prevent and detect waste, fraud and abuse within CNCS or the entities that receive and distribute Corporation grant funds. CNCS-OIG is an independent organization, led by a Presidential appointee, which submits its reports and recommendations to the Corporation's Chief Executive Officer and to the Congress.

Pursuant to the Inspector General Act of 1978, as amended, this Semiannual Report summarizes CNCS-OIG's work for the last six months of FY 2017. It is being transmitted to the Corporation's Chief Executive Officer, Board of Directors and Members of Congress.

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Deborah J. Jeffrey  
Inspector General

## *Message from the Inspector General*

On behalf of the Office of Inspector General for the Corporation for National and Community Service, I am pleased to submit this Semiannual Report detailing the contributions of this Office for the six months ended September 30, 2017. This period has seen significant progress on longstanding grant oversight and risk mitigation issues.

Since 2009, CNCS and its grantees have been forbidden to use AmeriCorps national service resources for “abortion services” and referrals” for such services. CNCS had never specified what conduct would fall within these prohibitions or how they would be applied. We recommended that CNCS do so, especially after an investigation in April of 2016 found that a major grantee had allowed a subgrantee to perform abortion-related prohibited activities. In response, CNCS’s former General Counsel prepared an internal legal analysis of the abortion prohibitions, which was not issued or treated as authoritative within AmeriCorps. We renewed our recommendation after observing a CNCS presenter misstate the meaning and scope of the prohibitions at a regional grantee training conference in June.

I am pleased to report that CNCS has now adopted and announced guidance on the scope of the abortion prohibitions. AmeriCorps rolled out its explanation of “abortion services” and “referrals” in September at a plenary session of the AmeriCorps State and National Symposium, with over 600 grantee staff in attendance. The Director of AmeriCorps followed up with formal guidance to all State Service Commissions and National Direct grantees, requesting that they share it with subgrantees, service sites and stakeholders. A copy of this guidance is available at <https://go.usa.gov/xn2Yb>.

This clear, authoritative explanation of the scope of the abortion prohibitions is a first for CNCS, will assist AmeriCorps grantees in complying and represents meaningful progress in oversight of the AmeriCorps State and National Program. This would not have occurred without the personal involvement and support of the General Counsel and the Director and Deputy Director of AmeriCorps, who made this issue a priority. We hope that this is a harbinger of things to come and that CNCS will act promptly on our other recommendations to strengthen prevention, detection and oversight of prohibited activities, including mandatory training for grantees and subgrantees; particularized risk assessments based on each grantee’s clientele and the nature of its work; practical guidance and suggested responses for members who are asked for prohibited assistance; and monitoring strategies targeted to prohibited activities.

I would also like to highlight another training session at the AmeriCorps Symposium, focused on expanding the measures that grantees take to shield their clients from abuse. In a presentation titled

*Beyond NSCHC: Protecting and Safeguarding our Communities*, CNCS's Office of the Chief Risk Officer recommended a comprehensive, risk-based approach to abuse prevention, in addition to the mandatory national service criminal history checks that screen only for murder and sex offense convictions. This session incorporated many of our prior recommendations about safety and protection of the public, and I hope that CNCS will repeat it and expand it beyond AmeriCorps.

The session's premise was that a grantee's responsibility to protect the people it serves does not end when staff and members pass a minimal background check. Thus, grantees should implement guidelines on appropriate conduct; specify potentially problematic behaviors to watch out for; consider access, control and monitoring of the service environment; provide guidance on what constitutes inappropriate or suspicious behavior and how to report it; and train employees and members in abuse prevention, personal conduct and reporting. Further, grantees should make risk-based decisions about whether individuals who perform particular functions should be screened for additional offenses, such as ensuring that an individual who transports members of the community has no recent history of impaired driving.

Not all of the recent developments, however, have been positive. CNCS's undertaking to modernize its critical grants management system has again been delayed, this time due to numerous problems uncovered in user testing. As we said last year, "Effective operation of CNCS's core business depends heavily on successful and prompt completion of [the Grants and Member Management modernization effort], which is far from assured." CNCS has now spent more than \$ 24 million, and the new system cannot even duplicate the functions of the existing, inadequate grant management system. The new system was originally scheduled to be operational in May 2016, and its release has now been delayed indefinitely. The current indefinite delay is cause for great concern.

CNCS-OIG will soon be saying farewell to two stalwarts who share responsibility for many of our accomplishments. Deputy Inspector General Ken Bach is retiring after 45 years of public service devoted to safeguarding the integrity of public institutions, first in Army CID and then in civilian life as a member of the Inspector General community. Prior to my confirmation, Ken led this Office ably, with a steady hand on the tiller, through three very difficult years. He is liked, trusted and respected throughout the Office and throughout CNCS, a notable achievement. No Inspector General ever had a better deputy, and I will miss his unflinching good judgment on many difficult issues.

Also retiring is Assistant Inspector General for Investigations (AIGI) Bob Walters, who began his law enforcement career in 1973 in the US Army. He rose through the ranks at Army CID and, after his retirement, joined CNCS-OIG, becoming the AIGI in 2004. Bob served as Acting Deputy Inspector General from 2009-2011. Under his leadership, our investigators have developed a proactive approach, educating grantees and CNCS staff on prevention and detection of waste, fraud and abuse and working closely with them on criminal, civil and administrative investigations.

Our Office is stronger for the service, leadership and dedication that Ken and Bob have shown and the example that they have set. It has been my good fortune to work with both of them.

Respectfully submitted,

A handwritten signature in black ink, reading "Deborah J. Jeffrey". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right from the end of the name.



## *Audits and Assessments*

The Office of Inspector General Audit Section reviews the financial, administrative and programmatic operations of the Corporation for National and Community Service. The Audit Section's responsibilities include supervising the audit of the annual financial statements; assessing management controls; reviewing agency operations; and auditing individual grants, contracts and cooperative agreements funded by the Corporation.

At the end of the reporting period, the Audit Section had in-process an evaluation of the Corporation's VISTA program and eight grantee audits and/or agreed-upon procedures engagements. Below are highlights of particular evaluations and audits for this reporting period.

## ***Audit Section***

The five auditors in CNCS-OIG have a combined 90 years of experience performing financial and performance audits of Federal programs and operations. In deploying these limited resources, the Section strives for an appropriate balance between auditing individual grantees, reviewing internal business processes of CNCS, conducting the extensive audit and evaluation work required by statute, identifying emerging issues and outreach to educate CNCS stakeholders concerning recurring issues. During the past twelve months, we have worked closely with the Chief Grants Officer to improve the timeliness of audit resolutions and the rigor of the analysis. We continue to communicate with the Office of the Chief Risk Officer to address the significant deficiency in internal control noted in the FYs 2015 and 2016 audits of CNCS's financial statements, as well as to jumpstart the launch of Enterprise Risk Management.

## ***Highlights of Audit Work Completed During this Reporting Period***

### ***Audit of Grants to the New York State Office of National and Community Service***

One of the largest State Commissions, the New York State Office of National and Community Service (NYSONCS) administered AmeriCorps funds totaling \$60,713,471 during the five years ending June 30, 2015. NYSONCS made subgrants to 51 organizations and was responsible for programmatic and financial oversight. Our review of four of those subgrants—Blue Engine, Inc. (Blue Engine), Harlem Children's Zone (HCZ), New York City Mayor's Office (NYC Service), and the Service Collaborative of Western New York (TSCWNY)—found questioned and unsupported costs totaling \$8,294,909, as well as an additional \$46,069 in questionable education awards and \$1,643 in accrued interest.

The oversight provided by NYSONCS was inadequate. The NYSONCS staff did not understand cost principles and other requirements fundamental to Federal grants. As a result, NYSONCS did not oversee its subgrantees' basic grant management practices, such as ensuring proper criminal history checks for grant-funded staff and members, and did not perform financial monitoring of the allowability of, and support for, costs charged by subgrantees to the grants or the accuracy and reliability of time and labor records.

The results regarding NYSONCS' subgrantee, HCZ, were particularly serious, and demanded special attention. HCZ accounted for questioned costs totaling \$3,550,170, or 82 percent of the Federal costs questioned in this audit and 36 percent of the questioned match costs. Deficiencies included;

- Numerous failures to complete the criminal history checks required by statute to prevent murderers and sex offenders from exploiting the beneficiaries of national service programs. This accounts for nearly \$1 million of questioned Federal and match costs.
- Charging the grant for labor based on an allocation of budgeted costs, instead of the hours that employees actually worked on the grant. These labor mischarges represented more than \$1.67 million in questioned costs.
- A financial management system and practices that did not meet Federal standards and led to substantial unexplained differences between the costs claimed on HCZ's Federal Financial Report (FFR) and the costs recorded in its general ledger. These discrepancies gave rise to more than \$260,000 of questioned costs.
- NYSONCS' failure to detect these gross deficiencies in one of its largest subgrantees over a two-year period reflects inadequate oversight. Weak oversight was evident from the defects found at NYSONCS' other subgrantees.
- NYSONCS did not review the Single Audit reports legally required for certain subgrantees, did not monitor whether subgrantees performed the required criminal history checks for grant-funded staff, and performed limited financial monitoring of subgrantees.
- One subgrantee charged living allowance costs to the wrong program years, claimed such costs for periods before members began and after they completed their service terms, and charged the grant for members who did not appear on either the Corporation's or the subgrantee's member rosters.
- NYSONCS and three subgrantees claimed Federal and match costs that were not adequately documented or were unallowable.

NYSONCS and three subgrantees did not require grant-funded staff to complete timesheets, were unaware of Federal and New York State requirements for documenting labor hours, and allocated costs to grant awards based on the budget and the availability of funds, rather than on the hours actually worked by staff.

- Two subgrantees charged CNCS grants for costs that were not allowable or allocable or that lacked documentary evidence, including items that were not recorded in the general ledger, and comingled grant and non-grant expenditures.
- Two subgrantees had irregularities in their members' timesheets, including timesheets that were signed before recorded hours were served, timesheets that were unsigned or uncertified, and timesheets whose accuracy could not be verified. In some of these instances, timesheets did not support members' eligibility for education awards.

- One subgrantee could not account for daily supervision of members who served offsite and who served excessive hours at the end of their service terms.
- NYSONCS did not administer funds consistent with grant terms and conditions and CNCS rules. In one case, it short-changed a subgrantee by treating a fixed-amount subgrant as cost-reimbursable. In another case, NYSONCS advanced 25 percent of a subgrant's funding immediately upon award, without regard to whether the subgrantee had an immediate need for the funds.

The subgrantees largely accepted the audit findings. NYSONCS, however, refused to acknowledge the weaknesses in its oversight and claimed that it had no obligation to review all of its subgrantees' Single Audit reports or to follow up on identified deficiencies. Its response deepened our reservations about its ability to administer substantial Federal funding.

Recognizing the extent and gravity of the mismanagement, the AmeriCorps State and National program accepted our recommendation not to award further competitive grants to NYSONCS until successful completion of remedial measures, an action carrying significant impact. We commend this decision and the stewardship values that it reflects. CNCS also imposed a hold on existing grant funds, requiring NYSONCS to obtain authorization before using Federal funding. Remedial measures include requiring NYSONCS and HCZ to submit documentation demonstrating completion of all National Service Criminal History Checks for members and staff. CNCS is also requiring NYSONCS to: (1) implement a timekeeping system that accurately allocates labor between different grants, (2) improve its monitoring plan and tools to ensure effective subgrantee oversight, and (3) develop a staffing and workload plan that ensures sufficient financial and programmatic oversight of CNCS awards. Ultimately, NYSONCS chose not to renew its subgrant to HCZ.

This grant warrants particularly close and consistent monitoring by CNCS, given NYSONCS' failure to acknowledge its oversight obligations.

### ***Audit of Grants to Volunteer Louisiana***

CNCS-OIG reviewed grant costs incurred by the Volunteer Louisiana Commission (VL) and two of its subgrantees. VL is the State Commission that distributes AmeriCorps funds through subgrants to state and local governments and to nonprofits throughout Louisiana.

Auditors found weaknesses in the timekeeping systems and procedures used by VL and subgrantee Louisiana Delta Service Corps, as well as noncompliance by VL and subgrantee City Year with criminal history checking requirements. Together, these deficiencies accounted for 99 percent of the \$195,993 in costs questioned. We also found unsupported and unallowable costs charged to the grant.

VL's oversight of AmeriCorps funds was deficient in multiple respects. The auditors found that VL did not review the subgrantees' Single Audits reports and did not follow up on any findings; failed to report all Federal and match costs in its Federal Financial Report (FFR); and their timekeeping system did not track hours worked by grant for the claimed match costs, or have controls to verify that Executive Director's time charged to the grant.

VL concurred with most of the findings and recommendations and implemented the following corrective action:

- Revised its pre-award financial risk assessment policy to require that its internal auditors identify those subgrantees subject to Single Audit requirements and review their reports annually;
- Clarified its FFR reporting policy to ensure that all costs are included in the reports submitted by its subgrantees;
- Adjusted its FFR to correct the questioned match costs;
- Instituted a new online timekeeping system to allow staff to accurately allocate their labor hours.

### ***Audit of Grants to Seniors Council***

Seniors Council, which operates community programs for senior citizens in Aptos, California, received grants totaling \$2 million from the Senior Companion Program (SCP) and the Foster Grandparents Program (FGP) between July 2013 and June 2015. CNCS's Office of Grants Management requested that CNCS-OIG audit the costs charged to these grants and review the adequacy of Seniors Council's financial management systems.

During fieldwork, our auditors developed urgent concerns regarding the organization's competence to manage and account for Federal funds and therefore issued a Management Alert to prompt immediate action by CNCS. We noted commingling of funds from multiple grants and grant years, improper drawdowns and misapplication of Federal funds. We also noted seemingly irreconcilable disparities between the Federal Financial Reports (FFRs) submitted to CNCS and the grantee's internal accounting records of expenditures. CNCS immediately adopted our recommendation to place a manual hold on further drawdowns.

Completion of the audit bore out our initial findings regarding shortfalls in the grantee's financial management. Seniors Council did not compare its budgeted expenditures to its actual expenses, did not properly allocate its administrative costs to its grants, failed to have the required signed letter agreements with its volunteers and did not ensure that volunteers met their minimum

service hours. Further, auditors found that Seniors Council did not perform required criminal history checks before allowing volunteers to begin service and overstated its claimed expenditures by more than \$10,000.

Seniors Council agreed with most of the findings and recommendations, but CNCS concluded that its proposed corrective action plan was inadequate and suggested additional steps needed to resolve the audit issues. The limitation on drawdowns remains in place pending completion of the necessary corrective actions.

### ***CNCS Still Cannot Quantify and Recover Improper Payments Made in Its Programs, but Continues to Work with OMB on Improving***

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Federal agencies to identify, reduce and recapture improper payments and report annually on their efforts in the Agency Financial Report (AFR). Each Inspector General must audit of his/her agency's compliance with these obligations.

For the sixth consecutive year, the Corporation did not comply with IPERA and the authoritative implementation guidance from Office of Management and Budget (OMB) in assessing and reporting in its FY 2016 Agency Financial Report (AFR) information concerning improper payments in CNCS programs. CNCS lacked the capability to execute the improvements promised in the FY 2015 AFR and has acknowledged that it did not meet its IPERA obligations in FY 2016. Delays, an absence of leadership for most of the year and a decrease in the resources devoted to IPERA contributed to this result.

IPERA testing revealed high levels of improper payments in the three Senior Corps programs (though it could not meet OMB's prescribed "confidence interval," the degree of certainty that a survey's results are accurate):

- 34 percent, or \$ 26.8 million in improper payments, in the Foster Grandparents Program;
- 23 percent, representing improper payments of \$ 9.5 million, in the Retired Senior Volunteers Program; and
- 33 percent, representing \$ 10.6 million in improper payments, in the Senior Companion Program, which CNCS had previously represented was not susceptible to a high level of improper payments.

All told, CNCS determined that improper payments comprised 30 percent of Senior Corps' outlays.

Due to poor sample planning and methodological errors, CNCS could not determine either the rate or the amount of improper payments in the AmeriCorps State and National Program (ASN).

The Corporation agrees ASN is susceptible to significant improper payments. The Corporation was therefore unable to report whether it met its annual reduction target or whether the rate and amount of ASN's improper payments declined or increased from prior years.

The Corporation identified the root cause of these payments as insufficient documentation of the National Service Criminal History Checks required for grant-funded staff and volunteers at CNCS grantees. CNCS concluded that minimal controls were in place to prevent the improper payments. Because of the lack of an accurate baseline, there is no way to assess the effectiveness of the corrective actions taken by CNCS in FY 2015 and early FY 2016.

IPERA also requires agencies take steps to recover the improper payments detected in prior years. In 2015, CNCS indicated that it would assess the cost-effectiveness of payment recapture audits and report the results in the FY 2016 AFR. It did not do so. The FY 2016 AFR represents that this analysis will be performed "by FY 2018."

Although CNCS remained noncompliant with IPERA requirements in FY 2016, we note progress in some important areas, which may improve future results. Specifically, CNCS:

- Hired an experienced Chief Risk Officer in April 2016, and increased the staff devoted to assessing improper payments;
- Contracted with independent accounting firm KPMG to improve sampling and testing in its improper payment assessments;
- Conducted a non-statistical assessment of the susceptibility of the Social Innovation Fund to significant improper payments;
- Reported quarterly on high-dollar overpayments as required by OMB, and posted the results on the Corporation's website.

Nearly all of the IPERA compliance issues that we reported in the FY 2015 audit report remain unresolved. We therefore reiterated the recommendations made in our audit of CNCS's IPERA compliance for FY 2015, except as regards to high-dollar overpayments. Those recommendations can be found in *Performance Audit of the Corporation for National and Community Service's Compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) for Fiscal Year 2015*, OIG Report No. 16-04, available at <https://www.cncsoig.gov/sites/default/files/16-04.pdf>.

CNCS's Chief Risk Officer engaged OMB regarding modifications to the sampling methodology, in order to move closer to compliance with IPERA. That methodology will not achieve the confidence level expected of all Federal agencies, but, if successful, would represent meaningful progress from past years. We will continue to monitor the status of the Corporation's improper

payment assessments and look forward to reviewing its improper payment determinations under the new sampling and estimation plan.

***Management Alert: Funds Awarded to Teach for America Could Be Put to Better Use.***

AmeriCorps State and National has long supported Teach for America (TFA), which recruits recent college graduates to teach for two years in under-resourced public schools. The organization trains its members in an intensive summer program, places them in urban and rural school districts and supports them during their two-year commitment.

TFA receives AmeriCorps funding through the Professional Corps program, whose grantees must demonstrate “significant organizational financial need and substantial challenges to raising non-CNCS resources.” These criteria appear in the Notice of Funding Opportunity.

No one at CNCS analyzes Professional Corps grant applications to determine whether an applicant meets the dual criteria of significant financial need and substantial fundraising challenges. The Office of Grants Management (OGM) performs a pre-award financial review of prospective grantees including TFA, but that review does not address whether the grantee’s level of financial need or its fundraising challenges meet Professional Corps requirements. OGM looks only at whether the grantee has sufficient resources to provide adequate assurance that CNCS funds will not be wasted, essentially a creditworthiness assessment.

Our analysis of recent awards to TFA found no evidence demonstrating that TFA had either “significant organizational financial need” or “substantial challenges to raising non-CNCS resources.” To the contrary, TFA’s endowment approaches \$200 million, which generates substantial income. According to its 2016 Single Audit Report, TFA’s investments exceeded \$266 million. Its revenues from FY 2014 through FY 2016 sometimes exceeded \$300 million, with declining reliance on Federal support. TFA’s financial strength, the size of its income-generating endowment and its history of fundraising success preclude a showing that TFA has substantial unmet financial need or barriers to fundraising from non-Federal sources, within the meaning of the Corporation rules. Accordingly, we recommended that CNCS discontinue awarding operating funds to TFA and instead award those funds to another less-resourced non-profit organization.

CNCS declined to accept the recommendation and awarded another Professional Corps grant to TFA. So long as no one is responsible for analyzing the financial need and fundraising challenges of Professional Corps grant applicants, CNCS may continue to misdirect public funding to organizations with the capacity to be self-supporting.

## ***Management Alert: CNCS Continues to Pay Invoices Without Validating Labor Charges***

The Federal Acquisition Regulation (FAR) requires agencies to scrutinize and validate labor charges by contractors and subcontractors to reduce the risk of fraud, waste and improper expenditures. These safeguards are especially important for time-and-materials (T&M) contracts because a contractor may have a financial incentive to charge excessive labor. To control the government's costs and to prevent contractors from overbilling, agencies must obtain documentation from their contractors and subcontractors to support the hours billed. This includes evidence of actual payments to employees and individual daily time-keeping records.

An FY 2014 procurement audit found that CNCS was not scrutinizing timesheets or other labor records and was simply accepting contractors' representations about the hours spent on CNCS projects. *Audit of Blanket Purchase Agreements for Professional Consulting Services*, OIG Report No. 14-09, available at <https://www.cncsoig.gov/sites/default/files/14-09.pdf>. CNCS promised that it would require contractors to submit approved timesheets to support labor charges, that Contracting Officer's Representatives (CORs) would be required to review the timesheets to validate the amounts charged and that Contracting Officers would be required to conduct a second-level review of documentation submitted prior to approving payment.

A recent follow-up review discovered that CNCS is not validating labor charges as required and as promised. A random selection of invoices from three reimbursable contracts found no timesheets to substantiate the labor for which CNCS paid. None of the CORs responsible for overseeing those contracts understood that they were expected to obtain and review timesheets before approving payment of labor charges. None was aware of the FAR requirements, our prior audit report, or CNCS's commitment to confirm charges with supporting documentation. The CORs believed that they were merely required to review the general reasonableness of the invoices and that their primary role was to ensure the receipt of deliverables. Since the supporting documentation was not submitted, the responsible Contracting Officers were clearly not providing the promised second-level documentation review.

We found that the CORs were not properly trained to oversee labor charges. As part of our COR interviews, we requested copies of any guidance that they had received for approving invoices. The most recent guidance provided — *"Federal Acquisition Certification for Contracting Officers' Representative (FAC-COR) Program Handbook,"* dated January 2016 — focused primarily on obtaining and maintaining a COR certification. None of the three CORs recalled any training related to verifying labor charges on invoices.

CNCS immediately scheduled a training session after being informed of our findings at the exit conference. Without our review, however, CNCS would have continued to pay unvalidated labor charges. CNCS must take responsibility for ensuring that key staff understand and fulfill their critical oversight responsibilities and must check periodically to confirm that proper scrutiny is occurring,

without prompting from CNCS-OIG. Given the strong promises and assurances that CNCS gave regarding reform of contract oversight in 2014, the return to slipshod practices is troubling.

CNCS-OIG made a number of recommendations based on these findings. Among these were (1) that CNCS's Office of Procurement Service (OPS) inform all CORs of the need to obtain certified contractor timesheets to support labor and receipts for Other Direct Charges (ODCs) charged to CNCS on reimbursable invoices, and incorporate this requirement into the OPS' COR Handbook and the COR Appointment letter; (2) that OPS conduct a mandatory training session for all CORs to emphasize the responsibility of a COR to provide detailed oversight of all charges and contract requirements; (3) retraining all Contracting Officers concerning their obligation to scrutinize the supporting documentation for contract expenses and periodically test invoices; and (4) remove COR authority from staff members who do not properly oversee invoices.

CNCS concurred with almost all of these recommendations, promising to incorporate into each COR appointment letter and COR contract checklist the requirement to obtain employee timesheets and supporting documentation for other direct costs chargeable to reimbursable contracts. CNCS agreed that it may sometimes be appropriate to remove the COR authority from a staff member who does not properly oversee labor charges, but intends to make that determination on a case-by-case basis.

### ***CNCS Usage of Charge Cards found to Pose Low Risk***

Executive Branch agencies, including CNCS, are required to implement safeguards and internal controls for purchase cards (p-cards) and travel cards (t-cards) (collectively referred as "government charge cards"). Under Government Charge Card Abuse Prevention Act of 2012 (Public Law 112-194) (the Act), OMB Circular A-123 Appendix B, *Improving the Management of Government Charge Card Programs*, and OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, Inspectors General are required to:

- Conduct annual risk assessments of agencies' charge card programs
- Identify and analyze the risks of illegal, improper, or erroneous purchases and payments and
- Develop a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of government charge card transactions.

For 2017, CNCS-OIG assessed the overall risk of significant illegal, improper or erroneous purchases made through the Corporation's purchase card and travel card program as low. Based on the limited review and procedures performed, CNCS-OIG auditors concluded that CNCS has policies and procedures in place for its t-card program and largely for its p-card program to address the requirements identified in the Act.

We do not plan to perform a full scope audit or review of the Corporation's government charge card programs in FY 2018. We will continue to monitor the internal control environment for government charge card usage and conduct the required annual risk assessments.

### ***Audit Outreach Activity***

The Audit Section continues to participate actively in events that keep CNCS staff and the grantee community informed about CNCS-OIG's initiatives and findings. From May through September, the Audit Section made multiple presentations at the following events where we discussed the audit process and common accountability findings, and highlighted key aspects of the Uniform Grant Guidance:

- North Central National Service Training Conference in Columbus, OH
- Southwest and Pacific National Service Training Conference in Phoenix, AZ
- Atlantic National Service Training Conference in Baltimore, MD
- Virginia AmeriCorps State Program Directors Event in Richmond, VA
- AmeriCorps State and National Symposium in Arlington, VA

We offered practical advice on safeguarding Federal funds and conducted robust question-and-answer sessions to help grantees and subgrantees with current issues. These workshop sessions were well received, with representatives of more than 350 AmeriCorps and Senior Corps grantees and subgrantees in attendance.

CNCS-OIG also presented at the Single Audit Compliance Supplement meeting in July which was attended by a group of 20 CNCS program and grant staff. During this presentation, CNCS-OIG provided an overview of the Single Audit process, and walked the audience through an actual example of a Single Audit report to discuss current audit findings. We also discussed common audit findings and Uniform Grant Guidance from CNCS-OIG's perspective with the objective of assisting CNCS staff to improve their grant monitoring.

CNCS-OIG auditors continue to participate in the IG community's collective efforts to offer suggestions on various initiatives sponsored by the audit community and the Council of Inspectors General on Integrity and Efficiency (CIGIE). These initiatives include the DATA Act Working Group; Single Audit Roundtable to discuss grant issues and best practices among Federal government auditors; the Financial Statements Audit Network (FSAN) on emerging audit standards and practices of Federal financial statements audit; and the Financial Audit Manual (FAM) revision workgroup which is currently reviewing GAO's government-wide guidance on Federal financial audits.



## ***Audit Statistical and Summary Tables***

The statistical and summary tables in this section are submitted in compliance with the requirements enumerated in the Inspector General Act.

## ***I. Audit Reports Issued***

<b>Audit Reports Issued</b>				
<b>April 1, 2017-September 30, 2017</b>				
<b>Report Number Issued</b>	<b>Report Name</b>	<b>Dollars Questioned</b>	<b>Dollars Unsupported</b>	<b>Funds Put To Better Use</b>
		(Dollars in thousands)		
<b>17-06</b>	Performance Audit of Corporation for National & Community Service Grants Awarded to Seniors Council	\$46	\$46	\$0
<b>17-07</b>	Agreed-Upon Procedures for National & Community Service Grants Awarded to New York State Office of National and Community Service	\$1,263	\$630	\$47
<b>17-08</b>	Agreed-Upon Procedures for National & Community Service Grants Awarded to Volunteer Louisiana	\$16	\$13	\$0
	<b>TOTAL</b>	<b>\$1,325</b>	<b>\$689</b>	<b>\$47</b>

## II. Reports with Questioned Costs

<b>Audit Reports with Questioned or Unsupported Costs</b>				
<b>Report Category</b>		<b>Number of Reports</b>	<b>Questioned Federal Costs</b>	<b>Unsupported Federal Costs</b>
			(Dollars in thousands)	
A.	Reports for which no management decision had been made by the commencement of the reporting period	0	\$0	\$0
B.	Reports issued during the reporting period	3	\$1,324	\$689
C.	Total Reports (A and B)	3	\$1,324	\$689
D.	Reports for which a management decision was made during the reporting period	0	\$0	\$0
	I. Value of disallowed costs		\$0	\$0
	II. Value of costs not disallowed	-	\$0	\$0
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	3	\$1,324	\$689
F.	Reports with questioned costs for which no management decision was made within six months of issuance	0	\$0	\$0

### ***III. Summary of Audits with Funds Put to Better Use***

<b>Funds Put to Better Use</b>			
<b>Report Category</b>		<b>Number of Reports</b>	<b>Dollar Value (In thousands)</b>
A.	Reports for which no management decision had been made by the commencement of the reporting period	1	\$60,000
B.	Reports issued during the reporting period	1	\$48
C.	Total Reports (A and B)	2	\$60,048
D.	Reports for which a management decision was made during the reporting period	1	\$60,000
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	1	\$48
F.	Reports for which no management decision was made within six months of issuance	0	\$0

***IV. Audits with Overdue Management Decisions***

<b>Overdue Management Decisions</b>				
<b>Report Number</b>	<b>Title</b>	<b>Federal Dollars Questioned</b>	<b>Mgmt. Decision Due</b>	<b>Status at End of Reporting Period 09/30/2017</b>
N/A	None	\$0	N/A	N/A
	<b>Total</b>	\$0		

## ***V. Reports Without Final Actions***

<b>Audits Without Final Action</b>			
<b>Report Number</b>	<b>Title</b>	<b>Date Issued</b>	<b>Final Action Due*</b>
14-09	Audit of Blanket Purchase Agreements for Professional Services	6/20/2014	6/20/2015
<p>*Under section 6009 of the Federal Acquisition Streamlining Act of 1994, as amended, a final management decision must be made within six months of the issuance of the final report and corrective actions must be completed within one year.</p>			

## ***VI. Unimplemented Recommendations***

Ninety-three (93) CNCS-OIG recommendations issued since 2011 remain unimplemented or only partially implemented. A compendium of them appears at Table VI in Appendix A.



## *Investigations*

The Investigations Section is responsible for the detection and investigation of fraud, waste and abuse in Corporation programs and operations. The Investigative Section probes allegations of serious—sometimes criminal—misconduct involving Corporation employees, contractors and grant recipients that threatens the integrity of Corporation service initiatives. Evidence of serious criminal or fraudulent conduct is referred to the appropriate U.S. Attorney or, in some instances, to a local district attorney for criminal or civil prosecution and monetary recovery. Other investigative results are referred to Corporation management for information or administrative action.

## ***Overview***

During FY 2017, the Investigations Section initiated 19 investigations, closed 25 actions and identified more than \$100,000 in funds that could be put to better use. OIG investigations resulted in identifying more \$900,629 in misused funds for recovery by CNCS.

CNCS-OIG receives reports of fraud, waste, mismanagement and abuse through our Hotline. We investigate potential administrative and criminal violations of the law or program regulations, identify improper use of program resources and recommend recovery of misspent grant funds. The Section processed 71 Hotline actions, leading to 16 investigations and 32 referrals to CNCS management or State Commissions for action during FY 2017.

Our investigators actively reach out to educate grantees, State Commission personnel and Corporation staff about preventing and detecting fraud, waste and abuse; developing strong internal controls and fraud indicators; and reporting instances of possible wrongdoing. Investigators use both social media messaging and on-site training, which included presentations at CNCS Regional Cluster meetings, the AmeriCorps Symposium and meetings of the Office of Field Liaison.

We report the highlights of investigations closed during the second half of FY 2017 below.

## ***Investigative Activity***

### ***Three-Time Sex Offender Served for One Year in Senior Companion Program***

An individual with three sex offense convictions served for more than one year in the First State Community Action Agency Senior Companion Program, Georgetown, DE, visiting elderly persons in their homes, without discovery by program staff. Although the individual enrolled in SCP in May 2015, the grantee did not receive the results of the FBI fingerprint check, which revealed the three offenses in North Carolina, until September 2016. The volunteer resigned from the program in June 2016. CNCS personnel learned of the issue during a monitoring visit.

During a compliance review CNCS officials discovered that the volunteer had a legal obligation to report his prior convictions to the State of Delaware to determine whether he was required to register with the state's public sex offender registry. In the absence of evidence that the volunteer complied with this requirement, CNCS management disallowed the costs associated with his service.

CNCS program personnel also found that the grantee failed to conduct timely and complete criminal history checks for numerous staff and volunteers. CNCS disallowed costs and required improvements to the grantee's policies and training.

*Agency/Administrative Action:* CNCS management disallowed \$3,884.24 for the ineligible volunteer and \$15,625 for the late or incomplete background checks of others. CNCS also required the grantee to update its staff and volunteer files. Case ID: 2017-008 Closed 2017-04-19

### ***Costs Disallowed for Improper Use of AmeriCorps Resources, Including Displacement of Employees***

The YMCA of Cass and Clay County (YMCA), Fargo, ND, improperly used AmeriCorps resources in multiple ways. First, they assigned AmeriCorps members (member) to fill staff positions and perform duties unrelated to their promised AmeriCorps service. YMCA staff directed 13 members to serve as daycare workers and assistant teachers for up to three months while the YMCA's School Age Learning Center searched for suitable employees to fill the positions. Eight members were improperly allowed to count the hours that they devoted to those staff duties towards their Segal Education Awards.

Second, a single YMCA employee served simultaneously as the AmeriCorps program coordinator and AmeriCorps volunteer coordinator. Not only did the grant application promise that these duties would be performed by two individuals, the YMCA claimed match costs against the grant for both positions, in excess of the single salary paid to the staff member.

Third, the YMCA wasted AmeriCorps resources by assigning members to watch the children of patrons using YMCA facilities and programs. Often, no children were present, leaving the assigned AmeriCorps members idle, with no productive service activities.

*Agency/Administrative Action:* CNCS management concurred with CNCS-OIG's recommendations and took the following actions: (1) disallowed and recouped \$22,312 in stipend payments disbursed to the 13 members placed in staff positions; (2) disallowed and recouped \$22,237.86 in Segal Education Awards awarded to eight members whose hours included staff displacement; and (3) increased the assessed risk of the North Dakota Commission due to its poor program management of the YMCA grant. Because the YMCA's match contribution exceeded the required 38 percent, disallowance of the excess staff salary charged as match costs was not required. The North Dakota Commission adopted a corrective action plan to ensure that the YMCA provides better training to the members and utilizes members more effectively. Case ID: 2016-006 Closed: 2017-09-05

### ***Improper Use of AmeriCorps Members and Failure to Perform National Sex Offender Public Website Checks Lead to Disallowed Costs***

The Virginia Department of Veterans Services (DVS), Virginia Beach, VA, assigned AmeriCorps members to staff functions, had them undertake activities outside the scope of the grant and failed to provide evidence that it had checked whether six members were registered sex

offenders. The investigation found that the current and former Program Directors (1) misused Federal grant funds by assigning three members to perform service outside the scope of the grant; (2) violated 45 CFR § 2540.100(e) and (f) by assigning members to duplicate activity and perform the duties of service site employees, and (3) violated 45 CFR § 2522.230 when they certified partial Segal Education Awards for three members who did not meet the award requirements. The former director also violated 45 CFR § 2540.204 by failing to conduct timely National Sex Offender Public Website (NSOPW) checks on six members.

CNCS-OIG investigators also determined that the Virginia Office on Volunteerism and Community Service (Commission) did not detect much of this noncompliance because its monitoring of DVS was inadequate. Further, although the Commission did discover that certain criminal history checks were not conducted, it did not properly enforce these requirements consistent with CNCS policy.

*Agency/Administrative Action:* CNCS management concurred with CNCS-OIG findings that DVS tasked three members to serve outside the scope of the grant and will disallow their living allowances and education awards, totaling \$24,193.50. CNCS disallowed an additional \$9,000, because DVS failed to conduct timely and complete NSOPW checks for six members. CNCS directed the Virginia Commission to review the adequacy of all members' criminal history checks and the service activities conducted at certain sites. Finally, CNCS has provided additional on-site training to Commission staff and confirmed that the Commission has revised its monitoring policies and procedures. Case ID: 2016-023 Closed: 2017-07-25

### ***Allegations of Prohibited Activities (Attempt to Influence Legislation) and Service Outside the Scope of the Grant (Unfounded)***

CNCS-OIG investigators found no evidence to support a Hotline call alleging that AmeriCorps members with the Volunteers in Service to America (VISTA), Student Veterans of America, Washington, DC, a service site of the American Legion Auxiliary, Indianapolis, IN., engaged in prohibited activities to influence proposed legislation related to the GI Bill or performed service unrelated to their official VISTA duties.

*Agency/Administrative Action:* None required. Case ID: 2017-010 Closed 2017-08-10

### ***Two AmeriCorps Members Attended Abortion Procedure Without Violating Program Restrictions***

Two AmeriCorps members assigned to a family planning center in Chicago, IL did not engage in prohibited activity by attending an abortion procedure outside of their service hours. The members, one of whom was a prospective medical student, were offered an opportunity to observe the procedure. They clocked out from their AmeriCorps service and did not identify

themselves during the procedure as affiliated with AmeriCorps. No AmeriCorps resources were implicated by their attendance.

*Agency/Administrative Action:* None required. Case ID: 2017-016 Closed 2017-07-24

### ***AmeriCorps Members Displaced Teachers in Classroom***

A Hotline call alleged that AmeriCorps members assigned to the Summit Tutoring Corps (Summit), Redwood City, CA, were displacing staff. According to the caller, the members were assigned to oversee Personalized Learning Time (PLT) sessions, previously lead by a professional teacher. Summit is a subgrantee of The Match Foundation, Inc. (Match Foundation) in Boston, MA, and its members were assigned to provide intensive small group tutoring in math and reading to students in grades 6 through 12.

Investigators found that Summit staff violated 45 CFR § 2540.100(f) *Nondisplacement*, when they directed members to manage PLT sessions as part of their AmeriCorps service. The PLT sessions are independent study periods for 20 to 43 students of all grades. Members overseeing PLT were responsible for maintaining discipline, ensuring that the students were productively engaged and proctoring a Content Assessment Test. In contrast to the bulk of their service time, the members performed little to no tutoring during the PLT classes.

Investigators also discovered that members at one school were required to perform receptionist duties after the receptionist was terminated, and members assigned to various schools were required to maintain discipline and oversee the students during lunch. Summit also allowed members to count their own lunch breaks as part of their AmeriCorps service hours.

*Agency/Administrative Action:* CNCS concurred that assigning receptionist duties to the members constituted displacement and disallowed the associated hours. It also disallowed hours claimed for lunch when members were not engaged with students.

CNCS disagreed with the finding that assigning members to supervise Personalized Learning Time displaced teachers. According to CNCS, Summit asserted that the nature of PLT had changed. When supervised by a teacher, PLT focused on self-directed student activity akin to a study hall, but when supervised by an AmeriCorps member, PLT provided an opportunity for direct tutoring of students.

CNCS-OIG finds this determination to be unsupported and incorrect. As stated in 45 CFR § 2540.100(f)(6)(i), “[a] participant in any program receiving assistance under this chapter may not perform services or duties that have been performed by or were assigned to any (i) Presently employed worker.” PLT was originally supervised by a professional teacher, after which responsibility was transferred to AmeriCorps members. The teachers, like the AmeriCorps members, worked with students on homework assignments and helped to prepare them for the assessment tests. We are aware of no qualitative difference in the PLT oversight tasks performed

by AmeriCorps members and those previously performed by paid teachers. Case ID: 2017-007 Closed: 2017-06-07

### ***Allegations of Displacement Lead to Program Review***

A Hotline complaint alleged that AmeriCorps members (1) were performing staff duties, (2) recording their hours inaccurately, and (3) lacked supervision. While investigators did not substantiate the last two allegations, they discovered that at two service sites, in addition to their AmeriCorps service, members were required to fill in for the receptionist, and one member was assigned to order and maintain office supplies, a violation of 45 CFR § 2540.100(f), *Nondisplacement*.

*Agency/Administrative Actions:* CNCS management reported that the New York Commission on National and Community Service (Commission) personnel assured them that any displacement was brief and episodic, and therefore of little impact. Additionally, several of the members exited without an education award or were not eligible to earn such an award. Therefore, no funds were disallowed or education awards reduced. Case ID: 2016-030 Closed 2017-04-03

### ***Failure to Follow Proper Procedures Leads to Changes for Agency Personnel***

CNCS-OIG received an allegation that a CNCS State Program Officer may have falsified documents when she awarded a VISTA grant.

The investigation found no evidence that the employee falsified documents pertaining to the awarding of the VISTA grant; however, the employee failed to follow the VISTA Desk Reference guidelines when she failed to obtain the proper documents and verify the 501(c)(3) nonprofit status before awarding the VISTA grant.

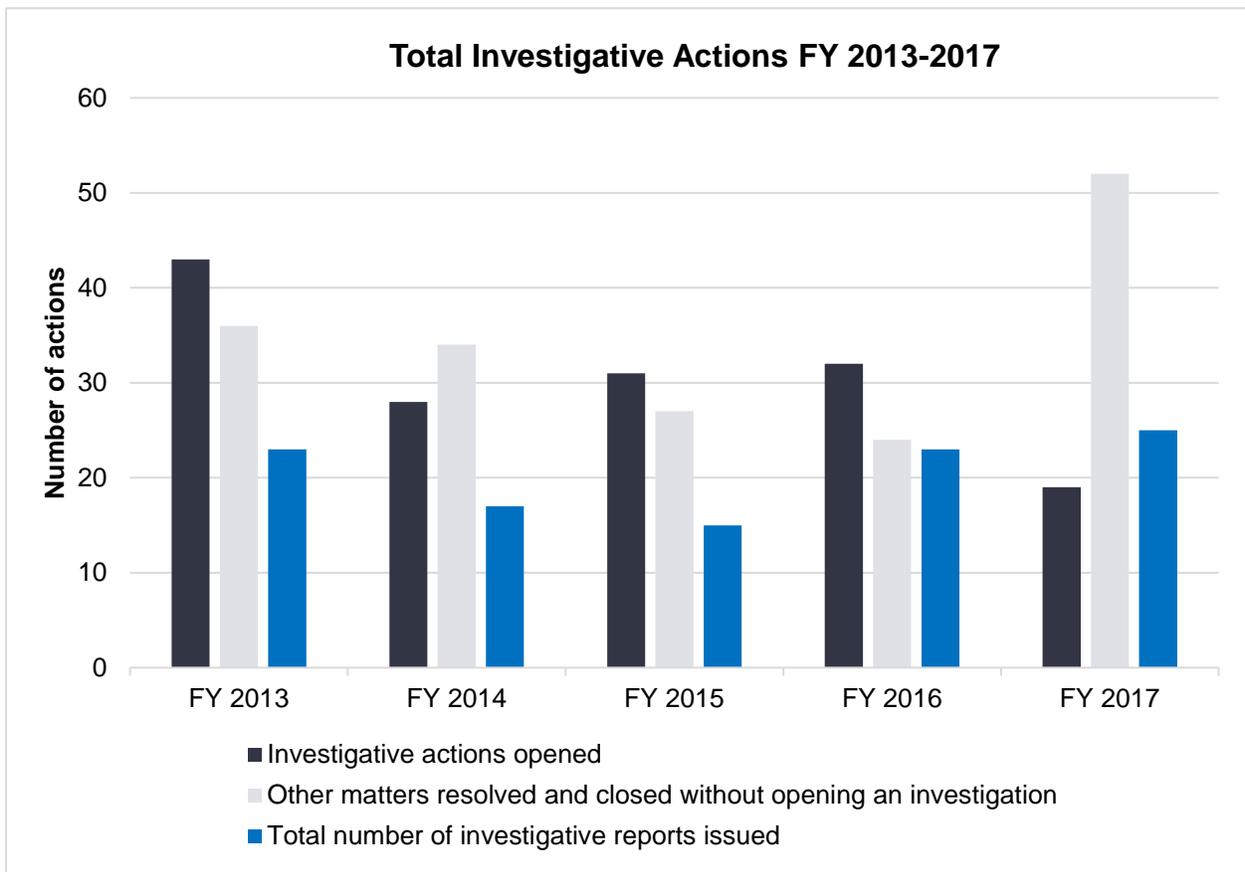
The employee also did not exercise due diligence when she failed to verify that an executive director of the joint venture VISTA program was authorized to sign the VISTA grant application(s) on behalf of the legal entity.

Based on the investigation findings, CNCS-OIG recommended CNCS management add a certification block or a checklist showing that the required documents were obtained and/or verified in the grant management system prior to awarding or funding a grant.

*Agency/Administrative Actions:* CNCS management concurred with CNCS-OIG recommendations and implemented changes requiring employees to document the verification of the required documents prior to awarding a grant. Prior to the conclusion of the investigation the employee resigned. Case ID: 2017-013 Closed 9/29/2017

## *Investigations Table*

<b>Investigative Statistical Summary</b>					
<b>Activity</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Investigative actions opened	43	28	31	32	19
Other matters resolved and closed without opening an investigation	36	34	27	24	52
Total number of investigative reports issued	23	17	15	23	25
Number of persons referred to DOJ for criminal prosecution	6	0	3	9	6
Number of persons referred to state or local authorities for criminal prosecution	1	0	0	1	0
Number of criminal indictments and criminal information from the results of referrals	1	0	0	1	0
Investigative recoveries <sup>1, 3</sup>	\$590,943	\$429,554	\$4,240,133	\$812,035	\$900,629
Funds to be put to better use <sup>2</sup>	\$1,078,316	\$371,048	\$139,800	\$1,200,560	\$100,000
Administrative or management action taken	23	18	10	14	21
<sup>1</sup> Includes money received by the CNCS or other government agencies as a result of OIG investigations, including joint investigations with another OIG, Federal, or State investigative element.					
<sup>2</sup> When OIG investigative action identifies a systemic practice that has subsequently been stopped or modified due to some type of OIG investigative interdiction, any clear and unmistakable savings to the CNCS are reported here.					
<sup>3</sup> FY 2015 Reflects adjustments by CNCS.					



Metrics for Investigative Statistics - An investigative action is an investigation or preliminary investigation that has been assigned a case number.

Other matters resolved without opening an investigation are Hotline reports or other matters that can be resolved or handled without initiating an investigation.

Total number of investigation reports issued are reports of investigation or closeout reports.

Investigation recoveries are funds that CNCS recovered or that management issued a debt letter for collection.



## *Suspension and Debarment*

Suspension and debarment are remedies intended to protect the Federal government from doing business with individuals or entities whose conduct demonstrates they cannot be trusted to conduct business reliably, in compliance with the law, rules and regulations and with integrity. When the Office of Inspector General discovers serious misconduct that casts doubt on the present responsibility of a grantee, grantee staff or other party, it recommends that the Corporation impose debarment to prevent future harm to Federal programs and operations. If the Corporation begins suspension or debarment proceedings, the respondent has an opportunity to demonstrate that it should not be excluded from transactions with the government.

## ***Suspension and Debarment Action***

A joint investigation resulted in a debarment during the last six months of FY 2017.

### ***AmeriCorps Grantee Executive Director Found Guilty and Debarred for Submitting Fraudulent Timesheets***

An investigation conducted jointly with the Lordsburg New Mexico Police Department found that Ms. Mary Cristina Ortiz, Executive Director, The Wellness Coalition, Lordsburg, NM, defrauded the U.S. Government when she allowed her two children to serve in the AmeriCorps State and National program and submit timesheets that claimed falsely that they had performed AmeriCorps service. Rather than serving the community, the children were attending college in another state. Ms. Ortiz's actions resulted in the loss of \$16,500 in Federal funds.

On April, 13, 2017, Ms. Ortiz pled guilty to one count of fraud in violation of New Mexico law. She was sentenced to three years of supervised probation and required to make restitution of \$16,000, in addition to a written public apology to the community.

*Agency/Administrative Action:* Following her guilty plea, CNCS management debarred Ms. Ortiz for a period of three years. Case ID: 2016-012 Closed 2017-08-28



## *Peer Review*

Offices of Inspectors General undergo periodic peer reviews to ensure their operations meet the professional standards of the IG community. The results of a peer review must be included in the Semiannual Report of the reviewed office, which must also identify any recommendations that have not been fully implemented. The OIG that conducts a peer review must likewise identify the outstanding and unimplemented recommendations pertaining to the office that it reviewed. The specific statutory requirements for this reporting are contained in Section 989C of Public Law 111-203, which amended Section 5 of the Inspector General Act of 1978.

## ***Most Recent Peer Reviews of CNCS-OIG***

### ***Audit Section***

A peer review conducted by the audit staff of the Library of Congress Office of the Inspector General concluded that our Audit Section met or exceeded applicable professional standards for Federal audit organizations. The peer review report, issued on March 30, 2016, stated that CNCS-OIG's system of quality control in effect for FY 2015 met applicable professional standards "in all material respects," was suitably designed and followed, and received a rating of "pass."

### ***Investigations Section***

The Investigations Section's most recent Peer Review Report was issued in March 2015 by the Peace Corps Office of the Inspector General. The internal safeguards and management procedures for investigative operations complied with the quality standards established by the CIGIE and Attorney General guidelines.

These positive peer reviews confirm the quality of CNCS-OIG's contribution to rigorous oversight, which ensures that the Corporation is accountable to the public.

## ***Other Reportable Matters***

### ***Investigations Substantiating Misconduct by a Senior Government Employee***

None

### ***Whistleblower Retaliation***

None

### ***Interference with IG Independence.***

None

### ***Undisclosed Audits, Investigations, Evaluations or Inspections.***

None

*Appendix A*

**Unimplemented Recommendations**

	<b>Report No.</b>	<b>Report Title</b>	<b>Date Issued</b>	<b>Rec No.</b>	<b>Recommendation</b>	<b>of Aggregate Potential Cost Savings, by Report or Subject</b>	<b>Notes</b>
1	OIG-12-04	Audit of Earned Education Awards Resulting from Compelling Personal Circumstances	11/9/11	3b	Record justifications for partial education awards based on Compelling Personal Circumstances in the MyAmeriCorps Portal, using the text description capability.	\$821,435	
2				3c	Promote consistency and minimize errors by requiring a second level of review for each Compelling Personal Circumstances partial education award.		
3				N/A	Require a doctor's note to support partial education awards based on early exit for medical reasons.		
4	OIG-13-06	Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Edna McConnell Clark Foundation	6/6/13	1c	Require grantees to include searches of an individual's maiden, married or former married names when conducting National Service Criminal History Checks, and revise guidance accordingly.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
5	OIG-13-07	Inadequate Internal Controls Prevent the Corporation from Mitigating Significant Risks Inherent in the Fixed Amount Grants Program	9/30/13	1	Reduce vulnerabilities in fixed amount grant programs by identifying the risk drivers (to include member enrollment and retention, drawdowns and non-CNCS resources) and developing indicators by which to assess the associated risks.	Note 1	Note 1: Savings cannot be estimated with precision but are potentially significant, since CNCS lost more than \$1 million on a single mal-administered fixed amount grant because of inadequate monitoring procedures and controls.
6				1a	Consistent with Congressional intent, define/establish criteria for the class of small and less experienced organizations for whom modest fixed amount grants would be appropriate.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
7				1b	Determine the information that should be sought in the application and selection process to support prudent fixed amount grant award decisions, including requiring submission of a budget.		
8				1d	Benchmark the expected rate of member attrition so that monitoring can focus on grants with excessive attrition.		
9				2e	Establish criteria for elevating seriously troubled grants for attention by senior management, to ensure that corrective action plans are successful and accountability is maintained.		
10				3	Obtain quarterly information from grantees on total program expenditures and/or development of non-CNCS funding for program support.		
11				4	Conduct risk assessments using appropriately weighted criteria that are relevant to the risks posed by fixed amount grants, including the grantee's ability to contribute funding from non-CNCS sources.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
12	OIG-14-04	Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Arkansas Service Commission	11/14/13	11d	Recover the grant costs associated with successive service terms of AmeriCorps members who were not eligible to serve a second term because they did not receive an evaluation of their first term of service.	\$4,602	

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
13	OIG-14-09	Audit of Blanket Purchase Agreements for Professional Consulting Services	6/20/14	1	Establish a standardized entity-wide decision process for the use of consulting/professional services, to include and document consideration of (a) the need for the project; (b) specificity and suitability of design; (c) the intended users; (d) any alternative means of accomplishing the objective; (e) how the project's progress will be monitored and by whom; (f) how quality, value and success of the project will be measured/evaluated, relative to its cost; (g) whether the particular project is the best use of CNCS resources, in view of competing needs and priorities and CNCS's overall strategy, objectives and priorities; and (h) how the project links to CNCS's strategic plan and the strategic objectives of the requesting office. Mere availability of funds within a particular office's budget should not, without more, justify the expenditure.	\$973,594 Note 2	Note 2: Savings cannot be estimated with precision but likely represent several million dollars, because a small sample included waste of \$892,263 and unauthorized commitments of \$81,331 during a three year period.
14				2	Establish a central committee to review and approve any consulting projects that exceed pre-established cost thresholds. Include an OPS representative on the committee or in an advisory capacity.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
15				6	Require meaningful review of contractor and subcontractor cost proposals, and maintain appropriate documentation of the review and its conclusions in the contract file. Develop procedures to guide staff in determining the types and sources of information to be considered.		
16				10	Create a centralized tool to track deliverables, to be reviewed at defined intervals.		
17				18	Institute a post-performance review of each consulting project to assess lessons learned; determine whether project objectives were met; and evaluate the impact of the deliverables and success of the project, including a cost-benefit analysis. Use the results to maintain accountability and improve the procurement process.		
18		Management Alert	7/24/17	4	Retrain all Contracting Officers concerning their obligation to scrutinize the supporting documentation of contract expenses.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
19				5	Require the OPS to develop a written procedure that requires it to perform periodic testing of reimbursable invoices; and remove the COR responsibilities from those who do not comply with the written policy.		
20				6	Review CNCS-OIG Audit Report 14-09 and CNCS's response thereto, determine whether CNCS is fulfilling the other commitments that it undertook, and advise CNCS-OIG of any other corrective actions being taken.		
21	OIG-15-05	Audit of Corporation for National and Community Service Grants Awarded to Tufts University/Massachusetts Campus Compact	5/14/15	6b	Timely share key information about grantee performance/nonperformance across programs and grant offices.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
22	OIG-15-06	Audit of Corporation for National and Community Service Cooperative Agreements Awarded to AFYA Incorporated and Education Northwest	6/25/15	1	Identify risks specific to training and technical assistance cooperative agreements and develop indicators to assess them. Consider special terms and conditions of the cooperative agreement, the status of a grantee's Negotiated Indirect Cost Rate Agreement, fraud risks and deficiencies identified in prior oversight or monitoring of the grantee.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
23	Various	Risk Management (multiple reports)	N/A	Various	Develop a rigorous and tested risk-based process for monitoring grants that takes into account the characteristics of grant types and the risks associated with them. Discontinue the one-size-fits-all approach that uses criteria applicable to traditional cost reimbursement grants to assess risks of fixed-amount grants and grants for technical training and assistance. Align monitoring activities to risks.	Note 3	Note 3: Savings are difficult to estimate with precision but likely represent millions of dollars, in better grant-making, early detection of problems and more efficient and effective monitoring.
24			N/A		Validate risk indicators and risk models against outcomes and use outcomes to identify other factors that could sharpen the risk analysis.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
25	OIG -16-04	Performance Audit of the Corporation for National and Community Service's Compliance with the Improper Payments Elimination and Recovery Act of 2010 for Fiscal Year 2015	5/13/16	1	Strengthen internal controls over the Agency Financial Report (AFR) to ensure that the Improper Payments section (Section IV, <i>Other Information</i> ) contains each of the elements required by OMB Circular No. A-136 and that the reported information is complete and accurate.	Note 4	Note 4: CNCS's own estimates suggest that it has made hundreds of millions of dollars of improper payments over the past five years. Quantifying those payments, establishing a baseline and addressing the root causes are necessary steps to reduce those improper payments.
26				2	Use consistent and appropriate statistical methodologies to identify those programs susceptible to \$10 million in improper payments, sample payments and extrapolate the rate and amount of improper payments across programs.		

	Report No.	Report Title	Date Issued	Rec No.	Recommendation	of Aggregate Potential Cost Savings, by Report or Subject	Notes
27				3	Work with a qualified statistician to develop a simpler and executable sampling methodology, to include sufficient oversight throughout the IPERA process to ensure that the results are sufficiently reliable.		
28				3	Commit sufficient resources to complete the sampling and associated testing within the timeframe required to meet IPERA reporting requirements in the AFR.		
29				3	Hold accountable those grantees that fail to respond to requests for documentation required to support the improper payments assessments.		
30				5	Develop a comprehensive testing methodology and test plan that incorporate all legal and regulatory allowability and eligibility criteria applicable to CNCS-sponsored payments, and apply it consistently to sampled payments. Provide mandatory training to reviewers to ensure consistency.		
31				5	Retain sufficient documentation to allow proper oversight.		

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32				6	Identify the root causes of improper payments in the AmeriCorps State and National Program and take appropriate programmatic corrective actions to reduce those payments.		
33				6	Develop and report realistic reduction targets, explaining the justification in the AFR.		
34				8	Assess whether payment recapture audits or other recovery activities are cost-effective for programs that expend \$1 million or more annually, and retains documentation reflecting the analysis performed.		
35				9	Comply with the reporting requirements for agencies that have been unable to comply with IPERA for three consecutive fiscal years, including: submitting a plan to OMB and Congress that outlines the milestones for achieving compliance; designating a senior agency official accountable for achieving compliance; and, assessing whether additional funding, program reauthorization or statutory changes would help bring CNCS into compliance with IPERA.		

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36	OIG-16-05	Audit of Corporation for National & Community Service Grants Awarded to Hoopa Valley Tribe and multiple other reports related to Criminal History Checks	11/13/15	1	Increase penalties for criminal history check (CHC) violations above the nominal level, so that they command appropriate attention from grantee leaders, incentivize strong risk management and deter noncompliance. Discontinue the no-harm-no-foul approach to CHC noncompliance and demand strict compliance.	\$61,400,000 Note 5	Note 5: Aggregate potential savings based on CNCS's projections of CHC-related improper payments reported in FY 2015 Annual Financial Report (AFR) for AmeriCorps State and National and FY 2016 AFR for Senior Corps programs. This is both a critical safety precaution and a means to reduce the improper payments described in IPERA assessments.

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37				3	Sanctions for CHC noncompliance should reflect: (1) that complete and timely criminal history checking is a critical safety measure to protect individuals in at-risk communities from harm at the hands of convicted murderers or sex offenders, not a garden-variety regulatory requirement; and (2) that individuals, grantees and CNCS would face catastrophic consequences if noncompliance allowed a predator to harm an individual in a CNCS-funded program.		
38				4	Adopt a risk-based approach to CHC compliance.		
39	OIG-17-01	Audit for the Corporation for National and Community Service's Fiscal Year 2016 Financial Statements	11/14/16	2	Engage the RMC, RAC and program and financial managers in continuing efforts to build a comprehensive enterprise-wide risk assessment and monitoring process. Use the results of the initial ELC assessment report to further develop responses to the risks identified. Test the design and effectiveness of key internal control to identify and respond to risks, and monitor these controls on a routine basis.		

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40				3	The Office of Chief Risk Officer (OCRO) should develop integrated internal control testing with management's responsibilities related to financial management (with an emphasis on grants management), Federal Information Security Modernization Act /information technology, Improper Payments Elimination and Recovery Act compliance, and during audit resolutions of the OIG contract audits.		
41	OIG-17-05	Evaluation of the National Civilian Community Corps (NCCC) Program	12/5/16	1	Reserve NCCC's expensive program model for services that NCCC can perform cost-effectively. Reevaluate the appropriate balance between NCCC and other programs that cost taxpayers substantially less for comparable service activities and redirect NCCC resources accordingly.	\$60,000,000 Note 6	Note 6: Based on redirection of 40 percent of NCCC's funding.
42				2	Develop a comprehensive and independent recruitment and retention program that provides appropriate support for individuals from disadvantaged circumstances.		
43				3	Assess the programmatic performance of each NCCC campus and share the results with campus leaders.		

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44				4	Establish policies and procedures to place weight on cost effectiveness when determining which teams to deploy for disaster responses.		
45	OIG Management Challenges	Modernizing Information Technology	12/7/16	4	Actively engage senior management in close oversight of the Grants and Member Management Modernization program, because (1) CNCS lacks a track record for managing projects of this complexity and magnitude; (2) CNCS programs urgently need better IT support for their operations and oversight; (3) the amounts at risk--more than \$40 million--are substantial; (4) the modernization effort has already experienced significant delays; (5) there are no release dates for Phases 2 and 3 of the plan; and (6) IT development and acquisition projects are recognized throughout the Federal government as carrying high risk.	Note 7	Note 7: Savings difficult to quantify with precision but are likely substantial for reasons stated.
46				5	Eliminate duplicative oversight structures and reorganize for risk-/portfolio-based grant monitoring.	Note 8	Note 8: Potentially substantial savings to be realized from consolidation of monitoring operations.

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47	OIG Special Report	Prohibited Activities: Missed Opportunities, Red Flags Ignored and Next Steps to Improve Grants Management at CNCS	12/21/16	1	Determine whether any of the other “prohibited activities” require explanation, clarification or guidance.		
48				1	Guidance should include instructions as to what grant-funded personnel may and may not do when asked for prohibited assistance or to perform a prohibited activity.		
49				1	Guidance should make clear that avoidance of prohibited activities must be treated as a top priority, and that a grantee proceeds at its peril if it undertakes any activities that potentially impinge on prohibited activities without first obtaining written guidance from CNCS.		

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50				2	Target the new guidance about the abortion prohibitions to grantees/subgrantees whose programmatic activities place them at elevated risk of encountering issues related to the abortion restrictions, including those whose service activities involve providing healthcare to women and girls of childbearing age, as well as those with service activities directed at education or mentoring of girls and young women middle school-aged and above.		
51				2	Develop mandatory online training for grantees at elevated risk regarding the abortion restrictions.		
52				2	Require grantees at elevated risk regarding the abortion prohibitions to determine and report any current and past activities outside the scope of the new guidance.		
53				3	Conduct the same risk assessments, identification of at-risk grantees, communications and targeted monitoring for other prohibited activities.		
54				4	Identify any other factors that may increase the risk of individual prohibited activities and use that information for targeted education, training and monitoring as appropriate.		

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55				6	Enhance the capacity of eGrants to store and search critical emails. Institutionalize policies and procedures to allow program and grant officers to capture key emails in eGrants, and develop criteria for identifying emails to be captured.		
56				7	Build into CNCS's to-be-developed Enterprise Risk Management strategy and planning a component for specific prohibited activities, commensurate with magnitude of the risk, including the reputational and political risk to CNCS.		
57				8	Accelerate development of a more focused, targeted and risk-based model and approach to all grant monitoring, including continuous assessment of the effectiveness of CNCS'S grant risk assessments and monitoring.	Note 9	Note 9: Savings difficult to quantify with precision but are likely substantial given the size of CNCS's grant portfolio.

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58				9	Immediately develop and implement monitoring strategies for specific prohibited activities that can be conducted frequently, do not depend on site visits and provide a meaningful opportunity for prompt detection of violations or red flags, including searches of social media sites and surveys of members in accessible language, perhaps using the MyAmeriCorps Portal.		
59				10	Determine during the grant application process whether an applicant is at particular risk for one or more specific prohibited activities. If so, require the grantee to develop customized ways to address compliance with that prohibition, including detection controls. Incorporate the resulting information into the monitoring plan and target CNCS monitoring activities accordingly and assess the effectiveness of the measures taken by the grantee.		



## *Agency Response*

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