



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

# **AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2024**

**Audit Report**

**Number: OIG-AR-25-04**

**May 27, 2025**



## AmeriCorps Office of Inspector General

May 27, 2025

MEMORANDUM TO: Alexander Delaney  
Acting Chief Risk Officer

FROM: Lauren Lesko  
Assistant Inspector General for Audits

SUBJECT: AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2024 (OIG Report-AR-25-04)

Enclosed is AmeriCorps Office of Inspector General (OIG) final report on *AmeriCorps' Compliance with the Payment Integrity Information Act (PIIA) of 2019 for Fiscal Year (FY) 2024*, (Report Number: OIG-AR-25-04).

AmeriCorps OIG contracted with the independent certified public accounting firm of Sikich LLC (Sikich) to conduct the PIIA Audit for FY 2024. Sikich is responsible for the attached final report. We reviewed Sikich's report and related documentation and inquired of its representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the matters contained in the final report. Our review disclosed no instances where Sikich did not comply with the *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States.

If you have any questions or wish to discuss the final report, please contact me at (202) 880-9292 or [L.Lesko@americorpsig.gov](mailto:L.Lesko@americorpsig.gov).

cc: Jennifer Bastress Tahmasebi, Interim Agency Head  
Charndrea Leonard, Acting Chief of Staff  
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## Executive Summary

Report Title: AmeriCorps' Compliance with the  
Payment Integrity Information Act of 2019 for FY 2024  
Report No.: OIG-AR-25-04  
Date: May 27, 2025



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

### ***Why We Did This Audit***

The AmeriCorps Office of Inspector General (OIG) must annually review AmeriCorps' compliance with the Payment Integrity Information Act of 2019 (PIIA, P.L. No. 116-117) and related applicable improper payment guidance to comply with PIIA.

### ***How We Did This Audit***

AmeriCorps OIG engaged Sikich CPA LLC (Sikich) to conduct a performance audit to determine whether the improper payment information AmeriCorps reported in its Fiscal Year (FY) 2024 Agency Management Report (AMR) and accompanying materials complied with PIIA and related guidance from the Office of Management and Budget (OMB).

This audit included evaluating the accuracy of the improper payment estimates AmeriCorps published for three of its primary programs: AmeriCorps State & National (ASN), Foster Grandparent Program (FGP), and the National Service Trust (NST).

### ***What We Found***

AmeriCorps met many requirements but did not fully comply with PIIA. The agency remains non-compliant with two PIIA requirements for the programs it identified as susceptible to improper payments (IPs).

- The improper payment rates AmeriCorps reported for ASN, FGP, and NST were not accurate, reliable, or consistent with OMB guidance because the agency excluded unmatched reporting errors as unknown payments for ASN and FGP, did not include payments to ineligible recipients as improper payments for FGP, and did not properly identify improper payments or follow the Sampling and Estimation Methodology Plan (SEMP) for NST.
- AmeriCorps reported improper payment rates above the ten percent compliance threshold for FGP.

Further, management did not adequately implement prior year recommendations to include additional terms and conditions within future AmeriCorps Grant and Cooperative Agreements aimed at addressing the root causes of improper payments, or to implement financial consequences or additional reporting requirements for grantees with confirmed improper payments. These recommendations remain open.

### ***What We Recommend***

We recommended that AmeriCorps:

- Test and include unmatched reporting errors in the projection of the improper payment estimate, include the entirety of payments made to ineligible AmeriCorps Seniors grantees as improper payments, and implement additional quality control steps to its improper payment data pull process (Recommendations 1-3).
- Publish improper payment estimates for NST in the accompanying materials provided with the FY 2025 AMR, update its NST test plan to verify that sampled education awards were only used to cover allowable Cost of Attendance (COA) expenses, and improve quality controls to ensure the NST sample and extrapolation process is consistent with its SEMP (Recommendations 4-6).

AmeriCorps' response is attached to this report, in its entirety, in **Appendix C**.

**OFFICE OF INSPECTOR GENERAL  
AUDIT OF AMERICORPS' COMPLIANCE WITH THE  
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR  
FISCAL YEAR 2024**

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**AUDIT OF AMERICORPS' COMPLIANCE WITH THE  
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR  
FISCAL YEAR 2024**

**I. Background**

AmeriCorps, the nation's largest issuer of grants for community service and volunteering, plays a critical role in strengthening America's non-profit sector and addressing the nation's challenges through community service. AmeriCorps awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in the creation of full-time and part-time national and community service programs. Through these grantees, AmeriCorps provides services to meet educational, human, environmental, and public safety needs throughout the nation. In return for this service, eligible members may receive a living allowance and post-service educational benefits.

A more detailed background can be seen in **Appendix A**.

AmeriCorps delivers several programs designed to help communities address poverty, the environment, education, and other unmet human needs. Of its programs, AmeriCorps identified three as susceptible to improper payments and they are included in the Payment Integrity Information Act of 2019 (PIIA) reporting:

- AmeriCorps State and National Program (ASN)
- Foster Grandparent Program (FGP)
- National Service Trust (NST)

PIIA requires Federal agencies to identify and review all programs and activities that may be susceptible to significant improper payments and publish payment integrity information. AmeriCorps identified ASN, FGP, and NST as its programs susceptible to improper payments for FY 2024. PIIA also requires the Inspector General of each Federal agency to evaluate the accuracy and completeness of the agency's annual reporting on improper payments, as well as its performance in reducing and recapturing improper payments. Our audit objectives were to determine whether AmeriCorps met all of the PIIA requirements and to evaluate AmeriCorps' efforts to prevent and reduce improper payments.

**II. Results in Brief**

Although AmeriCorps continues to implement corrective actions to reduce its improper payment estimates, it did not comply with all PIIA requirements for FY 2024.

PIIA identifies six compliance requirements that agencies must meet. Guidance issued by the Council of Inspectors General on Integrity and Efficiency (CIGIE) and the Office of Management and Budget (OMB) expands the six requirements to ten. We assessed AmeriCorps' compliance with the ten criteria and determined that AmeriCorps did not meet two of the ten

requirements for PIIA compliance for the programs it identified as susceptible to improper payments, as illustrated in the table below.

Criteria	Program Name		
	ASN	FGP	NST
Published payment integrity information with the annual Financial Statement (FS)	Met	Met	Met
Posted the annual FS and accompanying materials on the agency website	Met	Met	Met
Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	Met	Met	Met
Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold	Met	Met	Met
<i>Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual FS</i>	<b><i>Did Not Meet</i></b>	<b><i>Did Not Meet</i></b>	<b><i>Did Not Meet</i></b>
Published corrective action plans for each program for which an estimate above the statutory threshold was published in the annual FS	Met	Met	Met
Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS	Met	Met	Met
Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate	Met	Met	Met
Has developed a plan to meet the improper payment and unknown payment reduction target	Met	Met	Met
<i>Reported an improper payment and unknown payment estimate of less than ten percent for each program for which an estimate was published in the accompanying materials to the annual FS</i>	Met	<b><i>Did Not Meet</i></b>	Met
<b>Total Instances of Non-Compliance for programs identified as susceptible to improper payments</b>	<b>1</b>	<b>2</b>	<b>1</b>

Source: Auditor's analysis of whether AmeriCorps met the ten CIGIE/OMB PIIA compliance requirements.

In FY 2024, National Service Criminal History Check (NSCHC) errors were the main drivers of improper payments in the FGP and NST programs and incorrect or unsupported salary allocation issues were the main drivers of non-compliance for improper payments in the ASN program.

A detailed comparison of FY 2023 and FY 2024 recommendations is in **Appendix B**.

### III. Audit Results

Our audit objectives were to determine whether AmeriCorps met all of the PIIA requirements and to evaluate AmeriCorps' efforts to prevent and reduce improper payments. We determined that AmeriCorps did not meet all of the applicable PIIA requirements. The table below identifies each of the PIIA compliance criteria and CIGIE/OMB compliance criteria, indicates whether AmeriCorps complied with each requirement, and includes a brief explanation of the results of our FY 2024 PIIA testing.

#### Improper Payment Compliance Requirements

		Result <sup>1</sup>	Explanation of Results
Per PIIA	Per CIGIE/OMB Guidance		
Published improper payment information within the annual management report or annual (FS) of the executive agency for the most recent fiscal year; and posted the statement on the website of the executive agency and any accompanying materials required under OMB guidance.	Published payment integrity information with the annual FS.  Posted the annual FS and accompanying materials on the agency website.	Compliant	AmeriCorps appropriately published improper payment information within its Annual Management Report (AMR) on its website and within the information it provided to OMB in response to OMB data calls.
Conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C. (if required).	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.  Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.	Compliant	AmeriCorps performed a program-specific risk assessment in FY 2023 to determine which of its programs were susceptible to improper payments. Additionally, it conducted an off-cycle risk assessment of its Retired and Senior Volunteer Program (RSVP) and Senior Companion Program (SCP) in FY 2024, consistent with AmeriCorps OIG recommendations.
Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the agency's risk assessment (if required).	Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual FS.	Not Compliant	Although AmeriCorps published estimated improper payment rates for the three programs it identified as susceptible to risk (ASN, FGP, and NST), the improper payment rate estimates were not accurate, reliable, or consistent with OMB guidance. <b>See Findings 2 and 3.</b>
Published programmatic Corrective Action Plans (CAPs) prepared under section 3352(d) that the executive agency may have in the accompanying materials to the annual FS.	Published CAPs for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	Compliant	AmeriCorps published CAPs for the program that reported an estimated improper payment rate greater than ten percent.

<sup>1</sup> OMB Memorandum M-21-19 requires that the compliance review clearly state the agency's compliance status (i.e., compliant, or non-compliant). We have reported the results in accordance with this requirement and provide further explanation to support these instances.

Per PIIA	Per CIGIE/OMB Guidance	Result <sup>1</sup>	Explanation of Results
Published improper payment reduction targets established under section 3352(d) that the executive agency may have in the accompanying materials to the annual FS for each program or activity assessed to be at risk and has demonstrated improvements and developed a plan to meet the reduction targets.	Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	Compliant	AmeriCorps published an improper payment reduction target for the program for which AmeriCorps reported an estimated improper payment rate above the ten percent statutory threshold.
	Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.	Compliant	AmeriCorps demonstrated that it has made improvements to payment integrity by having a higher rate of compliance across programs and reducing the estimated improper payment rate for ASN.
	Has developed a plan to meet the improper payment and unknown payment reduction target.	Compliant	AmeriCorps has developed a plan and increased its resources in an effort to ensure it achieves the one percent reduction target it has set for each of the three programs it deemed susceptible to risk of improper payments.
Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).	Reported an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual FS.	<b>Not Compliant</b>	AmeriCorps reported an estimated improper payment rate of more than ten percent for one of the three programs for which it published improper payment rates. <b>See Finding 1.</b>

Source: Auditor's analysis of AmeriCorps' compliance with PIIA requirements.

**Finding 1: AmeriCorps did not publish an improper payment rate of less than ten percent. (Modified Repeat Finding from FY 2022)**

For an agency to be compliant with PIIA, it must report an improper payment rate of less than ten percent for each program and activity for which it published an estimate.<sup>2</sup>

Although AmeriCorps reported an improper payment estimate of less than 10 percent for two of the three programs AmeriCorps assessed as susceptible to improper payments in FY 2024, it did not report an improper payment estimate of less than 10 percent for FGP, as demonstrated in the table below.

<sup>2</sup> PIIA Section 3351, Paragraph 2, Part F.



### IP Rate Estimates and Compliance

Program	FY 2024 Reported Estimated Improper Payment Rate	Estimated Improper Payment Rate Less Than Ten Percent?
ASN	8.2%	Met
FGP	17.6%	Not Met
NST	3.2%	Met

Source: AmeriCorps' FY 2024 AMR accompanying materials and auditor's analysis.

Despite publishing decreased estimates for the ASN program, and a compliant rate for NST in FY 2024, FGP's rate demonstrates that AmeriCorps grantees have insufficient internal controls in place to verify the allowability of payments made with AmeriCorps grant funds, or to maintain documentation to support the allowability of these payments. AmeriCorps noted a large increase in errors for NSCHC related to FGP, which saw a reduction of non-compliance in FY 2023.

Without implementing additional measures to hold grantees accountable for improper payments, AmeriCorps continues to report non-compliant improper payment estimates that will, over time, become difficult to reduce and lead to continued mismanagement of agency funds.

AmeriCorps did not fully implement the prior year's Recommendation 1—to include additional terms and conditions within future *AmeriCorps' General Grant and Cooperative Agreement Terms and Conditions* policy documents aimed at addressing the root causes of improper payments. AmeriCorps' corrective actions did not address the prior year's Recommendation 2—to implement financial consequences or additional reporting requirements for grantees that have confirmed improper and unknown payments (UPs). Instead, the corrective actions AmeriCorps implemented only require training for those grantees with high rates of noncompliance and to "recover funds when recoverable." AmeriCorps' singular focus on training is insufficient to reduce IPs and UPs, as evidenced by its continued noncompliance with its IP and UP rates. AmeriCorps would achieve better results if it implemented our recommendations rather than implementing alternative CAPs. Consequently, these recommendations remain open.

**Finding 2: AmeriCorps' published improper payment estimates for the AmeriCorps State and National and Foster Grandparent Programs are not accurate, reliable, or consistent with OMB guidance. (Modified Repeat Finding from FY 2023)**

AmeriCorps did not appropriately account for unmatched reporting errors or payments made to ineligible AmeriCorps Seniors recipients. As a result, the improper payment estimates it published for ASN and FGP are not accurate, reliable, or consistent with OMB guidance.<sup>3</sup>

AmeriCorps tests improper payments by selecting grantee FFRs submitted for the reimbursement of grant expenditures. AmeriCorps identifies accounting errors when the sum recorded in a grantee's accounting system does not match the dollar amount submitted on its FFR or reported at a prior sampling stage. These unmatched accounting errors constitute

<sup>3</sup> See OMB Memorandum M-21-19, Section VI.A.3.

unknown payments. The audit determined that AmeriCorps’ published FY 2024 improper payment estimates for ASN and FGP were not accurate, reliable, or consistent with OMB guidance<sup>4</sup> because AmeriCorps removed these unmatched reporting errors from its sampling methodology, as more fully described below. In addition, AmeriCorps included payments to ineligible recipients in its sampling populations.

### Removal of Unmatched Reporting Errors

OMB guidance states that if a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment.<sup>5</sup> Unknown payments are reported separately from improper payments but are added to the improper payment estimate for purposes of evaluating PIIA compliance.<sup>6</sup>

Although AmeriCorps routinely identifies “unmatched reporting errors” when the sum recorded in an ASN or FGP grantee’s accounting system does not match the dollar amount submitted on its FFR or reported at a prior sampling stage,<sup>7</sup> it does not perform the reconciliations needed to determine whether the unmatched reporting errors are improper payments, nor does it account for those errors as unknown payments.

Excluding the unmatched reporting errors is incorrect because it lowers the reported improper payment rate. When including unmatched errors as improper payments, AmeriCorps’ improper payment rates for ASN and FGP increased significantly, as shown in the table below.

### **Impact of Reporting Unmatched Reporting Errors as Unknown Payments in AmeriCorps’ FY 2024 Improper Payment Estimates**

Program	AmeriCorps Reported Improper Payment Estimate (Excludes Unmatched Errors)	Auditor Recalculation of Improper Payment Estimate (Includes Unmatched Errors)
ASN	8.2%	15.7%
FGP	17.6%	21.4%

Our recalculated improper payment estimates demonstrate that treating the unmatched errors as unknown payments have a significant effect on the improper payment estimates AmeriCorps reports, as the result makes ASN noncompliant and FGP noncompliant to a larger degree.

<sup>4</sup> Under OMB Memorandum M-21-19, Section VI.A.3, the OIG should review the accuracy of the improper payment and unknown payment estimate and determine whether the sampling and estimation methodology plans used were appropriate, given program characteristics, to determine whether the agency complied with PIIA Section 3351, Paragraph 2, Part C.

<sup>5</sup> See OMB Memorandum M-21-19, Section VIII. *Appendix 1A: Definitions for Purposes of this Guidance*, Section U. *Unknown Payment*.

<sup>6</sup> See OMB M-21-19, Part 1, Section B.

<sup>7</sup> To identify individual payments to test on the FFRs sampled for ASN and FGP, AmeriCorps requests that grantees provide general ledger entries or other accounting system records to support the amounts claimed on the sampled FFRs. AmeriCorps uses this documentation to select a second-stage sample; if the second-stage sample selected is not at the individual payment level, AmeriCorps will request additional general ledger or accounting system data to enable it to select a third-stage sample. AmeriCorps will continue this process until it selects an assessable payment. Whenever the sum recorded in the grantee’s general ledger or accounting system does not match the dollar amount that the grantee recorded on its FFR or reported for the prior stage, AmeriCorps reports an “unmatched reporting error” rather than performing a reconciliation to determine the presence of improper payments.

AmeriCorps asserts that it does not include unmatched errors in the improper payments estimate because agency management believes that the aggregate of FFR expenses do not represent payments. Further, the agency asserts that discrepancies between aggregate reporting, which must be reconciled at the close of award, and listings of actual disbursements (payments) do not constitute an improper payment. However, because AmeriCorps had not conducted research on the unmatched errors at the time of testing and could not discern if an improper payment occurred, it should have considered the unmatched errors as unknown payments for reporting purposes in FY 2024.

### Payments to Ineligible Recipients

A payment is considered improper when it is made to the incorrect recipient, including ineligible recipients. We determined that the estimated improper payment rate AmeriCorps reported for the FGP program for FY 2024 is not reliable. In FY 2023, AmeriCorps determined that it had inappropriately awarded FGP, Senior Companion Program (SCP), and Retired Senior Volunteer Program (RSVP) grants to at least four AmeriCorps State Commissions, which were not eligible to receive AmeriCorps Seniors grants per Federal regulations.<sup>8</sup> We noted in FY 2024 that AmeriCorps continued to not treat AmeriCorps Seniors grant payments to State Commissions as improper payments. AmeriCorps did not identify these payments as improper during FY 2024 due to an order issued as of April 12<sup>th</sup>, 2024, by AmeriCorps' then-Chief Executive Officer (CEO), that retroactively and prospectively waived the administrative requirements regarding State Commissions.<sup>9</sup> We determined that the payments in FY 2024 were made prior to the waiver issuance and should be included as improper payments, as the payments were improper under PIIA at the time they were disbursed. As AmeriCorps' FY 2024 PIIA population included payments made to ineligible recipients that were not considered improper payments, we determined the FGP's rate is not reliable.

### Errors in AmeriCorps' First-Round Data Pull

We noted errors in AmeriCorps' first-round data pull that caused FFRs for programs outside the scope of testing to be included in the population data set. Ultimately, the erroneous FFRs did not impact the FY 2024 PIIA improper payment estimates because they did not make it into the final sample. However, AmeriCorps lacked internal quality control procedures to ensure all payments included in the sampling process were related to the programs deemed susceptible to improper payments.

As AmeriCorps did not appropriately account for unmatched errors or payments to ineligible recipients, the improper payment estimates it published for ASN and FGP in AmeriCorps' FY 2024 AMR and on [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov) cannot be relied upon and do not accurately represent the improper payment estimates applicable to these programs.

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<sup>8</sup> See 45 CFR 2550.80(j) *Activity ineligible for assistance*.

<sup>9</sup> The Chief Executive Officer (CEO) has specific authority under Section 178(f) of the National and Community Service Act of 1990, as amended, to waive administrative requirements applicable to State Commissions. See 42 U.S.C. §12638(f).

**Recommendations:** We recommend that Office of the Chief Risk Officer:

1. Reconcile the differences between grantees' internal accounting records and FFRs to determine the propriety of the component payments or require grantees to perform this reconciliation. In addition, AmeriCorps should test and include the unmatched reporting errors as unknown payment errors in the projection of the improper payment estimate. ***Modified Repeat Recommendation from FY 2023***
2. Determine whether awardees associated with FFRs submitted for Seniors awards were submitted by eligible organizations during the FFR data pull process. If it is determined that any AmeriCorps Seniors grantees were ineligible to receive the grant, AmeriCorps should include the entire FFR as an improper payment. ***Modified Repeat Recommendation from FY 2023***
3. Implement additional quality control steps, proposed in response to NFR 2, to its improper payment data pulling and sampling process to ensure that all payments included are appropriate for the programs determined to be susceptible to improper payments. ***New Recommendation for FY 2024***

**Finding 3: AmeriCorps' published improper payment estimates for the National Service Trust are not accurate, reliable, or consistent with OMB guidance. (New Finding for FY 2024)**

AmeriCorps did not appropriately identify improper payments when testing NST education awards or follow its NST Sampling and Estimation Methodology Plan (SEMP) when extrapolating its NST testing results. As a result, the NST estimates AmeriCorps published in its FY 2024 AMR are not accurate, reliable, or consistent with OMB guidance.

#### AmeriCorps Did Not Properly Identify Improper Payments

Federal regulations require AmeriCorps to verify that sampled NST education award payments were used for only eligible education costs of members who earned the awards.<sup>10</sup> However, because AmeriCorps believed it could rely on procedures performed by NST staff and institutions of higher education to verify sampled education awards were used only to cover allowable expenses,<sup>11</sup> AmeriCorps PIIA staff did not independently verify the following information as part of the PIIA testing process:

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<sup>10</sup> See 45 CFR § 2525, Subpart D – *Using an Education Award*.

<sup>11</sup> AmeriCorps' response to NFR 3, dated May 7, 2025, states, "As a part of the PIIA testing process, AmeriCorps PIIA staff did not verify that sampled NST education award payments were used for only eligible education costs of members who earned the awards. These procedures are performed by AmeriCorps Trust staff and Institutions of Higher Education. AmeriCorps National Service Trust staff assess payment eligibility and verify that education awards are used in accordance with the statutory requirements."

- The sampled education awards were only used to cover eligible Cost of Attendance (COA) expenses,<sup>12</sup> and
- The sampled education awards received cover COA expenses for the member who earned the award (or a child, stepchild, grandchild, or foster child of an eligible member over the age of 55 if the award was appropriately transferred).<sup>13</sup>

#### AmeriCorps Did Not Follow the Trust Sampling and Estimation Methodology Plan

AmeriCorps planned to follow its FY 2024 NST SEMP to produce a statistically valid estimate in compliance with OMB guidance. However, AmeriCorps did not exclude records or extrapolate its improper payment estimate consistent with its NST SEMP. Specifically, AmeriCorps:

- Did not exclude NST sampling records consistent with its SEMP.  
*Although AmeriCorps' NST SEMP supported that it would exclude 1,935 records representing -\$1,597,276 in Net Zero, Net Negative, and Remaining Negative payments from the NST population, AmeriCorps excluded an additional 26,310 records representing \$33,233,582 in FY 2023 NST payments made for members that earned an education award in, or before, Program Year (PY) 2019 from the sampling frame.*
- Did not extrapolate its NST estimate consistent with its SEMP.  
*Although AmeriCorps' NST SEMP supports it would extrapolate its improper payment estimate on the payments included within the sampling frame, it extrapolated the estimates it generated to the entire NST FY 2024 payment population.*

These changes in exclusion and extrapolation methodologies would only be appropriate if the payments included within the exclusion population were likely to have the same degree of improper payments as those included within the sampling frame, so AmeriCorps should have justified and supported this conclusion within its SEMP.<sup>14</sup> Further, because AmeriCorps extrapolated its improper payment estimate on the entire NST payment population instead of the population within the sampling frame, it should have maintained documentation to support how it developed the query it used to extract the data and how it verified the payments included in the FY 2024 sample were accurate and complete.

As a result of these errors and inconsistencies, the improper payment estimate it published for NST in AmeriCorps' FY 2024 AMR and on [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov) cannot be relied upon and does not accurately represent the improper payment estimate applicable to this program.

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<sup>12</sup> 45 CFR § 2525 subpart D, *using an ed award*

<sup>13</sup> 45 CFR § 2525 subpart F, *Transfer of ed award*

<sup>14</sup> In addition to AmeriCorps' SEMP not supporting this conclusion, \$5,366,471 of the excluded payments relate to service terms more than 7 years before the payment was made (which would not be allowable unless AmeriCorps approved extensions or transfers of education awards), therefore, it is unlikely that we would have agreed with AmeriCorps' conclusion.

**Recommendations:** We recommend that the Office of the Chief Risk Officer:

4. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with the FY 2025 annual financial statements in accordance with OMB guidance. ***New Recommendation for FY 2024***
5. Update its NST test plan to require the tester to verify that sampled education awards were only used to cover allowable COA expenses for members who earned the award (unless appropriately transferred). ***New Recommendation for FY 2024***
6. Improve its quality control procedures to ensure AmeriCorps selects its NST sample and extrapolates its NST improper payment estimates consistent with its NST SEMP. Specifically, its quality control procedures should ensure AmeriCorps:
  - a. Excludes only records in the payment population that do not represent applicable disbursements, as justified in its SEMP.
  - b. Extrapolates its improper payment estimate only on the payments included within the sampling frame, unless otherwise justified and approved by OMB.
  - c. Documents the methodology used to extract the NST payment population used for sampling and the procedures used to verify the payment population is complete and accurate. ***New Recommendation for FY 2024***

**Other Matter: AmeriCorps should continue to assess Retired and Senior Volunteer Program and Senior Companion Program risk on an annual basis.**

When performing its FY 2023 risk assessment, AmeriCorps utilized an estimated RSVP improper payment rate to support that the RSVP no longer meets the PIIA statutory reporting threshold.<sup>15</sup> In FY 2024, AmeriCorps only provided support for the qualitative testing steps required in its improper payment risk assessment for SCP and RSVP, which were removed from reporting in FY 2024.

In previous audits, we concluded that the improper payment rates AmeriCorps produced for the SCP and RSVP programs were not accurate or reliable due to the exclusion of unmatched errors. However, AmeriCorps included the unmatched errors when calculating its improper payment estimate to conclude on RSVP and SCP susceptibility to improper payments in FY 2024. Therefore, we did not note an exception to AmeriCorps removing these programs from its FY 2024 reporting.

Despite prior year OIG recommendations to include the unmatched errors as improper payments, AmeriCorps has yet to agree to do so. As a result of AmeriCorps' inaction, and because the SCP and RSVP programs have historically been susceptible to improper payments, we believe

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<sup>15</sup> Under OMB Memorandum M-21-19, Section II C.1, the statutory threshold is determined by statute. Programs are considered to be above the statutory threshold if they are reporting an annual Improper Payments and Unknown Payments estimate that is either above \$10,000,000 and 1.5% of the program's total annual outlays or above \$100,000,000 regardless of the associated percentage of the program's total annual outlays that the estimated Improper Payments and Unknown Payments amount represents.

AmeriCorps should (1) continue to perform both quantitative and qualitative risk assessments on SCP and RSVP on an annual basis and (2) take appropriate action if AmeriCorps determines SCP and RSVP could have improper payments over the statutory threshold. As performing an annual program risk assessment is not required per PIIA,<sup>16</sup> we are reporting this recommendation as an “Other Matter.”

### **Summary of AmeriCorps Management’s Response**

AmeriCorps is committed to improving its payment integrity process and provides the following comments on the Office of the Inspector General (OIG) draft report on the agency’s FY 2024 Payment Integrity Information Act audit, conducted by Sikich CPA LLC. The agency generally concurs with Finding 1 and does not concur with Findings 2 and 3 nor the Other Matter. AmeriCorps’ response is attached to this report, in its entirety, in **Appendix C**.

### **Auditor’s Comments on AmeriCorps Management’s Response**

We appreciate AmeriCorps’ response to our audit findings and recommendations and thank AmeriCorps for its cooperation during the FY 2024 PIIA audit. While Management noted disagreement with findings 2 and 3, we believe the results of our audit confirm the findings and recommendations provided to AmeriCorps. We have reviewed Management’s response and have determined its response does not change our analysis.

The OIG will keep recommendations 1 through 6 from the FY 2024 PIIA audit report open and classify the status of these recommendation as unresolved (disagreed) in its Semiannual Report to Congress. AmeriCorps Management’s proposed actions in response to the report appear to address FY 2023 PIIA audit (prior year) recommendations 1 and 2. The OIG will keep prior year recommendations 1 and 2 open until AmeriCorps submits documentation to demonstrate the completion and sufficiency of the corrective actions. AmeriCorps has one year from the issuance of this report to finalize its actions.

*Sikich CPA LLC*

May 27, 2025

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<sup>16</sup> PIIA Section 3352, (a)(2) notes that an agency shall perform a risk assessment for each program and activity at least once every three years.

## APPENDIX A

### BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY

#### Background

AmeriCorps, the nation's largest issuer of grants for community service and volunteering, plays a critical role in strengthening America's non-profit sector and addressing the nation's challenges through community service. AmeriCorps awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in the creation of full-time and part-time national and community service programs. Through these grantees, AmeriCorps provides services to meet educational, human, environmental, and public safety needs throughout the nation. In return for this service, eligible members may receive a living allowance and post-service educational benefits.

AmeriCorps delivers several programs designed to help communities address poverty, the environment, education, and other unmet human needs. Of those programs, three of them are deemed susceptible to improper payments and are included in the Payment Integrity Information Act of 2019 (PIIA) reporting. Those programs include:

#### AmeriCorps' State and National Program (ASN)

- The ASN program provides funding to States, Territories, Tribes, and community-based organizations that manage members who serve full- or part-time on projects that align with certain priority areas. This program supports organizations that see service as a solution to local and national challenges and create powerful member experiences that result in lifelong civic engagement.

#### AmeriCorps' Seniors Program

- The AmeriCorps Seniors umbrella includes three programs that engage seniors aged 55+ in volunteerism, with one of them being deemed susceptible to improper payments in FY 2024: the Foster Grandparents Program (FGP), through which volunteers teach and mentor children.

#### National Service Trust (NST)

- The NST provides Segal AmeriCorps Education Awards for AmeriCorps members who successfully complete an eligible term of service in State and National, National Civilian Community Corps (NCCC), or Volunteers in Service to America (VISTA) programs.

PIIA requires agencies to review and identify programs and activities that may be susceptible to significant improper payments and to report on their actions to reduce and recover those



payments. It repealed the Improper Payments Information Act of 2002 and related guidance<sup>17</sup> but set forth similar improper payment reporting requirements.

In May 2024, the Office of Management and Budget (OMB) issued a revised Circular A-136, *Financial Reporting Requirements*, which refined the required reporting elements within the Payment Integrity section of agencies' annual reports.<sup>18</sup> Additionally, in March 2021, OMB issued Memorandum M-21-19, which modified all prior OMB Circular A-123, Appendix C guidance and supported expanding the six compliance requirements under PIIA to a total of ten compliance requirements. Additionally, in October 2024, the Council of Inspectors General on Integrity and Efficiency (CIGIE) updated the *Guidance for Payment Integrity Information Act Compliance Reviews* for a new checklist and additional examples of prior work that OIG may want to include.

## Objectives

The objectives of our performance audit were to determine if AmeriCorps met all of the requirements for compliance with PIIA as described in PIIA, CIGIE Guidance on PIIA Compliance Reviews, and OMB Memorandum M-21-19. We accomplished this objective by:

- a. Reviewing the Payment Integrity section of the FY 2024 AMR and information reported in supplemental data calls that AmeriCorps submitted to OMB to determine whether AmeriCorps complied with PIIA.
- b. Evaluating AmeriCorps' compliance with PIIA compliance factors to include:
  - i. Verifying that AmeriCorps (1) published improper payment information with its annual FS for the most recent fiscal year, and (2) posted that statement and any accompanying materials required under OMB guidance on the AmeriCorps website.
  - ii. Verifying that AmeriCorps conducted a program-specific risk assessment for each program or activity that conforms to the requirements under PIIA Section 3352(a), and that AmeriCorps adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.
  - iii. Verifying that AmeriCorps published improper payment estimates for all programs and activities identified under PIIA Section 3352(a) in the accompanying materials to the annual FS.
  - iv. Verifying that AmeriCorps published any programmatic CAPs that it had prepared under PIIA Section 3352(d) in the accompanying materials to the annual FS.

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<sup>17</sup> PIIA repealed IPIA, the Improper Payments Elimination and Recovery Act of 2010 (IPERA), the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and the Fraud Reduction and Data Analytics Act of 2015.

<sup>18</sup> Agency Financial Reports (AFRs) or Performance and Accountability Report (PAR).

- v. Verifying that AmeriCorps published any improper payment reduction targets established under PIIA Section 3352(d) that it had in the accompanying materials to the annual FS for each program or activity assessed to be at risk, and that it demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate and developed a plan to meet the reduction targets.
- vi. Verifying that AmeriCorps reported an improper payment rate of less than ten percent for each program and activity for which it published an estimate under PIIA Section 3352(c).

We also evaluated the accuracy and completeness of agency improper payment reporting, AmeriCorps' performance in reducing and recapturing improper payments, and its compliance with the reporting requirements related to its non-compliance with PIIA.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Scope**

As established in CIGIE Guidance on PIIA Compliance Reviews, the scope of this performance audit included the improper payment and reporting details in AmeriCorps' FY 2024 AMR, Section *Other Information*, and within supplemental data calls AmeriCorps submitted to OMB. We designed procedures to gain an understanding of the risk assessment that AmeriCorps performed to identify programs that are susceptible to a significant risk of improper payments and unknown payments, as well as an understanding of the statistical sampling process and testing that AmeriCorps performed to calculate its estimated improper payment rates. Our procedures also included having a statistical subject matter expert evaluate the statistical validity of the estimated improper payment rates.

We reviewed applicable Federal and CIGIE guidance, as well as other relevant documents provided by AmeriCorps and the AmeriCorps OIG, to gain an understanding of AmeriCorps' requirements regarding PIIA reporting, AmeriCorps OIG's requirements regarding reporting on AmeriCorps' PIIA assessment, and AmeriCorps' policies and procedures for implementing the PIIA program.

In planning and performing this audit, we considered AmeriCorps' internal controls and information systems, within the audit's scope, solely to understand the policies and procedures AmeriCorps has in place to perform its PIIA compliance activities and to assess the reliability of the accounting data provided as appropriate for the audit objectives.

We performed this work remotely from November 2024 through May 2025. We will discuss the contents of this report with AmeriCorps management at an exit conference.

## **Methodology**

To verify AmeriCorps' compliance with PIIA, evaluate the completeness and accuracy of its improper payment assessment, and assess its performance in reducing and recapturing improper payments, we:

- Gained an understanding of applicable PIIA and AmeriCorps criteria and guidance.
- Reviewed AmeriCorps' FY 2024 AMR and supplementary OMB data call and confirmed that AmeriCorps posted the report and any accompanying materials to its website.
- Reviewed AmeriCorps' FY 2024 AMR and confirmed whether the presentation was in accordance with the form and content requirements outlined in OMB Circular No. A-136, *Financial Reporting Requirements* (Revised May 2024).
- Evaluated the completeness and accuracy of the PIIA reporting details presented in AmeriCorps' FY 2024 AMR and OMB data call and supplements.
- Confirmed whether AmeriCorps conducted a program-specific risk assessment and evaluated the results of the assessment.
- Confirmed whether AmeriCorps published improper payment rate and dollar estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment.
- Evaluated the statistical sampling and estimation process that AmeriCorps used to determine the improper payment rate estimates that it published in its FY 2024 AMR and OMB data call and supplements.
- Evaluated the reasonableness of AmeriCorps' conclusions and the sufficiency of the documentation supporting the results of the testing procedures that AmeriCorps performed on its sample items as part of its statistical sampling processes by conducting re-performance testing using AmeriCorps' test plans.
- Confirmed whether AmeriCorps was required to publish CAPs in its FY 2024 AMR and supplementary OMB data call.
- Confirmed whether AmeriCorps has published improper payment and unknown payment reduction targets for each program that had an estimate above the statutory threshold and developed a plan to meet the reduction targets.

- Verified that AmeriCorps demonstrated improvements to payment integrity or reached a tolerable improper payment or unknown payment rate.
- Evaluated whether AmeriCorps reported a gross improper payment rate of less than ten percent for each program and activity for which it published an improper payment estimate in the AMR and OMB data call and supplements.
- Assessed the risk of the occurrence of fraud and abuse that is significant within the context of the objectives or that could affect the findings and conclusions.

In performing this methodology, we applied audit techniques such as inquiry, observation, and re-performance to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings related to the audit objectives.

## APPENDIX B

### COMPARISON OF RECOMMENDATIONS TO ADDRESS NON-COMPLIANCE FOR FY 2023 AND FY 2024

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2024</i>
Published improper payments information within the annual management report or annual FS of the executive agency for the most recent fiscal year; and posted the statement on the website of the executive agency and any accompanying materials required under OMB guidance.	FY 2023: Compliant  FY 2024: Compliant	<b>Not Applicable.</b> AmeriCorps appropriately published improper payment information within its AMR on its website and/or within the information it provided to OMB in response to OMB data calls.	Published payment integrity information with the annual FS.  Posted the annual FS and accompanying materials on the agency website.	<b>Not Applicable.</b> AmeriCorps appropriately published improper payment information within its AMR on its website and/or within the information it provided to OMB in response to OMB data calls.
Conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C. (if required).	FY 2023: Compliant  FY 2024: Compliant	<b>Not Applicable.</b> AmeriCorps appropriately conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C.	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.  Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.	<b>Not Applicable.</b> AmeriCorps appropriately conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C.

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2024</i>
Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the agency's risk assessment (if required).	<p>FY 2023: <b>Not Compliant</b></p> <p>FY 2024: <b>Not Compliant</b></p>	<p><b>(Finding 2)</b> We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> <li>1. Reconcile the differences between grantees' internal accounting records and FFRs to determine the propriety of the component payments or require grantees to perform this reconciliation. In addition, AmeriCorps should test the unmatched reporting errors as improper payments to ensure accuracy, reliability, and consistency of its improper payment reporting. <b>(Modified Repeat)</b></li> <li>2. AmeriCorps should assess whether awardees associated with FFRs were submitted by eligible organizations during the FFR data pull process. If it is determined that any awardees were ineligible to receive the grant, AmeriCorps should include the entire FFR as an improper payment. <b>(New)</b></li> </ol> <p><b>(Finding 3)</b> We recommend that AmeriCorps:</p>	Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual FS.	<p><b>(Finding 2)</b> We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> <li>1. Reconcile the differences between grantees' internal accounting records and FFRs to determine the propriety of the component payments or require grantees to perform this reconciliation. Additionally, AmeriCorps should test and include the unmatched reporting errors as unknown payment errors in the projection of the improper payment estimate. <b>(Modified Repeat)</b></li> <li>2. Assess whether awardees associated with FFRs submitted for Seniors awards were submitted by eligible organizations during the FFR data pull process. If it is determined that any AmeriCorps Seniors grantees were ineligible to receive the grant, AmeriCorps should include the entire FFR as an improper payment. <b>(Modified Repeat)</b></li> </ol>

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2024</i>
		1. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with future annual financial statements in accordance with OMB guidance. <b>(Modified Repeat)</b>		<p>3. Implement additional quality control steps to its improper payment data pulling and sampling process to ensure that all payments included are appropriate for the programs determined to be susceptible to improper payments. <b>(New)</b></p> <p><b>(Finding 3)</b> We recommend that AmeriCorps:</p>

				<p>4. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with the FY 2025 annual financial statements in accordance with OMB guidance. <b>(New)</b></p> <p>5. Update its NST Test plan to require the tester to verify that sampled education awards were only used to cover allowable COA expenses for members who earned the award (unless appropriately transferred). <b>(New)</b></p> <p>6. Improve its quality control procedures to ensure AmeriCorps selects its NST sample and extrapolates its NST improper payment estimates consistent with its NST SEMP. Specifically, its quality control procedures should ensure AmeriCorps: <b>(New)</b></p> <ul style="list-style-type: none"> <li>a. Only excludes records in the payment population that do not represent applicable disbursements, as justified in its SEMP.</li> <li>b. Extrapolates its improper payment</li> </ul>
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<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2024</i>
				<p>estimate only on the payments included within the sampling frame, unless otherwise justified and approved by OMB.</p> <p>c. Documents the methodology used to extract the NST payment population used for sampling and the procedures used to verify the payment population is complete and accurate.</p>
Published programmatic corrective action plans in the PAR or AFR (if required).	<p>FY 2023: Compliant</p> <p>FY 2024: Compliant</p>	<b>Not Applicable.</b> AmeriCorps appropriately published CAPs.	Published CAPs for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	<b>Not Applicable.</b> AmeriCorps appropriately published CAPs.
Published improper payment reduction targets for each program or activity assessed to be at risk and has demonstrated improvements and	<p>FY 2023: Compliant</p> <p>FY 2024: Compliant</p>	<b>Not Applicable.</b> AmeriCorps published annual reduction targets for each program with improper payment estimates above the statutory threshold.	Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying	<b>Not Applicable.</b> AmeriCorps published annual reduction targets for each program with improper payment estimates above the statutory threshold.

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2024</i>
developed a plan to meet the reduction targets.			materials to the annual FS.	
		<b>Not Applicable.</b> AmeriCorps demonstrated that it has made sufficient improvements to improve payment integrity.	Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.	<b>Not Applicable.</b> AmeriCorps demonstrated that it has made improvements to Payment integrity by having a higher rate of compliance across programs and greatly reduced the estimated improper payment rates for FGP.
		<b>Not Applicable.</b> AmeriCorps has developed a plan and increased its resources in an effort to ensure it achieves the one percent reduction targets it has set for all four programs it deemed susceptible to risk.	Has developed a plan to meet the improper payment and unknown payment reduction target.	<b>Not Applicable.</b> AmeriCorps has developed a plan and increased its resources in an effort to ensure it achieves the one percent reduction targets it has set for all four programs it deemed susceptible to risk.
Reported an improper payment estimate of less than ten percent for each program for which an estimate was published.	FY 2023: <b>Not Compliant</b>  FY 2024: <b>Not Compliant</b>	<p><b>(Finding 1)</b> We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> <li>1. Include additional terms and conditions within future AmeriCorps <i>General Grant and Cooperative Agreement Terms and Conditions</i> policy documents aimed at addressing the root causes of improper payments. <b>(Repeat)</b></li> <li>2. Implement financial consequences or additional reporting requirements for</li> </ol>	Reported an improper payment and unknown payment estimate of less than ten percent for each program for which an estimate was published in the accompanying materials to the annual FS.	<p><b>(Finding 1)</b> We recommend that AmeriCorps:</p> <p><b>FY 2023 Prior Year Recommendations remain open.</b></p>

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2024</i>
		grantees that have confirmed improper payments. <b>(Repeat)</b>		



TO: Stephen Ravas, Acting Inspector General

FROM: Alexander Delaney, Acting Chief Risk Officer

CC: Charndrea Leonard, Acting Chief of Staff  
Jill Graham, Acting Chief Operating Officer  
Jana Maser, Acting General Counsel  
Mary Hyde, Acting Chief Program Officer  
Sandra Washington, Acting Chief Information Officer

RE: AmeriCorps Management Response to the FY 2024 OIG Payment Integrity Information Act (PIIA) Report

Date: May 23, 2025

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AmeriCorps is committed to improving its payment integrity process and provides the following comments on the Office of the Inspector General (OIG) draft report on the agency's FY 2024 Payment Integrity Information Act audit, conducted by Sikich LLC (Sikich). The agency generally concurs with Finding 1 and does not concur with Findings 2 and 3 nor the Other Matter. Details are below.

**Finding 1: AmeriCorps did not publish an improper payment rate of less than ten percent.**

AmeriCorps generally concurs with this finding and the associated recommendations. The agency has implemented the prior year Recommendation 1 in FY25 to include additional terms and conditions in AmeriCorps' General Grant and Cooperative Agreement Terms and Conditions policy documents aimed at addressing the root causes of improper payments in the FY 2025 General Grants Terms and Conditions.

AmeriCorps does not agree with the following speculation: "Without implementing additional measures to hold grantees accountable for improper payments, AmeriCorps continues to report non-compliant improper payment rates that will, over time, become difficult to reduce and lead to continued mismanagement of agency funds." AmeriCorps holds grantees accountable for found improper payments by disallowing costs, requiring training for National Service Criminal History Checks (NSCHC) and Funds Management, using information about improper payments to inform the agency's grant portfolio risk assessment, and providing tools for grantees to improve. AmeriCorps has dramatically reduced its improper payment rates in recent years via grantee accountability mechanisms and compliance tools. The agency will continue to recover applicable improper payments.

**Finding 2: AmeriCorps' published improper payment estimates for the AmeriCorps State and National and Foster Grandparent Programs are not accurate, reliable, or consistent with OMB guidance.**

AmeriCorps does not concur with this notice of finding and will not implement the recommendations.

Unmatched Reporting Errors

AmeriCorps maintains its position that aggregate Federal Financial Reports (FFR) do not represent payments. Further, that discrepancies between aggregate reporting, which must be reconciled at close of award, and listings of actual disbursements (payments) do not constitute an improper payment. The



agency's approved methodology details its approach for addressing these unmatched reporting errors in the payment integrity process and the agency continues to implement this approved methodology.

The agency does not agree that aggregate reporting constitutes a payment. Payments are defined in 31 USC 3351(5) as "...any transfer or commitment for future transfer of Federal funds such as cash, securities, loans, loan guarantees, and insurance subsidies to any non-Federal person or entity or a Federal employee, that is made by a Federal agency, a Federal contractor, a Federal grantee, or a governmental or other organization administering a Federal program or activity". Statutory interpretation begins with the plain meaning of the text unless that text produces an absurd result or suggests a scrivener's error. Massachusetts v. EPA, 549 U.S. 497 (2007). There is no indication in the definition of "payments" that they include aggregations or summaries of payments. Improper payments are defined in 31 USC 3351(4) as "any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement; and "(B) includes– "(i) any payment to an ineligible recipient; "(ii) any payment for an ineligible good or service; "(iii) any duplicate payment; "(iv) any payment for a good or service not received, except for those payments where authorized by law; and "(v) any payment that does not account for credit for applicable discounts." Unknown payments are defined by M-21-19 Appendix 1A as "payment[s] that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper as a result of insufficient or lack of documentation..."

The agency uses FFRs in its methodology simply to access grantee payments. Because AmeriCorps' reportable grant programs are managed outside the agency's control, the agency does not have a database of individual payments from which to conduct testing. The agency's sampling and estimation plan requires collection of data through the submission of general and subsidiary ledgers to identify individual payments to be tested. Because the agency cannot directly access payments for testing, its methodology uses the FFR—a report which provides the agency an aggregate reporting of expenditures from the period reported—as a tool to both identify the universe of grantees with expenditures within a given period and as the admission point to initiate the process to drill down to payments.

While FFR's should report an aggregate amount of federal expenditures for the period reported, the agency expects that some grantees will revise FFRs as a result of reporting errors. It is within the normal course of AmeriCorps business that grantees update previously filed FFRs. AmeriCorps requires that grantees reconcile their spending at close of award. This reconciliation and revision process of aggregate reporting is an expected part of the grant closeout process and occurs outside the scope and schedule of the agency's payment integrity program.

Recognizing that the reporting tool of the FFR captures not payments but an aggregation of financial information and that the AmeriCorps grant cycle accounts for errors in FFR reporting with specific reconciliation steps during closeout, AmeriCorps included in its sampling and estimation methodology a plan for treating these "unmatched reporting errors." The agency's methodology, approved by OMB and the Deputy Controller of the United States in 2017, clearly sets forth the manner in which the agency is to address unmatched reporting errors. Specifically, the methodology for which the agency received the approval states: "CNCS will consider any documentation which does not meet this criteria as unmatched reporting errors. [...] it is management's view that the errors in classifying, aggregating, and reporting payments are directly related to the grantees' ability to appropriately aggregate and report costs to CNCS instead of its ability properly make or allocate payments as charges to the federal fund. As a result, the unmatched reporting errors need to be separated from the errors due to improper payments."

The agency's methodology remains consistent with the methodology approved by OMB and the Deputy Controller General in 2017.



The agency disagrees with the characterization in the audit that the agency removed “unmatched reporting errors as unknown payments.” As described above, aggregate reports are not payments in any legal sense, and the agency has never included any differences as unknown payments.

Given the agency’s fundamental disagreement with the auditor on whether aggregate reporting, which is often amended, constitutes a payment, and because the agency’s process requires the FFR as a tool to access the payments made by its grantees, the agency does not concur and will not implement the recommendation.

#### Payments to Ineligible Recipients

AmeriCorps does not concur with the condition that the agency awarded grants to ineligible recipients and that the AmeriCorps Seniors grants to State Commissions represent improper payments required to be included in the FY 2024 improper payment estimate. The agency exercised its authority to waive the administrative requirements preventing State Commissions from operating AmeriCorps Seniors programming, allowing Commissions to compliantly manage these programs.

Regarding eligibility of State Service Commissions to operate AmeriCorps Seniors programming-- State Service Commissions are identified as eligible applicants for AmeriCorps Seniors awards, as listed in the Notices of Funding Opportunity. However, State Commissions are prohibited by regulation from directly carrying out any national service program under title II of the Domestic Volunteer Service Act of 1973, as amended. A separate regulatory provision prohibits any AmeriCorps Seniors grantee from delegating or contracting overall management responsibilities to another entity, which limits the feasibility of a State Service Commission to operate an AmeriCorps Seniors program within the bounds of these regulations.

The Chief Executive Officer (CEO) has specific authority under Section 178(f) of the National and Community Service Act of 1990, as amended, to waive administrative requirements applicable to State Commissions. See 42 U.S.C. §12638(f). The CEO also has authority to assign to State Commissions specific programmatic functions upon a determination that doing so will increase the efficiency of program operation or oversight under the national service laws, 42 U.S.C. §12651j(a), and to take actions consistent with the objectives and provisions of the national service laws as determined to be necessary or appropriate, §12651d(c)(11). The CEO retroactively and prospectively waived these administrative requirements on 4/12/2024.

The State Service Commissions that were granted these awards were implementing approved programming furthering national service. AmeriCorps considers the waiver issued under 42 USC 12638(f) authoritative. AmeriCorps will continue to review grant organization eligibility outside of the payment integrity program. AmeriCorps assesses grantee eligibility in its internal control program and has expanded testing in this area in response to the circumstance noted above. Specifically, AmeriCorps added Key Control GM-AR-09: The Compliance and Eligibility Committee reviews competitive applications for the circumstances identified in Policy 700 that flag potential ineligibility or noncompliance. For grant applications flagged for potential ineligibility or noncompliance, the Committee provides a determination on compliance and eligibility.”

Further, the audit states: “As AmeriCorps’ FY 2024 PIIA population included payments made to ineligible recipients that were not considered improper payments, we determined the FGP’s rate is not reliable.” The audit recommendation states, “We recommend that the Office of the Chief Risk Officer: (2) Determine whether awardees associated with FFRs submitted for Seniors awards were submitted by eligible organizations during the FFR data pull process.” The agency implements an approved random sampling methodology and does not insert unselected, untested grantee payments into its published



rate. Therefore, AmeriCorps does not agree with the recommendation that it treat unselected payments made by AmeriCorps Seniors grantees as part of its rate.

#### Errors in AmeriCorps' First-Round Data Pull

AmeriCorps acknowledges an administrative error in filtering FFR To Date values, which mistakenly included nine VISTA FFRs in the FFR population provided to statisticians. Since the VISTA program is not part of Phase II reporting, contracted statisticians excluded these corporate codes before conducting payment sampling. This error did not impact the sampling process or reported results for ASN and FGP programs, which were correctly filtered. AmeriCorps has implemented additional internal reviews of the dataset prior to delivery to the statistician team.

### **Finding 3: AmeriCorps' published improper payment estimates for the National Service Trust are not accurate, reliable, or consistent with OMB guidance.**

AmeriCorps does not concur with this notice of finding and recommendation. The agency considers the rate statistically valid and has determined that the Trust is not susceptible to Phase II testing because the rate is significantly below the statutory threshold. AmeriCorps will not publish improper payment estimates for NST in the FY 2025 AMR.

#### AmeriCorps Did Not Appropriately Identify Improper Payments

The audit notes that AmeriCorps PIIA staff did not verify that sampled NST education award payments were used for only eligible education costs of members who earned the awards. While specific PIIA staff did not perform this assessment, AmeriCorps National Service Trust staff do assess payment eligibility and verify that education awards are used in accordance with the statutory requirements. The agency maintains the authority to determine which of its staff is qualified to make an assessment and does not consider only work done by specific staff to be relevant to the Payment Integrity assessment. .

Additionally, the audit states, "Federal regulations require AmeriCorps to verify that sampled NST education award payments were used for only eligible education costs of members who earned the awards." However, 45 CFR 2525.230(a)(b) states, "Before disbursing funds from an education award to pay all or part of the current educational expenses at an institution of higher education, AmeriCorps must receive:

- (1) An Eligible Individual's written authorization and request for a specific payment amount;
- (2) Information from the institution of higher education as requested by AmeriCorps, including verification that– (v) The requested amount will be used to pay all or part of the Eligible Individual's educational expenses attributable to a course offered by the institution.

**(b) Payment.** When AmeriCorps receives the information required under [paragraph \(a\)](#) of this section, it will pay the institution and notify the Eligible Individual of the payment."

The regulations state that it is the responsibility of the institution, not the agency, to verify eligible cost of attendance and is therefore outside of the agency's responsibility. Once AmeriCorps receives the information required from the member and the institution, it can proceed with payment.

While AmeriCorps considers its assessment adequate, it will also determine whether additional internal controls testing could further strengthen Trust controls.

#### AmeriCorps Did Not Follow Trust Sampling and Estimation Methodology Plan



AmeriCorps acknowledges an administrative error in the population chart in its Sampling and Estimation Methodology Plan (S&EMP) posted on max.gov and has since informed OMB and updated its S&EMP on Max.gov. The S&EMP that was originally uploaded to max.gov erroneously included a table with FY 2022 data and exclusions rather than the correct population representing FY 2023 data (provided below). All other aspects of the S&EMP for the NST are the same. AmeriCorps followed the S&EMP using the data below as discussed with its statisticians.

Population	N (Universe)	Total Trust Payments
Extracted Data	72,876	\$106,306,496.09
<i>Less Exclusions</i>		
Net Zero REQ IDs	687	\$0.00
Net Negative REQ IDs	93	(\$104,989.91)
Remaining Negative Payments	1,155	(\$1,492,246.12)
PGM_YEAR 2019 or earlier	27,286	\$32,337,459.30
<b>Sampling Frame</b>	<b>44,631</b>	<b>\$74,670,150.14</b>

AmeriCorps does not concur with the recommendation that it extrapolates its improper payment estimate for the NST only on the payments included within the sampling frame as this could potentially produce an understated rate compared to the full program outlays. The agency consulted with its statistician who provided the following guidance:

AmeriCorps produced an initial extraction of FY 2023 trust payments from their financial system totaling \$106,306,496.09. Records that were not associated with actual disbursements were removed from the population prior to sample size determination or sample selection. These exclusions consisted of transaction request IDs (REQ\_IDs) with a net zero or net negative payment amount and remaining transactions with a negative payment amount as these records represent cancelled payments or adjustments to prior FY payments. Additionally, payments for program years of 2019 and prior were excluded as these payments fall outside the three-year documentation retention policy requirement. In all, the exclusions totaled \$31,636,345.95. The remaining population payments following the exclusion process comprise the sampling frame totaling \$74,670,150.14, which is the list of payments that are eligible for sampling and review.

The selection probabilities were calculated based on the proportion of the \$74.7M sampling frame total that each payment accounted for. However, if AmeriCorps only projected to the \$74.7M sampling frame that would leave approximately \$31.6M in net outlays out of the improper payment estimate and cause the resulting IP/UP estimates to be potentially understated compared to the full program outlays. In order to ensure that the IP/UP estimates were representative of the full Trust Population of \$106.3M in net outlays, the sampling weights were adjusted proportionally to allow for the projection of the sample results to the full net outlays balance. The agency can make its contracted statistician available again for clarity if helpful.





Additionally, AmeriCorps does not concur with the finding that it did not maintain documentation to support how it developed the query it used to extract the data. The agency was responsive to audit requests and provided documentation to support over 600 lines of code used to extract the data. The original query was developed and tested against raw totals and simpler queries to ensure accuracy. It has been used by the agency for over 10 years.

**Other Matter: AmeriCorps should continue to assess Retired and Senior Volunteer Program and Senior Companion Program risk on an annual basis.**

AmeriCorps does not concur with the Other Matter that imposes risk assessment requirements beyond the scope of the law and associated guidance.

31 USC 3352(a)(2) requires agencies to review programs for susceptibility “not less frequently than every 3 fiscal years.” The Office of Management and Budget (OMB) states in Section II.A. of Memorandum M-21-19,

*If the IP risk assessment demonstrates that the program is not likely to make Ips and Ups above the statutory threshold, then the program will not produce a statistically valid estimate in the following year and instead will conduct another IP risk assessment in three years.*

OMB further describes the circumstances that would require off-cycle risk assessments in M-21-19, Section II.A.(2)(a):

*If a program that is on a three-year IP risk assessment cycle experiences a significant change in legislation and/or a significant increase in its funding level, agencies may need to reassess the program’s risk susceptibility during the next annual cycle, even if it’s less than three years from the last IP risk assessment.*

The same section above provides examples of events requiring off-cycle risk assessments including “national disasters, national emergencies, or a change to program structure...”. OMB guidance in this section defers to the agency to make the determination if an off-cycle risk assessment is required.

*The agency will determine whether the factor is significant enough to cause the program to become likely to make Ips and Ups that would collectively be above the statutory threshold.*

In conclusion, the Other Matter exceeds the scope of relevant statute and OMB guidance. As an exercise in agency discretion, AmeriCorps performed a qualitative off-cycle risk assessment in FY 2024 for the Retired and Senior Volunteer Program (RSVP) and the Senior Companion Program (SCP) to ensure the results of recent improper payment reporting still hold true and there are no additional risk factors that could potentially increase improper payments in these programs. After reviewing the 11 OMB risk factors identified in OMB Circular A-123, Appendix C, RSVP and SCP will remain in Phase 1. AmeriCorps will continue to comply with the law and consider relevant OMB guidance in determining if and when off-cycle risk assessments are required.



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