



**AmeriCorps**  
**Office of Inspector General**

# **Audit of AmeriCorps' Fiscal Year 2024 Consolidated Financial Statements**

**Audit Report**

**OIG-AR-25-01**

**November 15, 2024**



# AmeriCorps Office of Inspector General

November 15, 2024

MEMORANDUM TO: Michael D. Smith  
Chief Executive Officer

FROM: Lauren Lesko  
Acting Assistant Inspector General for Audits

SUBJECT: Audit of AmeriCorps' Fiscal Year 2024 Consolidated Financial  
Statements, OIG Report- AR-25-01

The AmeriCorps Office of Inspector General (OIG) contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to audit the consolidated financial statements of AmeriCorps for the fiscal year (FY) ended September 30, 2024. The contract required RMA to express an opinion on whether AmeriCorps' FY 2024 financial statements are fairly presented in all material respects; report on internal controls over financial reporting; and report on compliance with the provisions of laws, regulations, contracts, and grant agreements. The contract also required RMA to conduct the audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

RMA was not able to obtain sufficient appropriate audit evidence in a timely manner to provide a basis for an audit opinion. Therefore, RMA does not express an opinion on AmeriCorps' FYs 2024 and 2023 consolidated financial statements.

- **Disclaimer of Opinion:** AmeriCorps could not provide sufficient appropriate evidential matter in a timely manner to support the amounts in the consolidated financial statements due to inadequate processes, controls, and records to support transaction and account balances. As a result, RMA cannot determine the effect of the lack of sufficient appropriate audit evidence on AmeriCorps' consolidated financial statements as of and for the years ending September 30, 2024 and September 30, 2023. Due to these limitations, RMA was not able to perform the required tests of controls and compliance. Furthermore, the consolidated financial statements and accompanying notes as of and for the years ending September 30, 2024 and September 30, 2023, were not in compliance with the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, (OMB A-136), and had mathematical errors and inconsistencies.
- **11 material weaknesses** and **two significant deficiencies** in AmeriCorps' internal control over financial reporting. RMA reported the following material weaknesses and significant deficiencies as described in Exhibits I and II of this report:



**Material Weaknesses:**

1. Internal Controls Environment (Modified Repeat)
2. Financial Reporting (Modified Repeat)
3. General Ledger Adjustments (Modified Repeat)
4. Undelivered Orders – Grants and Grant Activity (Repeat)
5. Undelivered Orders – Procurement and Accounts Payable (Repeat)
6. Trust Obligations and Liability Model (Repeat)
7. Recoveries of Prior Year Obligations (Repeat)
8. Grant Processes (Repeat)
9. Advances from Others (Repeat)
10. Interface Issues Between Momentum and Oracle (Modified Repeat)
11. Other Liabilities (Repeat)

**Significant Deficiencies:**

1. Information Technology Security Controls (Modified Repeat)
  2. Internal Software Cost (Repeat),
- RMA considered AmeriCorps’ compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of the engagement, and accordingly, RMA does not express such an opinion.

Had the scope of RMA’s work been sufficient to enable RMA to express an opinion on the consolidated financial statements, other instances of noncompliance or other matters may have been identified and reported.

As part of our contract oversight, the OIG reviewed RMA’s report and related documentation and inquired of its representatives. The OIG’s review, as differentiated from an audit of the financial statements in accordance with GAGAS, was not intended to enable us to express, and the OIG does not express, an opinion on the consolidated financial statements.

RMA is responsible for the attached independent auditors’ report, dated November 15, 2024, and the conclusions expressed therein. However, the OIG’s review disclosed no instances where RMA did not comply, in all material respects, with GAGAS.

cc: Jenny Mauk, Chief of Staff  
Gina Cross, Chief Operating Officer  
Malena Brookshire, Chief Financial Officer  
Prabhjot Bajwa, Chief Information Officer  
Andrea Grill, Acting General Counsel  
Jill Graham, Chief Risk Officer  
Rachel Turner, Audits and Investigations Program Manager  
Stephen Ravas, Acting Inspector General  
Pamela Van Dort, Acting Deputy Inspector General  
Meliha Tokay, Special Assistant to the Chief of Staff and Assistant to the Board of Directors  
Tim Hanlon, Principal, RMA Associates, LLC

## REPORT NOTICE—NDAA REQUIREMENT

THIS REPORT IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THE AMERICORPS OIG, AMERICORPS, AND U.S. CONGRESS AND IS NOT INTENDED TO BE, AND SHOULD NOT BE, USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES. PURSUANT TO P.L. 117-263, SECTION 5274, NON-GOVERNMENTAL ORGANIZATIONS AND BUSINESS ENTITIES IDENTIFIED IN THIS REPORT HAVE THE OPPORTUNITY TO SUBMIT A WRITTEN RESPONSE FOR THE PURPOSE OF CLARIFYING OR PROVIDING ADDITIONAL CONTEXT TO ANY SPECIFIC REFERENCE. COMMENTS MUST BE SUBMITTED WITHIN 30 DAYS OF THE REPORT ISSUANCE DATE.

FURTHER, PURSUANT TO P.L. 117-263, SECTION 5274, NON-GOVERNMENTAL ORGANIZATIONS AND BUSINESS ENTITIES IDENTIFIED IN THIS REPORT HAVE THE OPPORTUNITY TO SUBMIT A WRITTEN RESPONSE FOR THE PURPOSE OF CLARIFYING OR PROVIDING ADDITIONAL CONTEXT TO ANY SPECIFIC REFERENCE. COMMENTS MUST BE SUBMITTED TO [L.LESKO@AMERICORPSOIG.GOV](mailto:L.LESKO@AMERICORPSOIG.GOV) WITHIN 30 DAYS OF THE REPORT ISSUANCE DATE AND WE REQUEST THAT COMMENTS NOT EXCEED 2 PAGES. THE COMMENTS WILL BE APPENDED BY LINK TO THIS REPORT AND POSTED ON OUR PUBLIC WEBSITE. WE REQUEST THAT SUBMISSIONS BE SECTION 508 COMPLIANT AND FREE FROM ANY PROPRIETARY OR OTHERWISE SENSITIVE INFORMATION.

## Independent Auditor's Report

Board of Directors, Chief Executive Officer, and Inspector General of AmeriCorps:

### **Report on the Audit of the Consolidated Financial Statements**

AmeriCorps' Office of Inspector General engaged RMA to audit the consolidated financial statements of AmeriCorps, which comprise the consolidated balance sheets as of September 30, 2024 and September 30, 2023, the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources for the fiscal years (FYs) then ended, and the related notes to the consolidated financial statements (collectively, referred to herein as the 'consolidated financial statements').

### **Disclaimer of Opinion**

Due to the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence in a timely manner to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the FYs 2024 and 2023 consolidated financial statements.

### **Basis for Disclaimer of Opinion**

AmeriCorps could not provide sufficient appropriate evidential matter in a timely manner to support the amounts in the consolidated financial statements due to inadequate processes, controls, and records to support transaction and account balances. As a result, we cannot determine the effect of the lack of sufficient appropriate audit evidence on AmeriCorps' consolidated financial statements as of and for the years ending September 30, 2024, and September 30, 2023. Due to these limitations, we were not able to perform the required tests of controls and compliance. Furthermore, the consolidated financial statements and accompanying notes as of and for the years ending September 30, 2024, and September 30, 2023, were not in compliance with the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, and had mathematical errors and inconsistencies.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the United States (U.S.) generally accepted accounting principles (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibility is to conduct an audit of AmeriCorps' consolidated financial statements in accordance with the U.S. generally accepted auditing standards (GAAS), *Government Auditing Standards*, and OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*,

and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section, above, we could not obtain sufficient appropriate audit evidence in a timely manner to provide a basis for an audit opinion on these consolidated financial statements.

We are required to be independent of AmeriCorps and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

### **Required Supplementary Information**

U.S. GAAP require the information in the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI) sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB), who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context.

We could not apply certain limited procedures to the RSI in accordance with U.S. GAAS because management did not provide sufficient appropriate evidential matter in a timely manner. We do not express an opinion or provide any assurance on the information.

### **Other Information**

Management is responsible for the Other Information presented in the Annual Management Report (AMR). The *Message from the Chief Executive Officer* and *Other Information* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and we do not express an opinion or any form of assurance thereon.

In connection with our engagement to audit the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the Other Information that otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the Other Information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

### **Report on Internal Control over Financial Reporting**

In accordance with *Government Auditing Standards*, we are required to report material weaknesses and significant deficiencies. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying [Exhibit I – Material Weaknesses](#) and [Exhibit II – Significant Deficiency](#), we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies, respectively. The status of prior year recommendations is described in [Exhibit III – Status of Prior Year Recommendations](#).

Furthermore, we were not able to perform the applicable tests of controls due to the aforementioned scope limitation and inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the financial statements.

### **Report on Compliance and Other Matters**

In connection with our engagement to audit the basic consolidated financial statements, we considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion.

Furthermore, we were not able to perform the applicable tests of compliance due to the aforementioned scope limitation and inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the consolidated financial statements.

### **Management's Response to Audit Findings and Recommendations**

Management's Response to Audit Findings and Recommendations comments can be found in [Exhibit IV – Management's Response](#). AmeriCorps' response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **The Purpose of the Other Reporting Required by *Government Auditing Standards***

The purpose of the communication described in the Other Reporting required by *Government Auditing Standards* section of this report is solely to describe the deficiencies we consider to be material weaknesses and significant deficiencies, the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*RMA Associates*

RMA Associates  
Arlington, VA  
November 15, 2024



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## **Exhibit I – Material Weaknesses**

### **I. Internal Control Environment (Modified Repeat)**

A strong internal control environment is crucial for ensuring that a federal entity manages its activities effectively and efficiently, produces reliable financial reports, and complies with all relevant laws and regulations. Since FY 2018, external auditors have identified AmeriCorps' internal control environment as a material weakness in the agency's financial statements. Despite the implementation of corrective action plans (CAPs), pervasive gaps in the agency's operations continue to prevent the complete remediation of its internal control environment.

#### ***A. Financial and Operational Reform (FOR) Plan (Modified Repeat)***

In FY 2023, AmeriCorps began working with contractors to develop and implement a comprehensive plan, referred to as the Financial and Operational Reform (FOR) plan, to improve its audit results and internal control program. As part of this effort, AmeriCorps aligned its material weaknesses into target areas to focus its remediation efforts. According to AmeriCorps, the FOR plan is to address the following previously identified internal control issues:

- Strengthen AmeriCorps' understanding of federal accounting standards and federal financial reporting;
- Develop effective financial management practices (i.e., people, processes, and systems);
- Develop a proper internal control environment to mitigate risk(s); and
- Improve the quality of the financial statements and other financial reporting activities.

During an initial review of AmeriCorps' internal control environment, AmeriCorps' contractors noted a lack of financial management governance structure, missing documentation on roles and responsibilities, and a lack of process control monitoring. AmeriCorps and its contractors identified remediation efforts to address these observations to include documenting AmeriCorps' processes and procedures, identifying gaps in the current processes, and developing a "future state" version of the processes that are expected to remediate AmeriCorps' contractors' identified gaps. At the beginning of FY 2024, we determined that several key areas of AmeriCorps' operations would not be audit-ready due to the ongoing remediation efforts of the FOR plan and the delayed implementation of CAPs, including:

- Accounts Payable,
- Advances and Prepayments,
- Advances from Others,
- Grants Payable,
- Undelivered Orders – Grants
- Undelivered Orders and Accounts Payable – Procurement,

- Other Liabilities,
- Trust Obligations and Liability Model, and
- Recoveries from Prior Year Obligations.

Since AmeriCorps indicates that the FOR plan would address implementing corrective actions for the key areas listed above, AmeriCorps has opted not to track certain prior audit recommendations through a CAP system. As a result, the current progress of implementing these recommendations is undetermined. In AmeriCorps' Quarterly Congressional Briefing for the third quarter of FY 2024, AmeriCorps reported the remediation efforts of the FOR plan were still ongoing. According to AmeriCorps, the target areas of the FOR plan were due to be remediated at the end of FY 2024 and improvements in these areas are expected to be implemented into AmeriCorps' FY 2025 operations. For the prior years' audit recommendations not directly tied to the FOR plan, AmeriCorps continues to monitor and make progress on implementing its CAPs. In FY 2024, AmeriCorps created CAP closure packages to support the implementation of audit recommendations for the auditors' review. Of the 27 packages provided, we determined that 20 of the CAPs were effectively implemented.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

#### ***B. Internal Control Program (Modified Repeat)***

AmeriCorps' Office of the Chief Risk Officer (OCRO) performs an annual Entity Level Control (ELC) Assessment to determine whether appropriate entity-level controls are in place according to the framework provided in the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* – otherwise known as the Green Book. The results of this assessment lead OCRO to attribute one of three risk levels to AmeriCorps' implementation of the 17 principles from the GAO Green Book; (1) principle exists and operates effectively, (2) principle exists but operates with deficiencies, or (3) principle does not exist and is ineffectively functioning. OCRO's FY 2024 ELC assessment reported that 7 of the 17 principles did not exist and were ineffectively functioning. Those principles include:

- Principle 5: Management evaluates performance and holds individuals accountable for their internal control responsibilities.
- Principle 9: Management should identify, analyze, and respond to changes that could impact the internal control system.
- Principle 10: Management designs control activities to achieve objectives and respond to risks.
- Principle 12: Management implements control activities through policies and procedures.
- Principle 13: Management uses quality information to achieve the entity's objectives.
- Principle 15: Management should externally communicate the necessary quality information to achieve the entity's objectives.

- Principle 17: Management remediates identified internal control deficiencies on a timely basis.

AmeriCorps continues to show only one principle existing and effectively functioning with the remaining 9 principles operating with deficiencies.

Once OCRO finalized its assessment of risk and internal control, AmeriCorps' Chief Executive Officer provided a statement of no assurance, dated October 10, 2024. The statement of no assurance represents the agency head's informed judgment as to the overall adequacy and effectiveness of internal control within the agency when no processes are in place or there are pervasive material weaknesses.<sup>1</sup> Per the statement, AmeriCorps acknowledged that its system of internal controls does not currently provide the necessary level of assurance towards the effectiveness of internal control over operations, reporting, and compliance.

Proper financial reporting has not been achieved in the current state of AmeriCorps' internal control environment. AmeriCorps continues to work towards (1) acquiring resources in the financial infrastructure related to people, processes, and technology; (2) recruiting, training, and retaining financial management personnel at all levels; (3) achieving control objectives, properly designing the control environment to respond to risks, consistently monitoring the control environment, and timely and effectively completing its CAPs; and (4) ensuring timely submission of evidential matter.

AmeriCorps' internal control environment remains ineffective in assisting management with achieving its operational, reporting, and compliance objectives. While AmeriCorps is working on acquiring more resources to help achieve its objectives, its current reliance on outdated systems and the incomplete documentation of policies and procedures negatively impacts the reliability of all financial data that the agency processes. This direct relationship between the gaps identified in AmeriCorps' internal control environment and financial reporting efforts results in repeated material weaknesses and significant deficiencies and a disclaimer of opinion on its financial statements. AmeriCorps' internal control program will continue to operate with a high level of risk until reasonable assurance can be given over its adequacy and effectiveness.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

#### **We recommend AmeriCorps:**

1. Design and implement control activities to ensure all 17 Government Accountability Office Green Book framework principles exist within the internal control program. Corrective actions should be implemented for any principle that operates with deficiencies to identify and remediate the cause(s) of the deficiencies. **(Modified Repeat)**

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<sup>1</sup> OMB Circular A-123 *Management's Responsibility for Internal Control*, VI. Reporting on Internal Controls, E. Reporting Pursuant to Section 2 – 31 U.S.C. 3512(d) (2)

## **II. Financial Reporting (Modified Repeat)**

For several years, AmeriCorps' financial reporting process has lacked sufficient processes and internal controls to ensure complete, reliable, and accurate data is produced throughout the agency. While AmeriCorps asserts that its ongoing FOR plan has brought forth significant improvements, our audit identified discrepancies impacting the integrity of the agency's financial reporting.

### ***A. Preparing and Reviewing Financial Reports (Modified Repeat)***

The National Service Trust's (Trust's) Fund Balance with Treasury (FBwT) as of year-end, September 30, 2024, was negative \$62 million. AmeriCorps provided a final white paper to the AmeriCorps Office of Inspector General (OIG) and the external auditors on November 1, 2024, to disclose the series of events that led up to this abnormal balance. This disclosure explained that on March 23, 2024, Congress enacted Public Law 118-47, *Further Consolidated Appropriations Act, 2024*, by which Congress permanently rescinded \$243 million in prior appropriations made available to the Trust. AmeriCorps indicated that it coordinated with OMB and the U.S. Department of the Treasury Administrative Resource Center (ARC) to determine the agency's next steps for accounting for the rescission. According to AmeriCorps, it wasn't until September 25, 2024, that a decision was made to record the rescission as a capital transfer from the Trust. AmeriCorps further indicated that ARC recorded the rescission transaction on October 1, 2024, with an effective date of September 30, 2024.

In the usual course of business, AmeriCorps invests available funds in the Trust in Federal securities. AmeriCorps' investment process begins with a representative from AmeriCorps' Trust office reviewing its FBwT account to ensure there are funds available to execute purchases of Federal securities. AmeriCorps indicated that on September 26, 2024, it executed the purchase of multiple Federal securities noting that its account stated an available balance of \$43 million. However, after ARC recorded the rescission transaction on October 1, 2024, with an effective date of September 30, 2024, AmeriCorps noted that its Trust account then stood with an abnormal (negative) balance of \$62 million. Management asserts that the abnormal balance was discovered on October 3, 2024. A final white paper disclosing this series of events was not provided to OIG and the auditors until November 1, 2024. An AmeriCorps internal inquiry into the overinvestment is ongoing. AmeriCorps indicated that it plans to take corrective actions in line with OMB Circular A-11, Section 113. We are unable to independently verify its assertions above, because AmeriCorps did not provide evidentiary documentation to support the statements in its white paper. However, the \$62 million negative balance may indicate a violation of the Antideficiency Act and require adjustments and additional disclosures.

In addition to the above, several discrepancies were noted throughout the AMR, such as:

- Background information related to AmeriCorps' Reconciliation of Net Cost to Net Outlays note disclosure was not included and the note itself did not agree to the face of the financial statements;
- The Analysis for Financial Statements contained within the MD&A section did not present information related to the Trust financial statements; and

- Inconsistent references to Financial Statement line items.

Accurate and timely financial reporting cannot be achieved due to AmeriCorps' ineffective internal control environment over financial reporting. Management has not fully implemented its CAPs to address the agency's financial reporting material weaknesses; and therefore, may not have finalized procedures in place to properly perform various financial functions, such as recording transactions timely and balancing accounts. A lack of effective, timely review and approval processes over financial information will result in inconsistent, incomplete, and unreliable financial statements and note disclosures. AmeriCorps' overinvestment resulting in an abnormal (negative) balance in the FBwT asset on the Trust Balance Sheet is an example of this, as is the Trust financial statement note disclosures for FBwT and Investments.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

**We recommend AmeriCorps:**

2. Work with AmeriCorps' Office of General Counsel (OGC) and follow OMB Circular A-11, section 113.10, to determine if there are any potential violations, including violations of the Antideficiency Act. **(New)**
3. Complete its internal inquiry related to the overinvestment of the Trust Fund, document the causes and timing, and determine appropriate next steps in coordination with the Office of Inspector General. **(New)**
4. Evaluate its fund's control system to mitigate the risk of overinvesting. **(New)**

***B. Analysis of Financial Reporting Data, including Consolidated Financial Statements (Modified Repeat)***

AmeriCorps continues to rely on these audits to identify errors in its financial reporting data rather than implementing sufficient measures to detect and correct the errors through its own processes. We previously recommended that AmeriCorps complete a fluctuation analysis of its consolidated financial statements to evaluate the reasonableness of balances and detect accounting errors. While AmeriCorps acknowledges the benefit of implementing a fluctuation analysis into its control environment, it ultimately determined that the completion of the exercise was not required. Instead, AmeriCorps has implemented other controls which are designed to assist the agency in monitoring account balances. These controls involve validations, reconciliations, and reviews of its general ledger (GL), trial balances, financial statements, and any transactional activities.

During the FY 2023 audit of AmeriCorps' Compliance with the Payment Integrity Information Act (PIIA) of 2019, external auditors noted significant fluctuations in the net operating costs reported on the Statement of Net Cost, specifically for the State and National and National Civilian Community Corps (NCCC) programs. Through correspondence with the auditors, AmeriCorps identified that the significant fluctuations were attributable to an improper allocation of reimbursable costs across its programs. AmeriCorps reevaluated its cost allocation methodology



and retroactively changed the balances for its programs' FY 2023 net operating costs by \$52 million.

AmeriCorps' internal controls related to monitoring significant fluctuations in account balances are not effective in detecting and addressing accounting errors in a timely manner. Untimely detection of significant fluctuations leads to an increased risk of error associated with the reliability of financial data, some of which may be material. Further, AmeriCorps' controls related to analyzing its account balances are not finalized and may be subject to change. As part of the FOR plan, AmeriCorps indicated that a standard operating procedure (SOP) is being developed to improve internal controls, enhance data integrity, and resolve longstanding audit findings related to financial statement analysis; including monitoring significant fluctuations in account balances. AmeriCorps has stated that the SOP was to be finalized by the end of FY 2024 and implemented into its FY 2025 operations. Given the timing of this report relative to the asserted completion of the SOP, the auditors have not independently verified the completion or effectiveness of the SOP.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

**We recommend AmeriCorps:**

5. Develop and implement standard operating procedures for analyzing account balances and monitoring significant fluctuations which will allow management to evaluate, document, and approve the reasonableness of balances and detect accounting errors in its financial statements. AmeriCorps should ensure these procedures and the staff responsible for performing, reviewing, and approving the procedures are documented. **(Modified Repeat)**

***C. Utilization of Budgetary Documents (Modified Repeat)***

AmeriCorps' process for reconciling its Standard Form (SF) 132 apportionment document to SF 133 reports has not been fully documented or implemented. AmeriCorps previously relied on a manual/visual check to verify that the Appropriation and the Spending Authority balances reported on the SF 133s did not exceed those apportioned on the SF 132s, while documenting any discrepancies noted. However, there was no additional documentation that clarified the procedures performed or the specific data that was being reconciled, and there was no evidence of a formal review or approval of the reconciliation. As a result, it was recommended that AmeriCorps implement an analytical procedure to support the amounts apportioned in the SF 132s and reported on the SF 133s and develop an SOP to document the procedure.

Throughout FY 2024, AmeriCorps provided evidence of a new analytical procedure integrated into the agency's monthly Governmentwide Treasury Account Symbol (GTAS) validation check. While this demonstrated progress toward a more structured reconciliation, it remains unclear who is responsible for performing and reviewing the reconciliation. Additionally, inconsistencies in documenting this new analytical procedure were noted across the agency's SOPs and process narratives which may lead to confusion regarding the reconciliation procedures being followed. The provided SOP to support the reconciliation procedure does not include evidence of when the document was created or approved. AmeriCorps acknowledged it is still developing the SOP and

plans on implementing the procedures into FY 2025. Given this timing, the auditors have not independently verified the effectiveness of the procedures. As a result, AmeriCorps may not timely identify discrepancies in its SF 133, potentially leading to inaccuracies and misstatements in the Combined Statement of Budgetary Resources (SBR).

Additionally, AmeriCorps has not finalized a process to properly reconcile the applicable line items in the Combined SBR to the SF 132 in a timely manner. As of the date of this audit, remediation efforts have not been completed and the prior years' recommendations regarding the Appropriations and Unappropriated, Unexpired Accounts line items remain unimplemented. As such, the amounts reported on the Combined SBR may not be properly supported or stated.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

**We recommend AmeriCorps:**

6. Establish policies and procedures that outline the roles and responsibilities of key staff, including those of its service provider, involved in the timely completion of the SF 132 and SF 133 reconciliation. **(Modified Repeat)**
7. Develop and implement standard operating procedures for performing, reviewing, and approving a comprehensive reconciliation of the SF 132 and SF 133 and ensure the documentation is reviewed and approved. **(Modified Repeat)**

**III. General Ledger Adjustments (Modified Repeat)**

AmeriCorps continues to rely on manual journal entries (JEs) to correct financial reporting issues rather than addressing the root causes that necessitate these entries. The root causes of these issues stem from AmeriCorps' reliance on its legacy Momentum system, which still provides Grants Management and other functions. In FY 2020, AmeriCorps committed to extensive clean-up efforts of its financial reporting systems before migrating accounting and financial management, procurement, and travel functions from Momentum to the shared service platform offered by ARC within the U.S. Treasury Department's Bureau of Fiscal Services - Oracle. However, following the migration, AmeriCorps continues to utilize Momentum, resulting in compatibility challenges with Oracle that necessitate clean-up entries to reconcile differences between the systems. Although AmeriCorps transitioned to Oracle (ARC) for financial reporting and data summarization, it has not fully moved away from Momentum due to its integration with other systems. The expansion of Oracle's capabilities is ongoing, with plans to implement a new grants system that will interface with Oracle in FY 2025, further reducing Momentum's role.

We performed a judgmental analysis over AmeriCorps' JE Detail report as of June 30, 2024. The analysis excluded reversal entries, which are operational in nature and represent less than half of AmeriCorps' total JEs. Of the remaining 237 JEs, it was determined that 117 were directly attributed to conversions, corrections, reclassifications, and data clean-ups resulting in a debit total of \$47.4 billion.



Manual JEs are essential for any agency's day-to-day operation; however, AmeriCorps utilizes JEs as a compensating measure rather than addressing the root causes that necessitate the need for the JEs. Given that many of these entries are made to address conversions, corrections, and data clean-ups, there is an increased likelihood of errors that could affect the accuracy of the financial statements. Ongoing reliance on manual entries, particularly after transitioning to a new financial platform, may indicate that certain issues within the financial reporting process remain unresolved, resulting in persistent discrepancies in financial data. Additionally, because many JEs involve the correction of errors or reclassification of data, there is a risk that supporting documentation for these entries may not be sufficient. This can impact the overall reliability of AmeriCorps' financial records and pose challenges in tracing entries back to original transactions, potentially affecting compliance with internal control requirements and federal financial reporting standards.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

**We recommend AmeriCorps:**

8. Develop and implement performance goals to reduce the reliance of journal entries as a compensating measure. Performance goals should accompany the implementation of internal controls designed to analyze and address the root causes of financial reporting errors between financial management systems. **(Modified Repeat)**

**IV. Undelivered Orders – Grants and Grant Activity (Repeat)**

In FY 2023, AmeriCorps was unable to reconcile differences identified between its trial balance and Undelivered Orders (UDO) subledger. AmeriCorps has indicated that its CAPs regarding its UDO – Grants were due to be remediated by the end of FY 2024 and will be implemented into AmeriCorps' FY 2025 operations as they were being developed as part of the FOR plan. As such, throughout FY 2024, there was a lack of policies and procedures, including defined end-to-end business processes, defined roles and responsibilities at all levels, as well as updates necessary to the systems used to track its UDOs. AmeriCorps has yet to determine how much of the total net differences between its trial balance and its UDO subledger may have represented an over/understatement of the UDO balance and has yet to determine a net adjustment to correct the balance. Given the timing of this report relative to the asserted completion of AmeriCorps' remediation measures, the auditors have not independently verified the completion or effectiveness of these measures.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

**V. Undelivered Orders and Accounts Payable – Procurement (Repeat)**

AmeriCorps' methodology to estimate and validate its accounts payable (AP) incurred but not reported (IBNR) is based on the average ratio of payments over its UDOs, as supported by its procurement contracts and transactional data. However, AmeriCorps has been unable to provide

external auditors with the necessary procurement documentation to support its UDO balance and has yet to finalize its AP accrual methodology. The CAPs to address these discrepancies have been delayed since FY 2022, and AmeriCorps asserts they were being developed as part of the FOR Plan throughout FY 2024. AmeriCorps has indicated the CAPs were due to be remediated at the end of FY 2024 and are expected to be implemented into AmeriCorps' FY 2025 operations. As such, AmeriCorps does not have a process in place to determine and ensure the (1) accuracy of the UDOs balances and (2) obligation documents are properly approved. Misstatements in the AP, expenses, and UDOs balances may exist and procurement documents may not be properly approved. Given the timing of this report relative to the asserted completion of AmeriCorps' remediation measures, the auditors have not independently verified the completion or effectiveness of these measures.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

## **VI. Trust Obligations and Liability Model (Repeat)**

The National Service Trust holds the funds set aside to pay the education awards of national service members who successfully complete their service terms. Responsibility for the education awards that have been earned or will be earned in the near future is the largest liability on AmeriCorps' financial statements at \$287 million. The liability is estimated based on historical data, including the number of filled member slots, the percentage of members who earn an education award by successfully completing their service terms, the rate and time at which members use the education awards that they have earned, and similar factors.

In FY 2019, AmeriCorps began using a new actuarial model, the Trust Obligations and Liability Model (TOLM), to assess its member data. Following this implementation, AmeriCorps committed to refining the TOLM methodology and began performing procedures to validate the data and reassess key assumptions, including expanding the subjective elements within the calculations. However, due to the complexity involved in validating both the source data and the data transfer process between systems, the completion of the agency's CAPs has progressed incrementally. Given the current stage of the remediation efforts, it is not feasible for the auditors to fully assess the progress or determine the reliability of data in AmeriCorps' Trust Liability balance and records.

According to AmeriCorps, the implementation of the final TOLM CAP and certain components related to the application of subjective elements affecting the actuarial rates are expected to be completed by the end of FY 2025. Considering that AmeriCorps has not fully implemented its CAPs related to the TOLM, the Trust Obligations and Trust Service Award Liability may be materially misstated because (1) the data input validation process has not been verified; and (2) without verification of underlying data, AmeriCorps' methodology could have incorrect assumptions, ultimately impacting the output of the financial information.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

## **VII. Recoveries of Prior Year Obligations (Repeat)**

A key aspect of AmeriCorps' operations is awarding grants to various organizations to assist in supporting and funding their operations. These grants are allotted with a period of performance, a time frame in which these funds are available to grantees. Once the period of performance has passed, any unused funds are then cancelled, otherwise referred to as de-obligated, from the grantee through an adjusting JE. At this time, we cannot determine whether AmeriCorps' controls that ensure de-obligations properly reflect the difference between the grant award amount and the grant award expenses are operating as designed. AmeriCorps has yet to implement its CAPs in this area, which involve performing a test of effectiveness over its non-grant and grant closeout processes to ensure required grantee information and reports were obtained before the grant closeout and to verify the total amount of expenses for the de-obligation recovery amount. Transactions recorded without proper support create the risk of an overstatement of the balance. Further, AmeriCorps has not finalized its policies and procedures, including defined end-to-end business processes and roles and responsibilities at all levels related to Recoveries of Prior Year Obligations. According to AmeriCorps, the CAPs were due to be remediated at the end of FY 2024 and are expected to be implemented into AmeriCorps' FY 2025 operations.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

## **VIII. Grant Processes (includes Grant Accrual, Advances, and Undelivered Orders) (Repeat)**

AmeriCorps' grants processes are the agency's overall methodologies for monitoring and accounting for its pre-award, award, and post-award phases of the grant award lifecycle. AmeriCorps has had long-standing open recommendations related to the operational and financial aspects of its grants processes, including its recording of accruals, advances, and UDOs. The implementation of these recommendations was originally scheduled to be completed at the end of FY 2023; however, the CAPs associated with these processes were delayed by AmeriCorps due to the development of its new grant processes throughout FY 2023 and FY 2024. Additionally, as of FY 2024, AmeriCorps has not implemented changes required by the Department of Treasury for its grant accrual and advance process to reflect the mandate made for grantees to expend drawdowns within three working days. AmeriCorps previously indicated that the grant processes CAPs were to be implemented in the fourth quarter of FY 2024. However, since these remediation efforts were not finalized at the time of this audit report, AmeriCorps' consolidated financial statement related to its grant activities may be materially misstated by an undetermined amount.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

## **IX. Advances from Others (Repeat)**

AmeriCorps receives payments from other Federal agencies for the provisions of goods or services, which are typically documented in an Interagency Agreement (IAA). Payments received in advance of AmeriCorps providing the related goods or services are recorded as Advances from

Others. AmeriCorps was unable to provide adequate supporting documentation to substantiate the balance for Advances from Others. As of FY 2024, AmeriCorps has not implemented its CAPs and lacks policy, training, and effective internal controls related to maintaining adequate and reasonable documentation. Due to the delayed implementation of these corrective actions, we were unable to determine the impact resulting from the lack of sufficient appropriate audit evidence, and we are uncertain if adjustments are needed for the recorded and unrecorded balances on AmeriCorps' consolidated financial statements. Thus, the Advances from Others line item on the financial statements may be materially misstated.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

#### **X. Interface Issues Between Momentum and Oracle (Modified Repeat)**

AmeriCorps continues to experience data migration issues across its financial systems and relies on compensating controls to remediate system incompatibilities rather than addressing the root cause of its data migration errors. As stated in the **General Ledger Adjustments** material weakness, management has relied on JEs to resolve differences of prior years' data between financial systems. In addition to the use of JEs, AmeriCorps relies on a monthly reconciliation of Grants, Advances, Payables, and UDOs for the timely discovery and correction of data migration errors. While these control activities have proven to be effective in remediating identified discrepancies, they do not fully remediate the incompatibilities between the financial systems themselves as differences in account balances still exist between Oracle and the legacy system, Momentum.

In FY 2022, AmeriCorps conducted a risk assessment which identified risks regarding the relationship between Momentum and Oracle. While about half of the identified risks have been mitigated, the conversion of data between systems poses a risk until all issues are resolved. AmeriCorps previously indicated a plan to migrate from its legacy system to an up-to-date shared cloud service provider; however, as of FY 2024, AmeriCorps no longer has an established timeline for the final decommissioning of Momentum. Challenges arise when data integrity issues previously identified in the Momentum legacy environment continue to exist. Until AmeriCorps' legacy system is decommissioned, it will continue to run parallel with Oracle, requiring management to rely on compensating controls to mitigate any configuration issues. The compatibility issues that were previously identified in FY 2022, and evidenced by the significant use of JEs, create a risk that the data converted from Momentum to Oracle may be unreliable. AmeriCorps' compensating controls may not be able to detect or address all outstanding differences between financial systems. As such, there is no assurance of the completeness, existence, and accuracy of data converted from Momentum to Oracle.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

**We recommend AmeriCorps:**

9. Coordinate with all functional groups affected by financial system interfacing issues to implement all recommendations related to interfacing issues across financial systems and mitigate the remaining risks identified in the FY 2022 risk assessment. **(Modified Repeat)**
10. Conduct monthly reviews of transactions processed in Momentum and migrated to Oracle through interface or reported in Oracle using journal entries to ensure that there are no differences between the systems and that the correct object class codes were applied. **(Modified Repeat)**
11. Develop and implement internal controls designed to identify the root causes of all financial system interfacing issues, notify management of compatibility issues between Momentum and Oracle, and mitigate the issue from occurring for future transactions. **(Modified Repeat)**

**XI. Other Liabilities (Repeat)**

AmeriCorps has long-standing open recommendations related to its Other Liabilities. In the beginning of FY 2024, AmeriCorps indicated that its CAPs in this area would not be completed in time to be assessed as part of this audit, as they are being developed as part of the FOR plan. Due to the delayed implementation of these CAPs, we could not assess AmeriCorps' policy, training, and internal controls related to maintaining adequate and reasonable documentation for its Other Liabilities. Further, we were unable to determine the impact resulting from the lack of sufficient appropriate audit evidence, and we are uncertain if adjustments are needed for the recorded and unrecorded balances on AmeriCorps' consolidated financial statements. As such, the Other Liabilities line item on the financial statements may be materially misstated.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

## Exhibit II – Significant Deficiency

### I. Information Technology Security Controls (Modified Repeat)

AmeriCorps relies extensively on information technology (IT) systems to initiate, authorize, record, process, summarize, and report financial transactions in the preparation of its financial statements. Internal controls over these financial and supporting operations are essential to ensure critical data's integrity, confidentiality, and reliability while reducing the risk of errors, fraud, and other illegal acts.

To balance high levels of service and reduce costs, AmeriCorps' Office of Information Technology (OIT) outsourced the operation, maintenance, and support of most of its IT systems. This was the fourth year AmeriCorps outsourced its financial operations to a shared service provider. Shared service provider systems interface with a legacy application for the purpose of retrieving grants management data from the Electronic-System for Programs Agreements and National Service Participants (eSPAN).

Outsourcing introduces special considerations and risks regarding protecting information and information systems. Despite outsourcing IT systems, AmeriCorps, by law, retains responsibility for compliance with the requirements for security control implementation.

While AmeriCorps has taken some steps to remediate previously identified information security control weaknesses,<sup>2</sup> AmeriCorps continues to face challenges in consistently implementing its information security program and monitoring security controls. In addition, we identified new and continued control weaknesses in the information security program that need to be addressed, most importantly pertaining to configuration management controls, including vulnerability management, access controls, and organization-wide risk management. Specifically, we identified enterprise findings for each of the following FISCAM control categories.

#### *Security Management*

- AmeriCorps did not maintain proper inventory management controls. Specifically, the inventory list outlining the model type and current state of assets was not accurately documented for all assets. AmeriCorps did not perform the monthly reviews for correctness to address inaccuracies within the ServiceNow system.
- AmeriCorps did not prepare an authorization package, including an Authorization to Use (ATU) and Business Impact Analysis (BIA) for the ARC Financial System. AmeriCorps was preparing an ATU for the ARC system based on the findings from the prior year, but lacked an ATU at the time of this audit.

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<sup>2</sup> We identified security control weaknesses that were corrected for certain control activities. Examples of AmeriCorps' improvements in its IT control environment include increased effectiveness of the information security and continuous monitoring program to deliver persistent situational awareness across the organization and more robust incident response planning capabilities.



- AmeriCorps did not develop, document, and communicate Supply Chain Risk Management procedures to guide supply chain risk management activities.

### ***Configuration Management***

- AmeriCorps did not resolve critical and high-risk vulnerabilities within the timeframes specified by its internal operating policies. Our evaluation identified delays in applying patches and fixes for critical and high-severity vulnerabilities. Approximately 25 percent of the discovered critical and high vulnerabilities were over 12 months old. As a result, vulnerabilities related to patch management and configuration management continue to expose AmeriCorps' network to critical and high-severity vulnerabilities.

### ***Access Control***

- AmeriCorps did not consistently ensure contractors had the proper background investigations. Two out of a sample of five new hires had not undergone an initial background investigation prior to gaining system access.
- AmeriCorps did not meet the Event Logging (EL) Level 2 (intermediate) logging requirements set forth by the OMB M-21-31, which requires agencies to reach a tier maturity within 18 months of the M-21-31 memorandum issued on August 27, 2021. AmeriCorps has not implemented the requirement to retain logs in acceptable formats as of this report.

### ***Contingency Planning***

- AmeriCorps did not have the minimum requirements for one of the systems selected for testing BIA to:
  - Identify essential mission/business processes and determine the impact of a system disruption on those processes along with outage impacts and estimated downtime; and
  - Identify recovery priorities for system resources.
- AmeriCorps did not document the ARC Financial System contingency plan and BIA.

These deficiencies can increase the risk of unauthorized access to AmeriCorps' systems to capture, process, and report financial transactions and balances. Effective system security begins with strong governance, including agency-level oversight and control monitoring of AmeriCorps' headquarters. This includes ensuring accountability within OIT leadership for accomplishing milestones and achieving measurable results in support of a strategy to achieve an effective level of information security at AmeriCorps.

By not effectively implementing and enforcing IT policies and procedures and working towards automation, continuous monitoring, and consistent application of controls, there is an increased risk that financial information and personally identifiable information (PII) may be inadvertently or deliberately misused and may result in improper disclosure or theft without detection. Without remediating all significant security vulnerabilities, systems could be compromised, resulting in

potential harm to the confidentiality, integrity, and availability of AmeriCorps' financial and sensitive data.

Therefore, the prior year's significant deficiency and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.

## **II. Internal Software Cost (Repeat)**

AmeriCorps continues to experience challenges in properly recording and accounting for capital costs related to its internal-use software (IUS) development, as required by the Statement of Federal Financial Accounting Standards (SFFAS) 10, *Accounting for Internal Use Software*. Specifically, AmeriCorps has encountered difficulties accurately identifying direct and indirect payroll costs associated with employees working on software development projects. AmeriCorps continues developing policies, procedures, and systems to track and capitalize direct labor and indirect costs for its software-in-development projects.

In the second quarter of FY 2024, OCRO reported that management had completed its CAP, which included developing and implementing a project management tool to monitor software development project costs, particularly labor costs. However, during a walkthrough of AmeriCorps' property processes on July 31, 2024, a representative from OIT indicated that AmeriCorps' project management tool remains unimplemented.

OCRO provided the auditors with a data pull of labor costs related to IUS development to support the implementation efforts as of February 27, 2024. However, the data did not provide evidence of capitalized labor costs and AmeriCorps has been unable to perform an updated data pull since February. Therefore, the condition identified in prior years remains unresolved.

AmeriCorps' accounting policies and procedures to comply with SFFAS 10 for the capitalization of IUS are not properly being followed and have not been effectively implemented. Further, AmeriCorps does not have a project management process to track and monitor all project costs associated with the software development, including salaries and expenses for AmeriCorps employees working directly on software development. In addition, there has been a lack of training related to understanding capitalizable costs for contractor-developed internal use software. As such, the balance reported for capitalized costs related to IUS may be understated by an undetermined amount due to AmeriCorps' lack of end-to-end business process controls to identify, record, and report all capitalizable costs associated with the software development in accordance with SFFAS 10.

Therefore, the prior year's significant deficiency and the related recommendations in [Exhibit III – Status of Prior Year Recommendations](#) remain open and unimplemented.



### Exhibit III – Status of Prior Year Recommendations

**Table 1** summarizes the statuses of audit recommendations from prior years as of FY 2024. Recommendations which are included in the FY 2024 consolidated audit report are presented in detail in **Table 2**. Recommendations which are not included in the FY 2024 audit report are presented in detail in **Table 3**.

**Table 1: Summary of the Status of Prior Years' Consolidated Financial Statement Audit Recommendations in FY 2024**

	FY 2019		FY 2021		FY 2022		FY 2023	
	Count	Recommendation #	Count	Recommendation #	Count	Recommendation #	Count	Recommendation #
<b>Closed</b>	<b>15</b>	22, 40, 41, 43, 51, 59, 60, 61, 62, 70, 71, 72, 73, 74, 75	<b>1</b>	8	<b>2</b>	5, 7	<b>2</b>	3, 4
<b>Modified Repeat</b>		-	<b>3</b>	1, 3, 4	<b>1</b>	10	<b>5</b>	1, 6, 7, 9, 10
<b>Repeat – Open</b>	<b>25</b>		<b>6</b>		<b>16</b>		<b>19</b>	
<b>Total:</b>	<b>40</b>		<b>10</b>		<b>19</b>		<b>26</b>	

**Table 2: Status of Recommendations included in the FY 2024 Audit Report of the Consolidated Financial Statements**

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>Material Weakness (MW)-1: Internal Control Environment</b>	<b>FY 2023</b>	1	Design and implement control activities to address 8 of the 17 Government Accountability Office Green Book framework principles that were not sufficiently designed during its FY 2023 Entity Level Control Assessment.	<b>Modified Repeat;</b> Superseded by Recommendation #1
		2	Identify resource capabilities and needs, then recruit, train, develop, and retain financial leaders and personnel with relevant Federal financial management capabilities to achieve operations, reporting, and compliance objectives, complete and document performance evaluations in a readily accessible form, and hold individuals accountable for related control responsibilities.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-1: Internal Control Environment</b>	<b>FY 2023</b>	<b>3</b>	<p>Ensure its fraud risk management process includes external risk factors such as grantee and subgrantee recipients in its standard operating procedures for the agency risk profile. This process should include:</p> <ul style="list-style-type: none"> <li>a. A scheduled risk assessment, mitigation plan, and monitoring and reporting (e.g., relating to grantee and subgrantee recipients);</li> <li>b. An integration of the fraud risk components for known, suspected, and alleged fraud risks;</li> <li>c. Documentation on how the fraud risk components integrate;</li> <li>d. How the risk scoring is conducted and applied;</li> <li>e. The use of the results of monitoring, evaluation, audits, and investigations to improve fraud prevention, detection, and response; and</li> <li>f. Guidance for adequate documentation on the risk determination reviews to match risk ratings or detect errors within the risk assessment.</li> </ul>	<b>Closed</b>

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-1: Internal Control Environment</b>	<b>FY 2023</b>	4	Provide internal training that addresses:  a. Management's overall responsibility for establishing internal controls to manage the risk of fraud, and the related impact on the financial statements; and  b. The connection between potential and known fraud by the grantee and subgrantee recipients and the impact that fraud may have on the underlying financial data being provided by the recipients and ultimately used for the preparation of information reported in the financial statements.	Closed
	<b>FY 2022</b>	1	Complete a detailed performance diagnostic and gap analysis on AmeriCorps' financial management personnel, processes, and systems, including a root cause analysis, and then develop, design, and implement a plan toward short- and long-term executable goals.	Repeat – Open
		2	Perform intermediate assessments of the effectiveness of its executed plans and final evaluations of its financial management operations to ensure desired results are achieved.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-1: Internal Control Environment</b>	<b>FY 2022</b>	5	Develop a process to understand the root causes and conditions behind each control deficiency and the discrepancies between the control deficiencies identified by AmeriCorps' internal control testing and those reported by the external auditors. The document should consider the information presented to the Risk Management Council and its decisions, as well as any other considerations used in determining the classification of the control deficiency. Furthermore, this understanding should be used to develop and implement CAPs to address the deficiencies.	Closed
		6	Require each department head to be responsible and accountable for timely developing and implementing CAPs and require each department's staff to test the design and effectiveness of each CAP as implemented to ensure that it achieves the desired results.	Repeat – Open
		7	Revise the Business Process Narratives to incorporate significant changes in the current financial and control environment.	Closed
	<b>FY 2021</b>	8	Establish controls and training to ensure that each functional office/unit performs an independent assessment of internal controls to inform the CEO's statement of assurance, even if unfavorable outcomes are expected. This proactive approach will promote the early detection of potential findings and allow for prompt remediation.	Closed

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-2: Financial Reporting</b>	<b>FY 2023</b>	5	Establish policies and procedures on financial reporting in compliance with standards and guidance (i.e., U.S. generally accepted accounting principles, Office of Management and Budget Circular No. A-136, and the U.S. Standard General Ledger), which should include an end-to-end business process and flowcharts.	Repeat – Open
		6	Establish policies and procedures that define its roles and responsibilities and those of its service provider to ensure that required internal policies and procedures regarding the SF 132, <i>Apportionment and Reapportionment</i> Schedule and SF 133, <i>Report on Budget Execution and Budgetary Resources</i> reconciliations are completed timely.	<b>Modified Repeat;</b> Superseded by Recommendation #6

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-2: Financial Reporting</b>	<b>FY 2023</b>	7	Develop and implement standard operating procedures for a comprehensive reconciliation that includes reviews and approval and proper documentation to support the SF 132 and SF 133 reconciliation.	<b>Modified Repeat;</b> Superseded by Recommendation #7
		8	Develop and implement standard operating procedures to ensure the applicable line items in the combined Statement of Budgetary Resources are properly reconciled in a timely manner to the SF 132, <i>Apportionment and Reapportionment Schedule</i> and differences are properly documented, explained, and available upon request.	Repeat – Open
		9	Complete a comprehensive fluctuation analysis for its consolidated financial statements that is supported and detailed enough to allow management to detect accounting errors or evaluate the reasonableness of balances.	<b>Modified Repeat;</b> Superseded by Recommendation #5
		10	Develop and implement standard operating procedures for a comprehensive fluctuation analysis to ensure the fluctuation analysis is properly reviewed, approved, and validated in a timely manner by appropriate AmeriCorps resources and account balances are accurate as of and through the reporting period.	<b>Modified Repeat;</b> Superseded by Recommendation #5

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-2: Financial Reporting</b>	<b>FY 2022</b>	8	Develop and implement effective controls, including a quality assurance process, necessary to ensure that: <ul style="list-style-type: none"> <li>a. accounting and reporting are in accordance with U.S. GAAP and financial information is presented in compliance with OMB Circular A-136.</li> <li>b. account balances are accurate as of and through the reporting period.</li> <li>c. the proper validation, review, and approval over financial reporting and the AMR compilation.</li> </ul>	Repeat – Open
		9	Develop, identify and make available the training necessary to ensure that staff obtain and update the skills necessary to ensure compliance with: <ul style="list-style-type: none"> <li>a. FASAB concept and accounting standards.</li> <li>b. OMB A-123.</li> <li>c. OMB A-136.</li> <li>d. GAO Disclosure checklist.</li> <li>e. Treasury’s U.S. Standard General Ledger annual update.</li> <li>f. the correct use of the BETC when submitting transactions to Treasury.</li> </ul>	Repeat – Open



Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-2: Financial Reporting</b>	<b>FY 2021</b>	10	Develop and implement audit readiness procedures to ensure that audit information is complete, accurate, has undergone proper quality control procedures, and readily available or can be retrieved timely. The audit readiness procedures should include audit coordination protocol with ARC that clearly define roles and responsibilities of all parties involved in the process.	Repeat – Open
		12	Continue working with ARC to review and correct AmeriCorps' balances in detail to ensure they are properly supported and that balances migrated to the ARC platform are complete, accurate, and reliable.	Repeat – Open
		13	Strengthen its policies and procedures over the processing of journal entries going forward now that AmeriCorps has transitioned to the shared service environment. The policies and procedures should cover the following: <ul style="list-style-type: none"> <li>a. A process to track the sequence of journal entries transactions for completeness.</li> <li>b. A policy as to when it is appropriate to use a journal entry and approval procedures for journal entries recorded to ensure segregation of duties.</li> <li>c. A requirement to provide a fact-specific description of the purpose of the journal entries, along with adequate supporting documentation.</li> <li>d. Documentation needed to support journal entries and how it will be maintained.</li> </ul>	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-2: Financial Reporting</b>	<b>FY 2021</b>	14	Validate and ensure journal entries are properly supported, documented, and are readily available for examination.	Repeat – Open
	<b>FY 2019</b>	17	Strengthen coordination between Accounting and Financial Management Services and the Office of Budget to ensure that transactions are recorded accurately and timely.	Repeat – Open
<b>MW-3: General Ledger Adjustments</b>	<b>FY 2023</b>	11	Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider, such as an end-to-end business processes narrative with flowcharts related to journal entries activity.	Repeat – Open
	<b>FY 2022</b>	10	Develop and implement financial reporting internal controls to analyze and address the root causes of the need for journal entries and the corrective actions in financial management systems to reduce the necessity of future journal entries.	<b>Modified Repeat;</b> Superseded by Recommendation #8

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-4: Undelivered Orders - Grants and Grant Activity</b>	<b>FY 2023</b>	12	Identify the root cause for the differences between the trial balance and the subsidiary ledger details for its undelivered orders.	Repeat – Open
		13	Establish, document, and implement the required accounting policies and standard operating procedures, as well as establish an efficient control framework for reconciling undelivered order balances in the trial balance and the subsidiary ledgers on a routine basis.	Repeat – Open
		14	Assess the training necessary to ensure established policies and procedures are followed, undelivered orders are recorded in the financial system, and amounts are properly supported.	Repeat – Open
		15	Establish, document, and implement policies and procedures to monitor outstanding balances resulting from financial system configuration issues and fix the issues for future transactions to be interfaced into shared service provider's financial management system.	Repeat – Open
	<b>FY 2019</b>	46	Determine the root cause behind the differences noted in the Undelivered Orders balance between Momentum and the Undelivered Orders balance derived from the net of grant award amount from the Notice of Grant Award and the grant expenditures from the Payment Management System and take the appropriate steps in resolving the reason behind the variances that are occurring.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-4: Undelivered Orders - Grants and Grant Activity</b>	<b>FY 2019</b>	47	Determine the root causes and resolve discrepancies in the grant award amounts recorded in the NGA in eGrants and in Momentum to prevent such differences from occurring in the future.	Repeat – Open
		48	Determine the root causes and resolve expenditure differences between the Payment Management System and Momentum.	Repeat – Open
		49	Strengthen controls around the review of expired grant obligations by ensuring that: <ul style="list-style-type: none"> <li>a. All financial, performance and other required reports are submitted no later than 90 calendar days after the end date of the period of performance.</li> <li>b. Document justifications for all required reports submission extensions granted to the grantee.</li> </ul>	Repeat – Open
		50	Update the AmeriCorps transaction code posting logic for recording grant expenditures to comply with the United States Standard General Ledger guidance	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-5: Undelivered Orders and Accounts Payable – Procurement</b>	<b>FY 2022</b>	11	Determine the root cause behind the differences noted in the UDO balance derived from the procurement documents and the expenditures and the recorded GL amount and take the appropriate steps in resolving the reason behind the variances that are occurring.	Repeat – Open
		12	Strengthen controls to ensure proper authorization signatures on all contracts and amendments that require bi-lateral signatures for the proper execution of the award	Repeat – Open
		13	Develop and implement its Accounts Payable (AP) accrual methodology and perform tests of design and effectiveness over its UDO and AP accrual process.	Repeat – Open
	<b>FY 2019</b>	31	Strengthen internal control to ensure procurement documents are properly approved and retained.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-5: Undelivered Orders and Accounts Payable – Procurement</b>	<b>FY 2019</b>	32	Analyze procurement undelivered orders balances quarterly to verify that balances are still valid for those without financial activities for an extended period.	Repeat – Open
		33	Research, resolve and document the disposition of any abnormal undelivered orders transactions/balances.	Repeat – Open
		35	Document the accounts payable accrual methodology to include the recognition and reporting of the incurred but not reported. The methodology should also document key controls related to review and approval process of the accrual estimation; materiality and how it is applied; reviewing, approving, and recording of invoices prior to processing payments; inputs to be used in the validation consideration of payment types; and the basis for including or excluding typical factors in estimating accruals, such as period of performance, type of contract, billing patterns, and others	Repeat – Open
		36	Conduct validation assessment of amounts accrued for the incurred but not reported on a periodic basis. As part of the validation, AmeriCorps should consider the following: <ul style="list-style-type: none"> <li>a. Subsequent activities against the amount estimated to determine the level of precision in the estimation;</li> <li>b. Trend the validation results and adjust the incurred but not reported estimation process to address any recurring significant fluctuations; and</li> <li>c. Update the incurred but not reported estimation process as necessary to reflect changes in payment patterns.</li> </ul>	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-5: Undelivered Orders and Accounts Payable – Procurement</b>	<b>FY 2019</b>	37	Evaluate the materiality thresholds used in the accrual estimation to ensure it is appropriate to prevent misstatements. The materiality threshold used should be appropriate that, in the aggregate, identified misstatements would not rise to a level that will significantly impact management’s assertions on the financial statements.	Repeat – Open
		38	Implement controls to ensure that transactions interfaced from eGrants are reflected in Momentum for the correct amounts, accounts, and number of transactions.	Repeat – Open
<b>MW-6: Trust Obligations and Liability Model</b>	<b>FY 2022</b>	14	Verify and validate the underlying input data to the TOLM.	Repeat – Open
		15	After the verification and validation, reassess its assumptions and consider expanding the subjective elements of the calculation (i.e., those based on changes to the economy and the job market) to include changes in the way awards are utilized.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-6: Trust Obligations and Liability Model</b>	<b>FY 2019</b>	21	Complete the Trust Accounting Handbook to clearly reflect the assumptions used in the Trust Obligations and Liability Model and the Monthly Obligations and Liability Calculator, including establishing control activities; finalize materiality thresholds applied; update accounting transactions, and clearly identify periods when adjustments will be made regardless of materiality.	Repeat – Open
		22	Develop a more standardized, secure, and automated method to estimate the Trust obligations and Trust Service Award Liability that ensures minimal human errors. As part of the ongoing AmeriCorps transition to shared service, coordinate with the service provider to determine methods that would enhance the security and quality of the existing estimation models.	Closed
		23	Strengthen controls to ensure the Trust modeling is performed by trained personnel to: <ul style="list-style-type: none"> <li>a. Conduct detailed analysis and validation of data sources.</li> <li>b. Review and ensure the reasonableness of assumptions used and document the rationale behind estimation assumptions.</li> <li>c. Consider changes in conditions or programs that require further research and analysis. Update the assumptions when necessary.</li> <li>d. Compare estimates with subsequent results to assess the reliability of the assumptions and data used to develop estimates.</li> </ul>	Repeat – Open



Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-6: Trust Obligations and Liability Model</b>	<b>FY 2019</b>	24	<p>Document and implement policies and procedures to include the following:</p> <ul style="list-style-type: none"> <li>a. establish a thorough and robust quality control process to ensure that the TOLM and Monthly Obligation and Liability Calculator (Calculator) are reviewed by qualified AmeriCorps personnel prior to relying on its outputs to record transactions. All errors identified for which management ultimately decided against making updates to the TOLM or Calculator should be documented along with an explanation as to how management arrived at the final decision;</li> <li>b. perform monthly reviews and reconciliations of the recorded new and outstanding obligations to ensure the accounting information is valid and proper;</li> <li>c. review obligation amounts to ensure amounts accurately reflect the status of the obligation;</li> <li>d. review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation);</li> <li>e. ensure obligations are sufficiently supported (i.e., by documentary evidence); and</li> <li>f. perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved.</li> </ul>	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-6: Trust Obligations and Liability Model</b>	<b>FY 2019</b>	25	Coordinate with the Office of the Chief Risk Officer (OCRO) to properly identify the National Service Trust Fund's financial reporting risks and incorporate those risks into the OCRO's annual testing of key controls.	Repeat – Open
		26	Develop a succession plan to ensure the required expertise is available in anticipation of planned employee turnover, particularly with respect to the complex trust calculations. AmeriCorps needs to: <ul style="list-style-type: none"> <li>a. Train, mentor, and work to retain qualified employees;</li> <li>b. Cross-train employees so that knowledge of the model will reside with multiple staff rather than with one person; and</li> <li>c. Implement a peer review process to carry out the necessary quality control reviews of the Trust Obligations and Liability Model and the Monthly Obligations and Liability Calculator.</li> </ul>	Repeat – Open
<b>MW-7: Recoveries of Prior Year Obligations</b>	<b>FY 2023</b>	19	Establish policies and procedures related to prior year recoveries that define the roles and responsibilities of AmeriCorps and its service provider to provide supporting documentation in a timely manner, such as an end-to-end business process and flowcharts.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-7: Recoveries of Prior Year Obligations</b>	<b>FY 2022</b>	16	Establish a requirement for the Office of Grant Administration (OGA) or an appropriate AmeriCorps official to prepare a summary report, as part of the closeout process, verifying all required grantee information has been received and accepted, and the recovery amount reconciles to the underlying support (e.g., Notice of Grant Award for de-obligation, Final Federal Financial Report, Payment Management Services, etc.).	Repeat – Open
		17	Develop and implement financial reporting internal controls to analyze and address the root causes of the reconciliation errors.	Repeat – Open
	<b>FY 2019</b>	51	Establish a requirement for Grant Officer/Portfolio Managers to provide documented certification that all required grantee information has been received, accepted, and documented before the grant is closed out.	Closed
		53	Establish a control requiring the Grant Officer/Portfolio Manager to provide documented certification, upon grant closeout, verifying the total award amount to total award expenses for the deobligated recovery amount.	Repeat – Open
<b>MW-7: Recoveries of Prior Year Obligations</b>	<b>FY 2019</b>	55	Inform all Grant Officers/Portfolio Managers to ensure that a reduction in funding to the award of a grant should be documented in eGrants which would result in modified Notice of Grant Awards.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-8: Grants Processes</b>	<b>FY 2023</b>	20	Establish policies and procedures related to grant accruals that define the roles and responsibilities of AmeriCorps and its service provider to provide supporting documentation in a timely manner, such as an end-to-end business process and flowcharts.	Repeat – Open
		21	Assess resource capabilities and needs, followed by the recruitment, training, development, and retention of personnel possessing pertinent grant management expertise, in order to attain operational, reporting, and compliance objectives.	Repeat – Open
	<b>FY 2022</b>	18	Revamp the grant accrual processes to include internal controls such as reconciliations, calculation documentation, quality control reviews, and basis for the accrual methodologies to mitigate the risk of error.	Repeat – Open
		19	Provide training to all personnel involved in the grant processing to ensure proper classification of funds in the Oracle system and ensure timely resolution of the variances between identified between the Momentum, Oracle, and PMS systems.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-8: Grants Processes</b>	<b>FY 2021</b>	15	Develop a process to validate grant advances, IBNR and payable estimates. Such validation should be performed over a few years to show a trend of the estimates. Any benchmarks to assess reasonableness should be vetted for completeness and reliability. For example, the use of eGrants FFRS should be vetted to ensure inclusion of IBNR. Large (exceeding AmeriCorps acceptable range) and unusual fluctuations, if any, should be investigated and the research conclusions documented by management. Fluctuations should be reviewed at the absolute variances level and not using net differences.	Repeat – Open
		16	Validate that the underlying data used in the accrual methodology, such as the use of grantee Undelivered Order balances to allocate accrual amounts, is reliable by ensuring previously reported conditions are remediated and recommendations are implemented.	Repeat – Open
	<b>FY 2019</b>	27	Coordinate with the program and grant officers to gather and analyze key grant programs' (AmeriCorps State and National and Senior Corps) historical data and the grantees' spending pattern to develop the following key factors for grant accrual estimation: <ul style="list-style-type: none"> <li>- Percentage of AmeriCorps grantees who drawdown funds in advance versus those on a reimbursable basis and their related grant amounts to its grant spending as a whole. If different key programs have different spending patterns, perform this analysis at the program level;</li> </ul>	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-8: Grants Processes</b>	<b>FY 2019</b>		<ul style="list-style-type: none"> <li>- An inventory of relevant and reliable grant data to be used for the grant accrual assumptions and documentation to support what data is considered relevant and reliable;</li> <li>- Grantees' incurred but not reported (IBNR) reporting pattern from when the expenses have been incurred to the time those expenses are included the grantees' Federal Financial Reports (FFR). Grantee surveys may be conducted to confirm the reasonableness of an IBNR estimate methodology. When alternative procedures are used, management should provide its data-based analysis to validate its assertion; and</li> <li>- Post-accrual analysis to compare the accrual (without the IBNR) and the expenditures reported in the FFRs for the same quarter. Thresholds should be established and documented based on materiality and the degree of risk that management is willing to accept. When grantees' reported spending pattern deviates from its methodology, an analysis should be performed to determine whether any deviation is acceptable, or the methodology should be further refined to reflect the actual grantees' reported expenditure pattern.</li> </ul>	
		28	Revise and implement policies and procedures for the grant accrual methodology so that:	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-8: Grants Processes</b>	<b>FY 2019</b>		<ul style="list-style-type: none"> <li>- A validation process is established for management to verify the accuracy of the grant accrual, so that management can make any necessary adjustments to improve the precision of the grant accrual and to account for grant advances and payables to ensure the resulting amounts are materially consistent with grantees' drawdown and spending patterns; and</li> <li>- It addresses how the calculations are used to arrive at the Grants Payable and Advances to Other line items in the financial statements.</li> </ul>	
<b>MW-9: Advances from Others</b>	<b>FY 2023</b>	22	Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider relating to Advances from Others, including an end-to-end business processes narrative with flowcharts.	Repeat – Open
	<b>FY 2022</b>	20	Develop standard operating procedures to ensure all balances recorded in the Reimbursable Analysis are supported by underlying source documentation (e.g., invoices).	Repeat – Open
		21	Assess the training necessary to ensure advance liquidations are properly maintained, documented, and are readily available for examination.	Repeat – Open



Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-10: Interface Issues Between Momentum and Oracle</b>	<b>FY 2023</b>	23	Monitor outstanding balances resulting from financial system configuration issues and fix the issues for future transactions to be interfaced into the shared service provider's financial management system.	Repeat – Open
	<b>FY 2021</b>	1	Perform a risk assessment over the current state of the conversion to ARC and work jointly with ARC, senior leadership, Office of Chief Risk Officer, and functional groups affected by the risk to develop a mitigation strategy and execute a realistic and properly designed corrective action plan.	<b>Modified Repeat;</b> Superseded by Recommendation #9
		3	Continue coordinating with ARC to ensure that its accounting platform is compatible with AmeriCorps' operations and the type of accounting transactions that AmeriCorps processes.	<b>Modified Repeat;</b> Superseded by Recommendation #11
		4	Conduct a review of transactions processed in Momentum and already migrated to Oracle through interface or reported in Oracle using journal entries, to ensure that correct object class codes were applied.	<b>Modified Repeat;</b> Superseded by Recommendation #10

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>MW-11: Other Liabilities</b>	<b>FY 2023</b>	24	Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider relating to Other Liabilities, including an end-to-end business processes narrative with flowcharts.	Repeat – Open
	<b>FY 2019</b>	56	Reconcile the amounts reported in Other Liabilities to supporting documents to verify that Other Liabilities are supported by valid transactions and properly classified.	Repeat – Open
		57	Strengthen financial reporting internal controls and ensure that financial statements accounting line items are reviewed and reconciled to supporting documents prior to recording. The internal control activities should ensure proper posting of Member Payroll related liabilities on the Balance Sheet.	Repeat – Open
<b>Significant Deficiency (SD)-1: Information Technology Security Controls</b>	<b>FY 2019</b>	59	Enforce the agency-wide information security program across the enterprise and improve performance monitoring to ensure controls are operating as intended at all facilities.	Closed
		60	Strengthen and refine the process for communicating AmeriCorps facility-specific control deficiencies to AmeriCorps facility personnel, and coordinate remediation of the control deficiencies.	Closed

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2024
<b>Significant Deficiency (SD)-1: Information Technology Security Controls</b>	<b>FY 2019</b>	61	Strengthen and refine the process for holding system owners and information system security officers accountable for remediation of control deficiencies and ensuring that the appropriate security posture is maintained for AmeriCorps information systems.	Closed
		62	Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in AmeriCorps information systems.	Closed
		63	Implement all detailed recommendations in the FY 2019 FISMA Evaluation report. Specifically, they are FY 2019 Recommendations 1, 2, 4, 6, 7, 23 and 25.	Repeat – Open
<b>SD-2: Internal Software Cost</b>	<b>FY 2023</b>	25	Establish and implement periodic training requirements to enhance knowledge of Federal capitalization standards and AmeriCorps capitalization policy for internal use software.	Repeat – Open
		26	Develop and implement a project management tool to track and monitor all project costs associated with the software in development including direct and indirect cost (e.g., labor).	Repeat – Open

**Table 3: Status of Recommendations not included in the FY 2024 Audit Report of the Consolidated Financial Statements<sup>3</sup>**

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 23
<b>Non-Compliance Single Audit Compliance</b>	<b>FY 2019</b>	70	Develop, implement, and document procedures to identify all AmeriCorps grantees that are required to submit single audit reports with their due dates.	Closed
		71	Develop, implement, and document procedures on timely follow-up for those grantees whose audits have become past due, and to ascertain why report submission was late, when the audit report will be submitted to the Federal Audit Clearinghouse, and what corrective action has been taken to prevent a report submission delay in future.	Closed
		72	Develop a practice to capture the single audit data to assess the effectiveness of the single audit report submission for all its grantees.	Closed
		73	Develop, implement, and document procedures for implementing Office of Budget and Management (OMB) approved single audit report submission extensions, so that OMB approved extension approvals are documented and tracked as part of the single audit monitoring process.	Closed

<sup>3</sup> The areas presented in Table 3 are not included in the body of the FY 2024 audit report as no significant findings were identified to report during the FY 2024 audit. However, we still consider it important to report the implementation status of AmeriCorps' corrective actions for these areas.

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 23
<b>Non-Compliance Single Audit Compliance</b>	<b>FY 2019</b>	74	Update the Single Audit Resolution Policy to: <ul style="list-style-type: none"> <li>- Reflect the current monitoring process to track all audit findings related to AmeriCorps-funded grants, and</li> <li>- Address AmeriCorps' responsibilities as the cognizant/oversight agency and how these responsibilities would be carried out</li> </ul>	Closed
		75	Develop and implement procedures to monitor the effectiveness of the single audit monitoring process in accordance with the Uniform Grant Guidance, 2 Code of Federal Regulation §200.513 Responsibilities, (a) (3) (iv), related to monitoring the effectiveness of single audit findings follow-up and the effectiveness of single audits in improving grantee accountability and in their use by AmeriCorps in making award decisions.	Closed
<b>Former Material Weakness Other Disbursements</b>	<b>FY 2023</b>	16	Identify the root cause of why documentation for all financial transactions were not properly documented, maintained, and readily available for examination as required by Federal laws and regulations.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 23
<b>Former Material Weakness Other Disbursements</b>	<b>FY 2023</b>	17	Develop, implement, and document the necessary standard operating procedures to establish an effective internal control environment, along with the end-to-end business processes and quality assurance process to ensure all balances recorded are supported by underlying source documentation.	Repeat – Open
		18	Conduct the training necessary to ensure established policies and procedures for records management are communicated effectively implemented.	Repeat – Open
<b>Former Material Weakness Property and Equipment</b>	<b>FY 2019</b>	40	Update AmeriCorps policy to recognize and record capitalized costs in the period incurred.	Closed
		41	Update AmeriCorps policy to include requirements for compliance with accounting standards; track direct labor and other indirect costs, including hours, worked and payroll costs dedicated to existing and new software-in-development projects; track and amortize tenant improvement costs in accordance with the lease agreement.	Closed
		43	Consult with the future shared service provider and other stakeholders to determine the feasibility of procuring and using project management software to track project costs from the inception to completion. The results of the analysis should be documented and made readily available.	Closed

## Exhibit IV – Management’s Response



MEMORANDUM FOR: Stephen Ravas  
Acting Inspector General

FROM: Malena Brookshire  
Chief Financial Officer *Malena Brookshire*

SUBJECT: Management Response for the Fiscal Year 2024 Consolidated  
Financial Statements and National Trust Financial Statements

On behalf of AmeriCorps, I am responding to the Independent Auditor's Report on AmeriCorps' Fiscal Year (FY) 2024 Consolidated Financial Statements and National Trust Financial Statements which is included in our FY 2024 Annual Management Report (AMR).

The independent audit of AmeriCorps' financial statements and related processes provide an opportunity for continuous improvement of our financial management program. While I may not agree with certain conclusions in the audit report, I, along with the entire AmeriCorps leadership team, are confident that the progress made this year through Financial and Operational Reform (FOR) has laid the groundwork for the agency to deliver on its mission more efficiently and effectively. Through the FOR, AmeriCorps has invested in modernizing its grants management systems, completed remediation actions to address specific audit findings and identified improved process controls that will be implemented in 2025, and standardized and automated several financial and grants management processes to support improved performance by agency staff.

Additionally, my office, the Office of the Chief Financial Officer (OCFO), is executing a comprehensive organizational strategy. One of the first critical steps in our organizational strategy was to bring the Office of Grants Administration (OGA) under OCFO to facilitate greater alignment between grants and financial management functions, strengthen OGA authority over grantmaking procedures, and ensure financial management is a primary focus. This sets the foundation for our 2025 initiatives, including improvements to governance, clarifying and optimizing staff roles and responsibilities, and developing and implementing a robust training program.

While much work remains ahead, over the last year AmeriCorps has made significant improvements to strengthen the agency and ensure the effective stewardship of federal resource dedicated to national and community service. Highlights of the tremendous progress we are making along this multi-year journey include:

- Conducted a gap analysis across people, process, and systems to begin implementing improvements to equip staff for sustained success and enhanced mission delivery.
- Documented end-to-end business processes through narrative and flowcharts for Financial Systems and Reporting, Undelivered Orders-Accounts Payable (UDO-A/P), Procurement, Budget Formulation and Execution, Grants Management and Member Payroll.





- Continued Trust Obligations Liability Model (TOLM) remediation including collecting supporting documentation from grantees and stakeholders to validate the trust data and validating the Trust data used to calculate the actuarial rates (R and S Reports).
- Developed and implemented a comprehensive review policy for open obligations and a UDO review process to identify UDOs requiring de-obligation.
- Developed a comprehensive and streamlined approach to gathering grant accrual inputs from grantees to enhance the accuracy of accrual estimations.
- Developed and implemented a lookback policy and process, to confirm that the agency is appropriately capturing accounts payable accruals.
- Continued member payroll stipend data cleanup efforts, clearing around 93% of the invalid stipend balances.
- Developed formalized internal standard operating procedures for the review and approval of all JEs.
- Significant AMR process improvement, including implementing a Certification of Accuracy and Completeness process, has helped with quality control year-end financial reporting resulting in a more robust and compliant AMR.
- Developed an end-to-end process for submitting close-out packages to the auditors and Office of Inspector General (OIG) for fully remediated recommendations.
- Designed and implemented appropriate oversight and governance to prevent Fund Balance with Treasury (FBwT) Abnormal Balance from occurring in the future.

I acknowledge the independent public accounting firm's RMA Associates, LLC, *disclaimer of opinion*, AmeriCorps' FY 2024 Financial Statements and AmeriCorps' National Trust Financial Statements. AmeriCorps has reviewed and concurs with 6 material weaknesses and the 2 significant deficiencies. AmeriCorps does not concur with 5 material weaknesses based on inaccurate conditions depicted within Notices of Findings and Recommendations.

I am pleased that AmeriCorps was able to close twenty prior year recommendations, including two fraud risk recommendations received in FY 2023. These closures cleared a former material weakness and noncompliance. Additionally, AmeriCorps reduced the total number of material weaknesses from 12 to 11 in FY24. AmeriCorps recognizes the importance of remediating underlying operational infrastructure issues and enhancing communications between the auditors, OIG, and AmeriCorps personnel to facilitate education on the results of those remediation actions. As we continue working to improve and sustain progress of our internal controls and systems that support effective financial processes and reporting, we look forward to engaging in productive audit planning discussions with the OIG and auditors as AmeriCorps continues its path to sound financial management.

We appreciate the opportunity to review this year's audit report and look forward to continuing our professional working relationship with your office.



## Appendix A – Listing of Acronyms

Acronym	Definition
AMR	Annual Management Report
AP	Accounts Payable
ARC	Administrative Resource Center
ATU	Authorization to Use
BETC	Business Event Type Code
BIA	Business Impact Analysis
CAP	Corrective Action Plan
EL	Event Logging
ELC	Entity Level Controls
eSPAN	Electronic-System for Programs Agreements and National Service Participants
FASAB	Federal Accounting Standards Advisory Board
FBwT	Fund Balance with Treasury
FFR	Federal Financial Report
FISMA	Federal Information Security Modernization Act
FOR	Financial and Operational Reformation
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAO	Government Accountability Office
GL	General Ledger
GTAS	Governmentwide Treasury Account Symbol
IAA	Interagency Agreement
IBNR	Incurred but Not Reported
IT	Information Technology

Acronym	Definition
IUS	Internal-Use Software
JE	Journal Entry
MD&A	Management's Discussion and Analysis
NCCC	National Civilian Community Corps
NGA	Notice of Grant Award
OGA	Office of Grant Administration
OCRO	Office of the Chief Risk Officer
OIG	Office of Inspector General
OIT	Office of Information Technology
OMB	Office of Management and Budget
PII	Personally Identifiable Information
PIIA	Payment Integrity Information Act
RSI	Required Supplementary Information
SBR	Statement of Budgetary Resources
SF	Standard Form
SFFAS	Statement of Federal Financial Accounting Standards
SOP	Standard Operating Procedure
TOLM	Trust Obligations and Liability Model
Trust	National Service Trust
UDO	Undelivered Order
U.S.	United States
USSGL	United States Standard General Ledger



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