



December 8, 2016

TO: Kim Mansaray
Chief of Program Operations

FROM: Stuart Axenfeld /s/
Assistant Inspector General for Audit

SUBJECT: Fraud and waste risks of teleservice: an emerging issue

Emerging Teleservice Risks

Telework has become increasingly popular across the private, public and nonprofit sectors. Many organizations, including the Federal government, use telework to reduce costs and improve workers' quality of life by eliminating long commutes. For many workers, telework can also improve productivity and reduce absenteeism.

Telework also presents supervisory challenges and increased risk of abuse. Inspector General investigations and reviews of the once-lauded telework program of the U.S. Patent and Trademark Office (PTO) determined that about ten percent of all claimed telework hours were unsupported, representing \$23.7 million wasted during a 15-month period. Investigators found that the PTO's internal controls for detecting and preventing time and attendance abuse were deficient, in part because supervisors could not tell when their employees were actually working.

Not surprisingly, some AmeriCorps State and National (AmeriCorps) grantees and VISTA sponsors are also allowing national service members to perform their service activities from home (teleservice). CNCS leaders have acknowledged that demand for teleservice will likely increase. In connection with an investigation conducted last year, the Office of Inspector General for the Corporation for National and Community Service (CNCS-OIG) recommended that CNCS manage teleservice risks by developing policies and other materials to guide grantees that intend to allow teleservice. CNCS declined to follow this recommendation, asserting that current guidance is sufficient, but did not identify the guidance on which the leadership relied.

CNCS-OIG has found unsupported teleservice hours in nine audits and investigations of AmeriCorps grantees and VISTA sponsors over the past two years. In one case, all of the AmeriCorps members were serving from home, and none of their hours could be validated.

Grantee	Audit or Investigation	Number of Members	% of Hours Teleserved	Service Activity
NY Commission	Audit	5	11%	Teaching Asst.
American Legion	Investigation	6	100%	Outreach
Napa	Investigation	2	10%	Tutoring
Mid Delta Community	Investigation	1	5%	Various
Wash. Service Corps	Investigation	12	6%	Tutoring/Various
Va. Dept. of Veteran Services	Investigation	1	24%	Housing assistance - Vets
St. Bernard Project	Investigation	2	6%	Various
Wellness Coalition	Investigation	2	90%	Various
Forest Grove Service	VISTA Investigation	6	17% ¹	Grant Writing/Outreach

Grantees allowed teleservice with minimal supervision and no way to verify members' self-reported hours. Essentially, these grantees approved timesheets and certified education awards based on the honor system. Their internal controls were inadequate to deter and detect time and attendance abuse, nor did they mitigate the risk that members might inflate their hours.

The high incidence of these findings suggests that other grantees may have similar practices, further exposing CNCS funds to fraud and waste. Teleservice lends itself to abuse because it takes place without onsite supervision or the observation of fellow members or co-workers. Any use of teleservice should be subject to commonsense controls that address this vulnerability. With appropriate controls, teleservice can form one of the available service options.

Recommendations

CNCS should issue guidance based on the following principles:

1. Teleservice is appropriate only when the activity can be meaningfully supervised and the hours independently validated. Completing online training, for example, should create an audit trail by which a supervisor can verify the hours claimed. Where the service activity results in a work product, a supervisor can reach a reasoned judgment as to whether the product reflects the number of hours claimed by the member. Tasks performed while logged into a grantee information system may result in a record of the member's level of activity. Hours devoted to planning can be validated by reviewing the plan and by reference to a predetermined standard, such as allowing no more than one hour of planning for each hour of presentation. We do not believe that it is sufficient for a member simply to notify a supervisor by email when that member begins and ends work on a given day if the supervisor cannot independently verify the level of activity.

¹ This is a VISTA grant and calculations are based on days of service. We calculated the number of teleservice days as a percentage of the total number of days worked.

2. As with all grant-funded service, the teleserved activities must be within the scope and purpose of the grant and the activities contemplated in the grant application. In other words, the grantee should not ordinarily create teleservice activities solely to accommodate a request for teleservice, nor should the grantee authorize additional teleservice activities late in the service term in order to enable a member to accrue the hours necessary to earn an education award.
3. Safety concerns may make teleservice inappropriate. If a grantee would not allow a member to work with a child behind closed doors at a service site, the grantee should likewise not allow a member to work with a child the member's home or other unsupervised location. Just as a grantee cannot expose the public to unsafe conditions at its own service site, it must verify the safety of any location at which a program beneficiary will interact with a member.
4. When teleservice is authorized, there must be a written plan that specifies how the teleserved activities will be verified. When approving a timesheet that contains teleserved hours, the supervisor should actually review whatever source of information was specified in the plan and document having done so.
5. The appropriate level of teleservice may change during a service year. Ordinarily, a member will spend less time on training and planning at the end of the term than at the beginning. A constant level of teleservice or an increase in teleserved hours towards the end of the service year may warrant skepticism.
6. Absent exigent circumstances, there should be a limitation on the total number of hours to be performed by teleservice on any single day. If the member is teleserving for a full day, a designated amount of time must be taken for lunch.
7. Teleservice is a privilege, not a right. A grantee can withdraw that privilege for mission-related purposes, if supervision becomes too burdensome or if hours cannot be validated.
8. Any grantee that allows telework must evaluate the activities to be performed in light of the above principles, adopt appropriate controls and verification activities and establish policies that address the following:
 - a. Acknowledgment that teleservice carries an increased risk of time and attendance abuse and requires close supervision and verification of hours claimed;
 - b. Written authorization of teleservice in advance, to include specifying how teleserved hours will be validated;
 - c. Supervisory review and approval of teleserved hours, including documentation of the validation activities performed;
 - d. Clear expectations of the nature, content and frequency of communications requirements between supervisors and teleserving members; and
 - e. Teleservice that is more than *de minimis* must be subject to a written agreement between the grantee and the member that describes the activities to be performed and includes prominently a statement that the member has a legal duty to record time and attendance accurately and is subject to criminal penalties for knowingly misstating hours. The agreement must also contain an acknowledgment that grantee staff may be subject to legal penalties for

- knowingly submitting false claims to the government or for misleading the government about the extent of their validation activities.
- f. Any limitations on the hours to be worked on a single day, including required meal breaks.
9. Ensure that State Commissions and other pass-through entities consider teleservice as part of the comprehensive risk assessment of subgrantee portfolios required by the Uniform Grant Guidance, 2 C.F.R. § 200.331, and incorporate this information into their subgrantee monitoring.
 10. Incorporate analysis of the risks associated with teleservice into CNCS's risk model and risk assessment of grantees and subgrantees, and develop appropriate monitoring tools and activities. Monitoring should include a determination of the nature and extent of teleservice at a particular grantee and an evaluation of the quality and effectiveness of the grantees internal controls over teleservice.
 11. As part of the ongoing grantee monitoring, obtain program-wide data to assess effectiveness, trends, issues, and best practices for grantees' management of teleserviced members. Implement procedures to take corrective action for grantees which abuse teleservice. Identify and adopt teleservice best practices and share with the grantee community.

If you have questions pertaining to this Management Alert, please contact me at (202) 606-9360 or s.axenfeld@cncsoig.gov.

cc: Jeremy Joseph, General Counsel
Jeffrey Page, Chief Operating Officer and Chief Financial Officer
Jennifer Bastress Tahmasebi, Deputy Director, AmeriCorps State and National
Eileen Conoboy, Deputy Director, AmeriCorps VISTA
Dana Bourne, Chief Grants Officer
Lori Giblin, Chief Risk Officer
Joseph Liciardello, Director of Field Finance and Grants Management
Stephanie Soper, Office Manager, Office of General Counsel
Monica Kitlas, Agency Audits and Investigations Coordinator

Corporation for National and Community Service

NationalService.gov



TO: Stuart Axenfeld
Assistant Inspector General for Audit

FROM: Kim Mansaray *Kim Mansaray*
Chief of Program Operations

SUBJECT: Teleservice

DATE: January 11, 2017

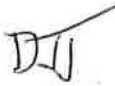
As acknowledged during previous discussions with the Office of the Inspector General (OIG), CNCS agrees that telework is an emerging practice across the private, public, and nonprofit sectors. It is for this very reason that CNCS has recommended caution in setting a prescriptive policy on telework for AmeriCorps State and National, as providing guidance about telework could imply tacit approval regarding a practice that AmeriCorps State and National believes is generally inappropriate. AmeriCorps State and National provides direct service which generally requires direct contact with the public receiving the service. In most cases, this kind of direct service cannot be done remotely. Nonetheless, CNCS is addressing the OIG's concerns by issuing a teleservice policy alert to its AmeriCorps State and National grantees. This policy alert will provide guidance about teleservice incorporating many of the OIG's recommendations. CNCS will continue to monitor the issue of teleservice across all programs.

Given the rare incidents of telework among AmeriCorps State and National grantees, CNCS is curious about the OIG's choice to bring heightened attention to the telework issue in a Management Alert. CNCS generally responds to the issues identified in Management Alerts after the completion of an audit or investigation in which the conduct or issue arose. That timing allows context and appropriate consideration of all the facts. Absent compelling circumstances warranting a more immediate response, CNCS will continue this practice in responding to the OIG's Management Alerts.



MEMORANDUM

TO: Kim Mansaray
Chief of Program Operations

FROM: Deborah J. Jeffrey 
Inspector General

DATE: January 13, 2017

RE: Management Alert - Teleservice

Based on CNCS's response, I want to clarify CNCS-OIG's use of management alerts. We use them for two distinct purposes: (1) to report preliminary findings that require immediate action, pending completion of a full audit or evaluation; and (2) to advise CNCS's leadership of an unattended risk. Both usages are common in the IG community, and CNCS-OIG has issued both types of management alerts in the past few years.¹

The alert regarding the risks associated with teleservice falls into the second category. It is a capstone report that compiles the teleservice-related findings of nine investigations and audits during the past two years and offers specific recommendations arising from that work. While CNCS had responded to these reports individually, it had not accepted a general recommendation to develop preventive, program-wide actions to address these recurring irregularities. Thus, the information in the alert was not preliminary and no further report was contemplated, but we wanted to extend CNCS the opportunity to respond to the alert's more detailed recommendations.²

¹ With regard to the first category, CNCS has sometimes responded formally to the alert but more often advised us informally of whatever action it intends to take, deferring its formal response until completion of the audit. We agree that this approach has worked well.

² We were also mindful of the requirement in the new Inspector General Empowerment Act that OIGs publish any report or other document that contains recommendations for corrective actions.

When we raised teleservice issues informally, we received multiple (and seemingly inconsistent) responses, including the assertion that the risks are negligible and that existing guidance is adequate. (Our request that CNCS specify the documents that it regarded as providing such guidance went unanswered.) On other occasions, we were told that CNCS would take some as-yet undetermined action at some future time. We therefore issued the alert to highlight the frequency of teleservice irregularities found by our oversight work, to put on the record our concerns about this unattended risk and offer recommendations for appropriate guidance to grantees, and to elicit a formal authoritative response from CNCS. CNCS-OIG is pleased that CNCS has committed to address this risk by developing teleservice guidance for grantees, recognizing that most direct service cannot be performed remotely.

cc:

Jeffrey Page, Chief Operating Officer and Chief Financial Officer
Jennifer Bastress Tahmasebi, Acting Director, AmeriCorps
Joseph Liciardello, Director of Field Finance and Grants Management
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Eileen Conoboy, Deputy Director, VISTA
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