



**AmeriCorps  
Office of Inspector General**

# **Audit of AmeriCorps' Fiscal Year 2025 National Service Trust Fund Financial Statements**

**Audit Report**

**Number: OIG-AR-26-02**

**January 30, 2026**



## AmeriCorps Office of Inspector General

January 30, 2026

MEMORANDUM TO: Jennifer Bastress Tahmasebi  
Interim Agency Head

FROM: Lauren Lesko  
Assistant Inspector General for Audits

SUBJECT: Audit of AmeriCorps' Fiscal Year 2025 National Service Trust Fund  
Financial Statements (Report Number OIG-AR-26-02)

AmeriCorps Office of Inspector General (OIG) contracted with the independent certified public accounting firm Sikich, LLC (Sikich) to audit the National Service Trust Fund financial statements (Trust financial statements) of AmeriCorps for the fiscal year (FY) ended September 30, 2025. The contract required Sikich to express an opinion on whether AmeriCorps' FY 2025 Trust 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 Sikich to conduct the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

Sikich could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Therefore, Sikich does not express an opinion on AmeriCorps' FY 2025 Trust financial statements.

- **Disclaimer of Opinion:**

During FY 2025, AmeriCorps had several material weaknesses in its internal control over financial reporting. Sikich could not obtain sufficient appropriate audit evidence to support material account balances and transactions for the current year due to inadequate processes, controls, and records to support transaction and account balances, and a significant reduction in staff during the year. As a result of these matters, Sikich could not determine the effect of the lack of sufficient appropriate audit evidence or whether any adjustments might have been found necessary relating to AmeriCorps' Trust financial statements as of and for the year ending September 30, 2025. Due to the pervasive nature of these limitations, Sikich cannot form a basis for an audit opinion on the Trust financial statements for the year ended September 30, 2025.

- **5 material weaknesses and one significant deficiency** in AmeriCorps' internal control over financial reporting. Sikich reported the following material weaknesses and significant deficiency as described in Appendices A and B of this report:

**Material Weaknesses:**

1. Internal Control Environment (Repeat)
2. Financial Reporting (Repeat)
3. General Ledger Adjustments (Repeat)
4. Trust Obligations and Liability Model (Repeat)
5. Interface Issues Between Momentum and Oracle (Repeat)

**Significant Deficiencies:**

1. Information Technology Security Controls (Modified Repeat)

- Sikich 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 Trust financial statements. However, providing an opinion on compliance with those provisions was not an objective of the engagement, and accordingly, Sikich does not express such an opinion.

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

As part of our contract oversight, the OIG reviewed Sikich'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 Trust financial statements.

Sikich is responsible for the attached independent auditors' report, dated January 30, 2026, and the conclusions expressed therein. However, the OIG's review disclosed no instances where Sikich did not comply, in all material respects, with GAGAS.

cc: Charndrea Leonard, Acting Chief Operating Officer  
Sandra Washington, Acting Chief Information Officer  
Jana Maser, Acting General Counsel  
Alex Delaney, Acting Chief Risk Officer  
Edris Shah, Deputy Director, Audit and Debt Resolution  
Jeff Davis, Principal, Sikich, LLC



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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.



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## INDEPENDENT AUDITORS' REPORT

Interim Agency Head and Inspector General of AmeriCorps:

In our engagement to audit the fiscal year (FY) 2025 financial statements of the National Service Trust of AmeriCorps we:

- Could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
- Found five material weaknesses and one significant deficiency in internal control over financial reporting as of September 30, 2025.

The following sections contain:

1. Our report on the National Service Trust financial statements and the required supplementary information (RSI) included with the Trust financial statements.
2. Other reporting required by *Government Auditing Standards*, which is our report on AmeriCorps' (a) internal control over financial reporting and (b) compliance and other matters. This section also includes a summary of AmeriCorps' comments on our report.

## REPORT ON THE AUDIT OF THE NATIONAL SERVICE TRUST FINANCIAL STATEMENTS

### Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of the National Service Trust of AmeriCorps, which comprise the balance sheet as of September 30, 2025, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to the financial statements (collectively, the Trust financial statements).

We do not express an opinion on the FY 2025 Trust financial statements. Due to the significance of the matters described in the Basis for Disclaimer of Opinion subsection of our report, we could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Trust financial statements.

### Basis for Disclaimer of Opinion

During FY 2025, AmeriCorps had several material weaknesses in its internal control over financial reporting. We could not obtain sufficient appropriate audit evidence to support material account balances and transactions for the current year due to (1) inadequate processes, controls, and records to support transaction and account balances, and (2) a significant reduction in staff during the year. As a result of these matters, we could not determine the effect of the lack of sufficient appropriate audit evidence or whether any adjustments might have been found necessary relating to the Trust financial statements as of and for the year ending September 30, 2025. Due to the pervasive nature

of these limitations, we cannot form a basis for an audit opinion on the Trust financial statements for the year ended September 30, 2025.

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

Management is responsible for the preparation and fair presentation of the Trust financial statements in accordance with accounting principles generally accepted in the United States of America (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.

### **Auditors' Responsibilities for the Audit of the Trust Financial Statements**

Our responsibility is to conduct an audit of AmeriCorps' Trust financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion subsection of our report, we could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Trust 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 and OMB Circular No. A-136, *Financial Reporting Requirements*, require that the Management's Discussion and Analysis (MD&A) and other RSI be presented to supplement the Trust financial statements. Such RSI is the responsibility of management and, although not a part of the Trust financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) and OMB, who consider it to be an essential part of financial reporting for placing the Trust financial statements in an appropriate operational, economic, and historical context. Because of the significance of the matters described in the Basis for Disclaimer of Opinion subsection, we did not perform any procedures related to RSI, including the MD&A; accordingly, we do not express an opinion or provide any assurance on the RSI.

### **Other Matter – Hyperlinked Data**

Management has elected to include hyperlinks to information on websites outside the Annual Management Report (AMR) to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by FASAB. The information on these websites has not been subjected to our auditing procedures, and accordingly, we do not express an opinion or provide any assurance on it.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

### Report on Internal Control over Financial Reporting

In connection with our engagement to audit the Trust financial statements, upon which we disclaimed an opinion because of the matters described above, we considered AmeriCorps' internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the Trust financial statements, but not for the purpose of expressing an opinion on the effectiveness of AmeriCorps' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of AmeriCorps' internal control over financial reporting. We did not consider all internal controls relevant to operating objectives broadly defined by the criteria established by 31 U.S. Code (U.S.C.) § 3512(c) and (d), commonly referred to as the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

A *deficiency in internal control over financial reporting* 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the five deficiencies described in Appendix A to be material weaknesses. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the one deficiency described in Appendix B to be a significant deficiency.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Appendix A and Appendix B, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies. The status of prior-year recommendations is described in Appendix C.

### *Inherent Limitations of Internal Control over Financial Reporting*

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

### Report on Compliance and Other Matters

In connection with our engagement to audit the Trust 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 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 could not 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 Trust financial statements.

***AmeriCorps' Comments***

AmeriCorps' comments on our report are included in Appendix D – Management's Response. We did not audit AmeriCorps' comments, and accordingly, we express no opinion on the comments.

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

The purpose of the “Other Reporting Required by *Government Auditing Standards*” is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This other reporting is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the entity’s internal control over financial reporting and compliance. Accordingly, this other reporting is not suitable for any other purpose.

***Sikich CPA LLC***

Alexandria, VA

January 30, 2026

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## APPENDIX A: MATERIAL WEAKNESSES

During our engagement to audit the FY 2025 Trust financial statements of AmeriCorps, we identified deficiencies in internal control over financial reporting. These deficiencies constitute five material weaknesses, as described in this Appendix.

### I. Internal Control Environment (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. AmeriCorps has long-standing open recommendations related to internal control weaknesses, particularly in the areas of financial management, accounting standards, and compliance with federal reporting requirements.

During FY 2023, AmeriCorps began working with contractors to develop and implement a plan to improve its financial reporting and internal control program. In FY 2025, AmeriCorps terminated contracts related to financial and operational reform. Therefore, progress on improving financial reporting and the internal control program has stalled and future plans are unknown to the auditors at the time of this report. As such, the prior year's material weakness and related recommendations remain open and unimplemented.

AmeriCorps' Office of the Chief Risk Officer (OCRO) performs an annual Entity-Level Control (ELC) Assessment to determine whether appropriate ELCs are in place according to the framework provided in the Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* – otherwise known as the Green Book. The results of this assessment OCRO to attribute one of three risk levels to AmeriCorps' implementation of 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 2025 ELC assessment reported that 6 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 10: Management designs control activities to achieve objectives and respond to risk.
- 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 control deficiencies on a timely basis.

AmeriCorps continues to show only one principle existing and effectively functioning with the remaining 10 principles operating with deficiencies.

Once OCRO finalized its assessment of risk and internal control, AmeriCorps' Interim Agency Head provided a statement of no assurance. The statement of no assurance represents the agency head's informed judgement 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. Per the statement, AmeriCorps acknowledged that its system of internal control 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 [Appendix C – Status of Prior Year Recommendations](#) remain open and unimplemented.

## **II. Financial Reporting (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 remediations have brought forth significant improvements, our audit identified discrepancies impacting the integrity of the agency's financial reporting.

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

There were discrepancies with the application of OMB A-136 throughout AmeriCorps' FY 2025 AMR. Accurate and timely financial reporting cannot be achieved due to AmeriCorps' ineffective internal control environment over financial reporting. AmeriCorps has not fully implemented its CAPs to address its 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.

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

#### ***B. Analysis of Financial Reporting Data, Including Trust Financial Statements (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. Auditors previously recommended that AmeriCorps complete a fluctuation analysis of its Trust 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. However, 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.

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

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

AmeriCorps has not finalized a process to properly reconcile the applicable line items in the Trust Statement of Budgetary Resources (SBR) to the Standard Form (SF) 132 in a timely manner. 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 Trust SBR may not be properly supported or stated.

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

### **III. General Ledger Adjustments (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 2025 we could not obtain sufficient appropriate audit evidence to support AmeriCorps' JE activities due to inadequate processes, controls, and records to support transaction and account balances, and a significant reduction in AmeriCorps staff during the year.

Manual JEs are essential for an agency's day-to-day operation; however, AmeriCorps utilizes JEs as a compensating measure rather than addressing the root causes that necessitate 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 their 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 [Appendix C – Status of Prior Year Recommendations](#) remain open and unimplemented.

### **IV. 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 \$278 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 Obligation 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 agency's CAPs have progressed incrementally. AmeriCorps has not fully implemented its CAPs related to TOLM. Given the current stage of remediation efforts, it is not feasible for the auditors to determine the reliability of data in AmeriCorps' Trust Liability balance and records.

The Trust Obligation 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 the 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 [Appendix C – Status of Prior Year Recommendations](#) remain open and unimplemented.

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

AmeriCorps continues to experience data migration issues across its financial systems, Momentum and Oracle, and relies on compensating controls to remediate system incompatibilities rather than addressing the root cause of its data migration errors. In FY 2022, AmeriCorps conducted a risk assessment which identified risks regarding the relationship between its financial systems. While approximately half of the identified risks have been mitigated, the conversion of data between the systems poses a risk until all issues are resolved. AmeriCorps previously indicated a plan to migrate from Momentum, its legacy system, to an up-to-date shared cloud service provider; however, 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—evidenced by the continued 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 [Appendix C – Status of Prior Year Recommendations](#) remain open and unimplemented.

## APPENDIX B: SIGNIFICANT DEFICIENCY

During our engagement to audit the FY 2025 Trust financial statements of AmeriCorps, we identified a deficiency in internal control over financial reporting.

### 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.

AmeriCorps has eight key individual financial-related systems (three systems internally operated by AmeriCorps and five third-party systems). AmeriCorps outsourced its financial operations to the U.S. Department of the Treasury's (Treasury's) Administrative Resource Center (ARC) system. Treasury's ARC system interfaces 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>1</sup> we identified new and continued control weaknesses in the information security program that need to be addressed, most importantly pertaining to security management controls; configuration management controls, including secure baseline configurations and vulnerability management; access controls; and contingency planning.

Specifically, we identified control weaknesses for each of the following Federal Information System Controls Audit Manual (FISCAM) control categories:

#### ***Security Management***

- AmeriCorps did not implement periodic reconciliations between its two IT asset inventory systems to maintain a complete and accurate inventory.
- AmeriCorps did not consistently complete annual Security Control Assessments (SCAs) and system risk assessments. Specifically, AmeriCorps did not document a risk assessment related to the use of Treasury's ARC system. In addition, AmeriCorps did not perform an annual SCA or update the risk assessments annually for the General Support System (GSS) and eSPAN.

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<sup>1</sup> We identified security control weaknesses that were corrected for certain control activities. Examples of AmeriCorps' improvements in its IT control environment include configuring its Security Information and Event Management tool to capture all logging requirements in accordance with OMB Memorandum M-21-31 and completing an Authorization to Use for Treasury's Bureau of Fiscal Services' financial and related systems.

- AmeriCorps did not develop an organizational cybersecurity profile or related policies and procedures for understanding, tailoring, assessing, prioritizing and communicating its cybersecurity objectives in accordance with National Institute of Standards and Technology (NIST) Cybersecurity Framework 2.0.
- AmeriCorps did not complete an inventory of its data and corresponding metadata for its data types to properly account for and secure sensitive data.
- AmeriCorps did not fully develop, document, and communicate Supply Chain Risk Management procedures to guide supply chain risk management activities.

### ***Configuration Management***

- AmeriCorps continues to face challenges resolving vulnerabilities for its servers and workstations within the required timelines. As a result, unpatched software, unsupported software, and improper configuration settings continued to expose AmeriCorps' servers and workstations to increased risk of compromise to the confidentiality, integrity, and availability of sensitive data.
- AmeriCorps' servers, workstations, and network devices did not fully comply with established standard baseline configurations.

### ***Access Control***

- AmeriCorps did not consistently implement account management controls. Specifically:
  - eSPAN accounts were not disabled timely for separated personnel in accordance with AmeriCorps policy.
  - AmeriCorps did not consistently document system access approvals for new eSPAN and Momentum user accounts.
  - AmeriCorps did not fully complete user account recertifications for the eSPAN and Momentum applications.

### ***Contingency Planning***

- AmeriCorps did not align the Recovery Time Objective (RTO)<sup>2</sup> for the eSPAN system and the GSS RTO hindering timely restoration after a system disruption of mission-critical business functions that rely on eSPAN. The eSPAN Business Impact Analysis (BIA) identified a RTO

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<sup>2</sup> According to NIST Special Publication 800-34, Revision 1, *Contingency Planning Guide for Federal Information Systems*, RTO defines the maximum amount of time that a system resource can remain unavailable before there is an unacceptable impact on other system resources, supported mission/business processes, and the Maximum Tolerable Downtime (MTD). The MTD represents the total amount of time the system owner/authorizing official is willing to accept for a mission/business process outage or disruption and includes all impact considerations.

of 12 hours, while the GSS BIA identified the RTO as 96 hours for major applications including eSPAN.

Many of these weaknesses such as IT asset inventory management, SCAs and risk assessments, account management, and vulnerability management stem from AmeriCorps' inconsistent implementation of operational controls.<sup>3</sup> Effective system security includes consistent execution of operational, management,<sup>4</sup> and technical controls.<sup>5</sup>

These deficiencies can increase the risk of unauthorized access to AmeriCorps' systems to capture, process, and report financial transactions and balances. By not effectively implementing and enforcing consistent application of controls and timely remediating 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 material weakness and the related recommendations in [Appendix C – Status of Prior Year Recommendations](#) remain open and unimplemented.

### **We recommend AmeriCorps:**

1. The AmeriCorps Chief Information Security Officer, in coordination with the eSPAN and Momentum system owners, implement processes to:
  - a) ensure user access is documented and approved; and
  - b) validate that the monthly eSPAN and Momentum re-certifications are completed and documented. **(New)**
2. The eSPAN system owner ensure eSPAN accounts are disabled for separated personnel within one working day following termination actions as required by AmeriCorps' policy. **(New)**

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<sup>3</sup> NIST defines operational controls as security controls (i.e., safeguards or countermeasures) for an information system that primarily are implemented and executed by people (as opposed to systems).

<sup>4</sup> NIST defines management controls as security controls for an information system that focus on the management of risk and the management of information system security.

<sup>5</sup> NIST defines technical controls as security controls for an information system that are primarily implemented and executed by the information system through mechanisms contained in the hardware, software, or firmware components of the system.

## APPENDIX C: STATUS OF PRIOR YEAR RECOMMENDATIONS

**Table 1** summarizes the status of audit recommendations from prior years as of FY 2025. Recommendations which are included in the FY 2025 Trust audit report are presented in detail in **Table 2**. Recommendations which are not included in the FY 2025 audit report are presented in detail in **Table 3**.

**Table 1: Summary of the Status of Prior Years' Trust Financial Statement Audit Recommendations in FY 2025**

	FY 2019		FY 2021		FY 2022		FY 2023		FY 2024	
	Count	Recommendation #	Count	Recommendation #	Count	Recommendation #	Count	Recommendation #	Count	Recommendation #
<b>Closed</b>	<b>1</b>	16	-	-	-	-	-	-	<b>3</b>	2, 3, 4
<b>Modified Repeat</b>	-	-	-	-	-	-	-	-	-	-
<b>Repeat – Open</b>	<b>6</b>	20, 22, 23, 24, 25, 31	<b>4</b>	9, 11, 12, 13	<b>7</b>	1, 2, 6, 8, 9, 11, 12	<b>5</b>	2, 5, 6, 9, 10	<b>6</b>	1, 5, 6, 7, 8, 9
<b>Total:</b>	<b>7</b>		<b>4</b>		<b>7</b>		<b>5</b>		<b>9</b>	

**Table 2: Status of Recommendations Included in the FY 2025 Audit Report of the Trust Financial Statements**

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
MW-1: Internal Control Environment	FY 2024	1 (1)	Design and implement control activities to ensure all 17 GAO 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.	Repeat - Open
	FY 2023	2 (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
	FY 2022	1 (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 (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
		6 (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

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
<b>MW-2: Financial Reporting</b>	<b>FY 2024</b>	2 (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.	Closed
		3 (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.	Closed
		4 (4)	Evaluate its fund's control system to mitigate the risk of overinvesting.	Closed
<b>MW-2: Financial Reporting</b>	<b>FY 2024</b>	5 (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.	Repeat – Open
	<b>FY 2023</b>	5 (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

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
MW-2: Financial Reporting	FY 2022	6 (8)	Develop and implement standard operating procedures to ensure the applicable line items in the Trust 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
		8 (8)	<p>Develop and implement effective controls, including a quality assurance process, necessary to ensure that:</p> <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 (9)	<p>Develop, identify and make available the training necessary to ensure that staff obtain and update the skills necessary to ensure compliance with:</p> <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 2025
MW-2: Financial Reporting	FY 2021	9 (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
		11 (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
		12 (13)	<p>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:</p> <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 2025
		13 (14)	Validate and ensure journal entries are properly supported, documented, and are readily available for examination.	Repeat – Open
<b>MW-2: Financial Reporting</b>	<b>FY 2019</b>	16 (17)	Strengthen coordination between Accounting and Financial Management Services and the Office of Budget to ensure that transactions are recorded accurately and timely.	Closed
<b>MW-3: General Ledger Adjustments</b>	<b>FY 2024</b>	6 (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.	Repeat – Open
	<b>FY 2023</b>	9 (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>MW-4: Trust Obligations and Liability Model</b>	<b>FY 2022</b>	11 (14)	Verify and validate the underlying input data to the TOLM.	Repeat – Open
		12 (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 2025
	FY 2019	20 (21)	Complete the Trust Accounting Handbook to clearly reflect the assumptions used in the Trust Obligation and Liability Model and the Monthly Obligation 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 (23)	<p>Strengthen controls to ensure the Trust modeling is performed by trained personnel to:</p> <ol style="list-style-type: none"> <li data-bbox="798 714 1622 747">Conduct detailed analysis and validation of data sources.</li> <li data-bbox="798 753 1622 829">Review and ensure the reasonableness of assumptions used and document the rationale behind estimation assumptions.</li> <li data-bbox="798 835 1622 943">Consider changes in conditions or programs that require further research and analysis. Update the assumptions when necessary.</li> <li data-bbox="798 949 1622 1041">Compare estimates with subsequent results to assess the reliability of the assumptions and data used to develop estimates.</li> </ol>	Repeat – Open
<b>MW-4: Trust Obligations and Liability Model</b>	FY 2019	23 (24)	<p>Document and implement policies and procedures to include the following:</p> <ol style="list-style-type: none"> <li data-bbox="798 1183 1622 1418">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</li> </ol>	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
			<p>an explanation as to how management arrived at the final decision;</p> <ul style="list-style-type: none"> <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>	
	24 (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
		25 (26)	<p>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:</p> <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> </ul>	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
			c. Implement a peer review process to carry out the necessary quality control reviews of the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator.	
<b>MW-5: Interface Issues Between Momentum and Oracle</b>	<b>FY 2024</b>	7 (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.	Repeat – Open
		8 (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.	Repeat – Open
		9 (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.	Repeat – Open
	<b>FY 2023</b>	10 (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

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
<b>Significant Deficiency</b> <b>(SD)-1:</b> <b>Information Technology Security Controls</b>	<b>FY 2019</b>	31 (63)	<p>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.</p>	Repeat – Open

## APPENDIX D: MANAGEMENT'S RESPONSE



MEMORANDUM FOR: Stephen Rava  
Acting Inspector General

FROM: Charndrea Leonard  
Acting Chief Operating Officer

*Charndrea Leonard*

SUBJECT: Management Response for the Fiscal Year 2025  
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) 2025 Consolidated Financial Statements and National Trust Financial Statements which is included in our FY 2025 Annual Management Report (AMR).

The audit of AmeriCorps' internal controls environment, financial reporting, and financial statements, processes and procedures provide an opportunity for continued work to address long-standing areas of improvement in the agency's financial management and operations. Due to workforce realignment that took place in FY2025, AmeriCorps was unable to make significant progress on remediations of prior year recommendations; however, the following steps were taken to strengthen financial management and internal controls:

- Establishing new standard operating procedures for estimating accruals for grant program expenditures.
- Strengthening processes over recording, validating, and processing manual journal entries.
- Developing and implementing an accrual methodology to properly recognize and record expenditures for goods and services received in prior payment periods.
- Several controls have been implemented to monitor the interface between financial management systems, including daily interfaced transaction monitoring, monthly reconciliations, and the modernization of subsystems.

I acknowledge the independent public accounting firm's Sikich, LLC, disclaimer of opinion for AmeriCorps' FY 2025 Financial Statements and AmeriCorps' National Trust Financial Statements. AmeriCorps has reviewed the reports and concurs with 8 material weaknesses and the 2 significant deficiencies. AmeriCorps does not concur with 3



material weaknesses based on inaccurate conditions depicted within Notices of Findings and Recommendations.

The agency will be working diligently to address the recommendations identified the report and continuing to strengthen our operations to deliver on our mission for the American people.

## APPENDIX E: LISTING OF ACRONYMS

<b>Acronym</b>	<b>Definition</b>
AMR	Annual Management Report
ARC	Administrative Resource Center
BETC	Business Event Type Code
BIA	Business Impact Analysis
CAP	Corrective Action Plan
ELC	Entity-Level Controls
eSPAN	Electronic-System for Programs Agreements and National Service Participant
FASAB	Federal Accounting Standards Advisory Board
FISMA	Federal Information Security Modernization Act
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAO	Government Accountability Office
GL	General Ledger
IT	Information Technology
JE	Journal Entry
MD&A	Management's Discussion and Analysis
OCRO	Office of the Chief Risk Officer
OGC	Office of General Counsel
OIG	Office of the Inspector General
OMB	Office of Management and Budget
RSI	Required Supplementary Information
SBR	Statement of Budgetary Resources
SF	Standard Form
SOP	Standard Operating Procedure
TOLM	Trust Obligations and Liability Model
Trust	National Service Trust
U.S.	United States



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