



**AmeriCorps
Office of Inspector General**

Audit of AmeriCorps' Fiscal Year 2025 Consolidated Financial Statements

Audit Report

OIG-AR-26-01

January 30, 2026



AmeriCorps

Office of Inspector General

January 30, 2026

MEMORANDUM TO: Jennifer Bastress Tahmasebi
Interim Agency Head

FROM: Lauren Lesko **LAUREN LESKO** Digitally signed by LAUREN LESKO
Date: 2026.01.30 16:01:47 -05'00'
Assistant Inspector General for Audits

SUBJECT: Audit of AmeriCorps' Fiscal Year 2025 Consolidated Financial Statements (Report Number OIG-AR-26-01)

AmeriCorps Office of Inspector General (OIG) contracted with the independent certified public accounting firm Sikich, LLC (Sikich) to audit the consolidated 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 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 consolidated 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' consolidated 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 consolidated financial statements for the year ended September 30, 2025.

- **11 material weaknesses and two significant deficiencies** in AmeriCorps' internal control over financial reporting. Sikich reported the following material weaknesses and significant deficiencies 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. Undelivered Orders – Grants and Grant Activity (Repeat)
5. Undelivered Orders and Accounts Payable – Procurement (Repeat)
6. Trust Obligations and Liability Model (Repeat)
7. Recoveries of Prior Year Obligations (Repeat)
8. Grant Processes (Modified Repeat)
9. Advances from Others (Repeat)
10. Interface Issues Between Momentum and Oracle (Repeat)
11. Other Liabilities (Repeat)

Significant Deficiencies:

1. Information Technology Security Controls (Modified Repeat)
2. Internal Software Cost (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 consolidated 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 consolidated financial statements, other instances of noncompliance or other matters may have been identified and reported.

As part of our contract oversight, the OIG reviewed 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 consolidated 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



REPORT NOTICE—NDAA REQUIREMENT

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

FURTHER, PURSUANT TO P.L. 117-263, SECTION 5274, NON-GOVERNMENTAL ORGANIZATIONS AND BUSINESS ENTITIES IDENTIFIED IN THIS REPORT HAVE THE OPPORTUNITY TO SUBMIT A WRITTEN RESPONSE FOR THE PURPOSE OF CLARIFYING OR PROVIDING ADDITIONAL CONTEXT TO ANY SPECIFIC REFERENCE. COMMENTS MUST BE SUBMITTED TO L.LESKO@AMERICORPSOIG.GOV 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 consolidated financial statements of AmeriCorps we:

- Could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
- Found 11 material weaknesses and 2 significant deficiencies in internal control over financial reporting as of September 30, 2025.

The following sections contain:

1. Our report on AmeriCorps' consolidated financial statements and the required supplementary information (RSI) included with the consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the accompanying consolidated financial statements of AmeriCorps, which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated 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 consolidated financial statements).

We do not express an opinion on the FY 2025 consolidated financial statements of AmeriCorps. 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 consolidated 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 AmeriCorps' consolidated 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 consolidated financial statements for the year ended September 30, 2025.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Consolidated Financial Statements

Our responsibility is to conduct an audit of AmeriCorps' consolidated 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 consolidated financial statements.

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

Required Supplementary Information

U.S. GAAP 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 basic consolidated financial statements. Such RSI is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) and OMB, who consider it to be an essential part of financial reporting for placing the basic consolidated 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 AmeriCorps' consolidated 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 consolidated 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 11 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 two deficiencies described in Appendix B to be significant deficiencies.

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.

During our FY 2025 audit, we also identified deficiencies in AmeriCorps' internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant AmeriCorps management's attention. We have communicated these matters to management and, where appropriate, will report on them separately.

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 AmeriCorps' consolidated financial statements, we considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 consolidated 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 consolidated financial statements of AmeriCorps, we identified deficiencies in internal control over financial reporting. These deficiencies constitute 11 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 lead 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 Consolidated 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 consolidated financial statements to evaluate the reasonableness of balances and detect accounting errors. While AmeriCorps acknowledges the benefit of implementing a fluctuation analysis into its control environment, it ultimately determined that the completion of the exercise was not required. Instead, AmeriCorps has implemented other controls which are designed to assist the agency in monitoring account balances. These controls involve validations, reconciliations, and reviews of its general ledger (GL), trial balances, financial statements, and any transactional activities. 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 errors 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' process for reconciling its Standard Form (SF) 132 apportionment documents to its SF 133 reports has not been fully documented or implemented. AmeriCorps previously relied on a manual/visual check to verify that the Appropriation and the Spending Authority balances reported on the SF 133 reports did not exceed those apportioned on the SF 132 documents, while documenting any discrepancies noted. However, there was no additional documentation that clarified the procedures performed or the specific data that was being reconciled, and there was no evidence of a formal review or approval of the reconciliation. As a result, it was recommended that AmeriCorps implement an analytical procedure to support the amounts apportioned in the SF 132 documents and reported on the SF 133 reports and develop a standard operating procedure (SOP) to document the procedure. AmeriCorps is still developing this SOP. AmeriCorps has not finalized a process to properly reconcile the applicable line items in the Combined Statement of Budgetary Resources (SBR) to the SF 132 documents 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 Combined 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 uses 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. Undelivered Orders – Grants and Grant Activity (Repeat)

In prior years, AmeriCorps was unable to reconcile differences identified between its trial balance and Undelivered Orders (UDO) subledger. AmeriCorps previously indicated that its CAPs regarding its UDO – Grants were expected to be remediated by the end of FY 2024 and implemented into its FY 2025 operations. However, in FY 2025 the UDO – Grants and other grant activity balances were not ready for audit. As a result, we could not test the implementation of controls.

There remains a lack of policies and procedures, including defined end-to-end business processes, defined roles and responsibilities at all levels, as well as updates necessary to the systems used to track AmeriCorps' UDOs. AmeriCorps has yet to determine how much of the total net differences between its trial balance and its UDO subledger may have represented an over/understatement of the UDO balance and has yet to determine a net adjustment to correct the balance.

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

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

AmeriCorps has long-standing open recommendations for UDOs and Accounts Payable (AP) – Procurement. AmeriCorps previously indicated the CAPS were due to be remediated at the end of FY 2024 and were expected to be implemented into FY 2025 operations. AmeriCorps management self-reported to the Office of Inspector General (OIG) and the financial statement auditors that the UDOs and AP related to procurement was not ready for audit for the FY 2025 financial statement audit due primarily to reductions in staff. AmeriCorps has not implemented its CAPs; thus, AmeriCorps does not have a process in place to determine and ensure the (1) accuracy of the UDOs balances and (2) obligation documents are properly approved. As such, misstatements in the AP, expenses, and UDO balances may exist and procurement documents may not be properly approved.

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

VI. Trust Obligations and Liability Model (Repeat)

The National Service Trust holds the funds set aside to pay the education awards of national service members who successfully complete their service terms. Responsibility for the education awards that have been earned or will be earned in the near future is the largest liability on AmeriCorps' financial statements at \$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.

VII. Recoveries of Prior Year Obligations (Repeat)

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

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

VIII. Grant Processes (Includes Grant Accrual, Advances, and Undelivered Orders) (Modified Repeat)

AmeriCorps' grant processes are the agency's overall methodologies for monitoring and accounting for its pre-award, award, and post-award phases of the grant award lifecycle. AmeriCorps has long-standing open recommendations related to its grants processes. Management indicated it completed its remediation efforts in FY 2025. However, we found that those efforts were not complete.

In addition, our review of the remediation documentation found additional issues concerning the calculation of the Advances and Incurred but Not Reported (IBNR) Grant Accrual estimates, the validation of those estimates, and providing support for the grant management process.

AmeriCorps uses the Grants UDO balance as the basis for calculating the Advances and IBNR Grant Accrual estimates, but the Grants UDO data has not been confirmed as accurate and reliable. AmeriCorps obtained data through grantee confirmations to project the Advances and IBNR grant accrual validation estimates but was unable to support that the information was reconciled to AmeriCorps grantee spending data to substantiate the reliability of that data. While AmeriCorps relies on its grant UDO data to calculate the grant accrual, it has not developed and documented controls to verify the reliability of grantee data that is used to validate the estimated grant accrual. Without substantiating the reliability of the grantee-provided data for the validation of the Advances and IBNR grant accrual estimates, the estimates are unvalidated unreliable and may be materially misstated.

The margin of error in AmeriCorps' statistical validation of the Advances and IBNR Grant Accrual estimates does not consider the materiality risk AmeriCorps is willing to accept to ensure that

estimates do not exceed the lower or upper ranges of the validation projection. Management did not incorporate materiality risk into the validation process. This increases the risk that the actual accrual amount may exceed the level of risk that AmeriCorps is willing to accept and in turn renders the validation unreliable for assessing the reasonableness of the IBNR Grant Accrual.

AmeriCorps policies and procedures do not define the basis used for determining when there is a significant difference between the validation of the Advances and IBNR Grant Accrual and the amounts recorded in the prior year. Those documents also do not consider materiality risk in their statistical projection to ensure that the validation is reliable for assessing the reasonableness of the Advances and IBNR Grant Accrual balances. AmeriCorps does not incorporate materiality into its validation process; therefore, the validation does not provide assurance that the grant accrual is not materially misstated.

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. Revise the *AmeriCorps Grants Accrual (IBNR & Advance) SOP*, dated September 2024, and *Grant Accrual Survey and Lookback Analysis Policy*, dated August 15, 2024, and *Record-to-Report End-to-End Narrative* Version 2.0, dated March 7, 2025, to address:
 - a. Validating and documenting the accuracy of the grantee survey data provided in support of the grant accrual validation.
 - b. Procedures for identifying and documenting AmeriCorps' internal control objective in terms of materiality risk.
 - c. Procedures to confirm the validation process met AmeriCorps' internal control objective. If it does not meet the internal control objective, then determine the cause and corrective action to address it next year. (New)

IX. Advances from Others (Repeat)

AmeriCorps receives payments from other Federal agencies for the provision of goods or services, which are typically documented in an Interagency Agreement (IAA). Payments received in advance of AmeriCorps providing the related goods or services are recorded as Advances from Others. AmeriCorps was unable to provide adequate supporting documentation to substantiate the balance for Advances from Others. As of FY 2025, AmeriCorps has not implemented its CAPs and lacks policy, training, and effective internal controls related to maintaining adequate and reasonable documentation. Due to the delayed implementation of AmeriCorps' corrective actions, we were unable to determine the impact resulting from the lack of sufficient appropriate audit evidence, and we are uncertain if adjustments are needed for the recorded and unrecorded balances on AmeriCorps' consolidated financial statements. Thus, the Advances from Others line item on the financial statements may be materially misstated.

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

X. 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, and 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.

XI. Other Liabilities (Repeat)

AmeriCorps has long-standing open recommendations related to Other Liabilities. AmeriCorps' CAPs related to the prior years' recommendations for Other Liabilities were scheduled to be remediated and implemented into AmeriCorps' operations in the first quarter of FY 2025. In FY 2025, AmeriCorps provided documentation to support the implementation of one out of three outstanding recommendations related to reconciling amounts reported in Other Liabilities to supporting documentation. Due to the delayed implementation of the remaining CAPs, we could not assess AmeriCorps' policy, training, and internal controls related to maintaining adequate and reasonable documentation for its Other Liabilities. In FY 2025, two of AmeriCorps' remaining corrective actions were not implemented primarily due to staff reductions.

We could not determine the impact resulting from the lack of sufficient appropriate audit evidence, and we are uncertain if adjustments are needed for the recorded and unrecorded balances on AmeriCorps' consolidated financial statements. As such, the Other Liabilities balance on the financial statements may be materially misstated.

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 DEFICIENCIES

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

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,¹ 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.

¹ 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)² 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

² 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.³ Effective system security includes consistent execution of operational, management,⁴ and technical controls.⁵

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:

2. 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)**
3. 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)**

II. Internal Software Cost (Repeat)

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

In FY 2024, AmeriCorps' OCRO reported that management had developed and implemented a project management tool to monitor software development project costs, particularly labor costs.

³ 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).

⁴ 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.

⁵ 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.

However, later that year, a representative from the Office of Information Technology (OIT) indicated that AmeriCorps' project management tool remained unimplemented. Then, OCRO provided the auditors with a data pull of labor costs related to IUS development to support the implementation efforts. However, the data did not provide evidence of capitalized labor costs and AmeriCorps has been unable to perform an updated data pull. Therefore, the conditions identified in the prior year's audit remain unresolved.

AmeriCorps' accounting policies and procedures to comply with SFFAS 10 for the capitalization of IUS are not properly followed and have not been effectively implemented. Further, AmeriCorps does not have a project management process to track and monitor all project costs associated with software development, including salaries and expenses for AmeriCorps employees working directly on software development. In addition, there has been a lack of training related to understanding capitalizable costs for contractor-developed IUS. In FY 2025 AmeriCorps' corrective actions were not implemented primarily due to staff reductions and budget constraints. The balance reported for capitalized costs related to IUS may be understated by an undetermined amount due to AmeriCorps' lack of end-to-end business process controls to identify, record, and report all capitalizable costs associated with software development in accordance with SFFAS 10.

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

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 consolidated 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' Consolidated 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 #
Closed	2	17, 57	-	-	-	-	-	-	3	2, 3, 4
Modified Repeat	-	-	-	-	-	-	-	-	-	-
Repeat – Open	23	21, 23, 24, 25, 26, 27, 28, 31, 32, 33, 35, 36, 37, 38, 46, 47, 48, 49, 50, 53, 55, 56, 63	6	10, 12, 13, 14, 15, 16	16	1, 2, 6, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21	19	2, 5, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26	8	1, 5, 6, 7, 8, 9, 10, 11
Total:	25		6		16		19		11	

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

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
MW-1: Internal Control Environment	FY 2024	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	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	Complete a detailed performance diagnostic and gap analysis on AmeriCorps' financial management personnel, processes, and systems, including a root cause analysis, and then develop, design, and implement a plan toward short- and long-term executable goals.	Repeat – Open
		2	Perform intermediate assessments of the effectiveness of its executed plans and final evaluations of its financial management operations to ensure desired results are achieved.	Repeat – Open
		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
MW-2: Financial Reporting	FY 2024	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	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	Evaluate its fund's control system to mitigate the risk of overinvesting.	Closed
MW-2: Financial Reporting	FY 2024	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
		6	Establish policies and procedures that outline the roles and responsibilities of key staff, including those of its service provider, involved in the timely completion of the SF 132 and SF133 reconciliation.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
FY 2023		7	Develop and implement standard operating procedures for performing, reviewing, and approving a comprehensive reconciliation of the SF-132 and SF-133 and ensure the documentation is reviewed and approved.	Repeat – Open
		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
		8	Develop and implement standard operating procedures to ensure the applicable line items in the combined Statement of Budgetary Resources are properly reconciled in a timely manner to the SF 132, <i>Apportionment and Reapportionment Schedule</i> and differences are properly documented, explained, and available upon request.	Repeat – Open
MW-2: Financial Reporting	FY 2022	8	<p>Develop and implement effective controls, including a quality assurance process, necessary to ensure that:</p> <ul style="list-style-type: none"> a. accounting and reporting are in accordance with U.S. GAAP and financial information is presented in compliance with OMB Circular A-136. b. account balances are accurate as of and through the reporting period. c. the proper validation, review, and approval over financial reporting and the AMR compilation. 	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
		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"> a. FASAB concept and accounting standards. b. OMB A-123. c. OMB A-136. d. GAO Disclosure checklist. e. Treasury's U.S. Standard General Ledger annual update. f. the correct use of the BETC when submitting transactions to Treasury. 	Repeat – Open
MW-2: Financial Reporting	FY 2021	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
MW-2: Financial Reporting	FY 2021	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

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
		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"> a. A process to track the sequence of journal entries transactions for completeness. 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. c. A requirement to provide a fact-specific description of the purpose of the journal entries, along with adequate supporting documentation. d. Documentation needed to support journal entries and how it will be maintained. 	Repeat – Open
		14	Validate and ensure journal entries are properly supported, documented, and are readily available for examination.	Repeat – Open
MW-2: Financial Reporting	FY 2019	17	Strengthen coordination between Accounting and Financial Management Services and the Office of Budget to ensure that transactions are recorded accurately and timely.	Closed

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
MW-3: General Ledger Adjustments	FY 2024	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
	FY 2023	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
MW-4: Undelivered Orders - Grants and Grant Activity	FY 2023	12	Identify the root cause for the differences between the trial balance and the subsidiary ledger details for its undelivered orders.	Repeat – Open
		13	Establish, document, and implement the required accounting policies and standard operating procedures, as well as establish an efficient control framework for reconciling undelivered order balances in the trial balance and the subsidiary ledgers on a routine basis.	Repeat – Open
		14	Assess the training necessary to ensure established policies and procedures are followed, undelivered orders are recorded in the financial system, and amounts are properly supported.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
		15	Establish, document, and implement policies and procedures to monitor outstanding balances resulting from financial system configuration issues and fix the issues for future transactions to be interfaced into shared service provider's financial management system.	Repeat – Open
MW-4: Undelivered Orders - Grants and Grant Activity	FY 2019	46	Determine the root cause behind the differences noted in the Undelivered Orders balance between Momentum and the Undelivered Orders balance derived from the net of grant award amount from the Notice of Grant Award and the grant expenditures from the Payment Management System and take the appropriate steps in resolving the reason behind the variances that are occurring.	Repeat – Open
		47	Determine the root causes and resolve discrepancies in the grant award amounts recorded in the NGA in eGrants and in Momentum to prevent such differences from occurring in the future.	Repeat – Open
		48	Determine the root causes and resolve expenditure differences between the Payment Management System and Momentum.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
MW-4: Undelivered Orders - Grants and Grant Activity	FY 2019	49	<p>Strengthen controls around the review of expired grant obligations by ensuring that:</p> <ul style="list-style-type: none"> a. All financial, performance and other required reports are submitted no later than 90 calendar days after the end date of the period of performance. b. Document justifications for all required reports submission extensions granted to the grantee. 	Repeat – Open
		50	Update the AmeriCorps transaction code posting logic for recording grant expenditures to comply with the United States Standard General Ledger guidance	Repeat – Open
MW-5: Undelivered Orders and Accounts Payable – Procurement	FY 2022	11	Determine the root cause behind the differences noted in the UDO balance derived from the procurement documents and the expenditures and the recorded GL amount and take the appropriate steps in resolving the reason behind the variances that are occurring.	Repeat – Open
		12	Strengthen controls to ensure proper authorization signatures on all contracts and amendments that require bi-lateral signatures for the proper execution of the award	Repeat – Open
		13	Develop and implement its Accounts Payable (AP) accrual methodology and perform tests of design and effectiveness over its UDO and AP accrual process.	Repeat – Open
MW-5:	FY 2019	31	Strengthen internal control to ensure procurement documents are properly approved and retained.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
Undelivered Orders and Accounts Payable – Procurement		32	Analyze procurement undelivered orders balances quarterly to verify that balances are still valid for those without financial activities for an extended period.	Repeat – Open
		33	Research, resolve and document the disposition of any abnormal undelivered orders transactions/balances.	Repeat – Open
		35	Document the accounts payable accrual methodology to include the recognition and reporting of the incurred but not reported. The methodology should also document key controls related to review and approval process of the accrual estimation; materiality and how it is applied; reviewing, approving, and recording of invoices prior to processing payments; inputs to be used in the validation consideration of payment types; and the basis for including or excluding typical factors in estimating accruals, such as period of performance, type of contract, billing patterns, and others	Repeat – Open
MW-5: Undelivered Orders and Accounts Payable – Procurement	FY 2019	36	<p>Conduct validation assessment of amounts accrued for the incurred but not reported on a periodic basis. As part of the validation, AmeriCorps should consider the following:</p> <ol style="list-style-type: none"> <li data-bbox="804 1111 1607 1176">Subsequent activities against the amount estimated to determine the level of precision in the estimation; <li data-bbox="804 1176 1607 1290">Trend the validation results and adjust the incurred but not reported estimation process to address any recurring significant fluctuations; and <li data-bbox="804 1290 1607 1372">Update the incurred but not reported estimation process as necessary to reflect changes in payment patterns. 	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
		37	Evaluate the materiality thresholds used in the accrual estimation to ensure it is appropriate to prevent misstatements. The materiality threshold used should be appropriate that, in the aggregate, identified misstatements would not rise to a level that will significantly impact management's assertions on the financial statements.	Repeat – Open
		38	Implement controls to ensure that transactions interfaced from eGrants are reflected in Momentum for the correct amounts, accounts, and number of transactions.	Repeat – Open
MW-6: Trust Obligations and Liability Model	FY 2022	14	Verify and validate the underlying input data to the TOLM.	Repeat – Open
		15	After the verification and validation, reassess its assumptions and consider expanding the subjective elements of the calculation (i.e., those based on changes to the economy and the job market) to include changes in the way awards are utilized.	Repeat – Open
	FY 2019	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

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
		23	<p>Strengthen controls to ensure the Trust modeling is performed by trained personnel to:</p> <ul style="list-style-type: none"> a. Conduct detailed analysis and validation of data sources. b. Review and ensure the reasonableness of assumptions used and document the rationale behind estimation assumptions. c. Consider changes in conditions or programs that require further research and analysis. Update the assumptions when necessary. d. Compare estimates with subsequent results to assess the reliability of the assumptions and data used to develop estimates. 	Repeat – Open
MW-6: Trust Obligations and Liability Model	FY 2019	24	<p>Document and implement policies and procedures to include the following:</p> <ul style="list-style-type: none"> a. establish a thorough and robust quality control process to ensure that the TOLM and Monthly Obligation and Liability Calculator (Calculator) are reviewed by qualified AmeriCorps personnel prior to relying on its outputs to record transactions. All errors identified for which management ultimately decided against making updates to the TOLM or Calculator should be documented along with an explanation as to how management arrived at the final decision; b. perform monthly reviews and reconciliations of the recorded new and outstanding obligations to ensure the accounting information is valid and proper; c. review obligation amounts to ensure amounts accurately reflect the status of the obligation; 	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
			<p>d. review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation);</p> <p>e. ensure obligations are sufficiently supported (i.e., by documentary evidence); and</p> <p>f. perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved.</p>	
		25	Coordinate with the Office of the Chief Risk Officer (OCRO) to properly identify the National Service Trust Fund's financial reporting risks and incorporate those risks into the OCRO's annual testing of key controls.	Repeat – Open
		26	<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> <p>a. Train, mentor, and work to retain qualified employees;</p> <p>b. Cross-train employees so that knowledge of the model will reside with multiple staff rather than with one person; and</p> <p>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.</p>	Repeat – Open
MW-7: Recoveries of Prior Year Obligations	FY 2023	19	Establish policies and procedures related to prior year recoveries that define the roles and responsibilities of AmeriCorps and its service provider to provide supporting documentation in a timely manner, such as an end-to-end business process and flowcharts.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
	FY 2022	16	Establish a requirement for the Office of Grant Administration (OGA) or an appropriate AmeriCorps official to prepare a summary report, as part of the closeout process, verifying all required grantee information has been received and accepted, and the recovery amount reconciles to the underlying support (e.g., Notice of Grant Award for de-obligation, Final Federal Financial Report, Payment Management Services, etc.).	Repeat – Open
		17	Develop and implement financial reporting internal controls to analyze and address the root causes of the reconciliation errors.	Repeat – Open
MW-7: Recoveries of Prior Year Obligations	FY 2019	53	Establish a control requiring the Grant Officer/Portfolio Manager to provide documented certification, upon grant closeout, verifying the total award amount to total award expenses for the deobligated recovery amount.	Repeat – Open
		55	Inform all Grant Officers/Portfolio Managers to ensure that a reduction in funding to the award of a grant should be documented in eGrants which would result in modified Notice of Grant Awards.	Repeat – Open
	FY 2023	20	Establish policies and procedures related to grant accruals that define the roles and responsibilities of AmeriCorps and its service provider to provide supporting documentation in a timely manner, such as an end-to-end business process and flowcharts.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
MW-8: Grants Processes	FY 2022	21	Assess resource capabilities and needs, followed by the recruitment, training, development, and retention of personnel possessing pertinent grant management expertise, in order to attain operational, reporting, and compliance objectives.	Repeat – Open
		18	Revamp the grant accrual processes to include internal controls such as reconciliations, calculation documentation, quality control reviews, and basis for the accrual methodologies to mitigate the risk of error.	Repeat – Open
		19	Provide training to all personnel involved in the grant processing to ensure proper classification of funds in the Oracle system and ensure timely resolution of the variances between identified between the Momentum, Oracle, and PMS systems.	Repeat – Open
MW-8: Grants Processes	FY 2021	15	Develop a process to validate grant advances, IBNR and payable estimates. Such validation should be performed over a few years to show a trend of the estimates. Any benchmarks to assess reasonableness should be vetted for completeness and reliability. For example, the use of eGrants FFIRS should be vetted to ensure inclusion of IBNR. Large (exceeding AmeriCorps acceptable range) and unusual fluctuations, if any, should be investigated and the research conclusions documented by management. Fluctuations should be reviewed at the absolute variances level and not using net differences.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
		16	Validate that the underlying data used in the accrual methodology, such as the use of grantee Undelivered Order balances to allocate accrual amounts, is reliable by ensuring previously reported conditions are remediated and recommendations are implemented.	Repeat – Open
MW-8: Grants Processes	FY 2019	27	<p>Coordinate with the program and grant officers to gather and analyze key grant programs' (AmeriCorps State and National and Senior Corps) historical data and the grantees' spending pattern to develop the following key factors for grant accrual estimation:</p> <ul style="list-style-type: none"> • Percentage of AmeriCorps grantees who drawdown funds in advance versus those on a reimbursable basis and their related grant amounts to its grant spending as a whole. If different key programs have different spending patterns, perform this analysis at the program level; An inventory of relevant and reliable grant data to be used for the grant accrual assumptions and documentation to support what data is considered relevant and reliable; • Grantees' incurred but not reported (IBNR) reporting pattern from when the expenses have been incurred to the time those expenses are included the grantees' Federal Financial Reports (FFR). Grantee surveys may be conducted to confirm the reasonableness of an IBNR estimate methodology. When alternative procedures are used, management should provide its data-based analysis to validate its assertion; and • Post-accrual analysis to compare the accrual (without the IBNR) and the expenditures reported in the FFRs for the 	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
			same quarter. Thresholds should be established and documented based on materiality and the degree of risk that management is willing to accept. When grantees' reported spending pattern deviates from its methodology, an analysis should be performed to determine whether any deviation is acceptable, or the methodology should be further refined to reflect the actual grantees' reported expenditure pattern.	
MW-8: Grants Processes	FY 2019	28	<p>Revise and implement policies and procedures for the grant accrual methodology so that:</p> <ul style="list-style-type: none"> • A validation process is established for management to verify the accuracy of the grant accrual, so that management can make any necessary adjustments to improve the precision of the grant accrual and to account for grant advances and payables to ensure the resulting amounts are materially consistent with grantees' drawdown and spending patterns; and • It addresses how the calculations are used to arrive at the Grants Payable and Advances to Other line items in the financial statements. 	Repeat – Open
MW-9: Advances from Others	FY 2023	22	Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider relating to Advances from Others, including an end-to-end business processes narrative with flowcharts.	Repeat – Open
	FY 2022	20	Develop standard operating procedures to ensure all balances recorded in the Reimbursable Analysis are supported by underlying source documentation (e.g., invoices).	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
MW-10: Interface Issues Between Momentum and Oracle	FY 2024	21	Assess the training necessary to ensure advance liquidations are properly maintained, documented, and are readily available for examination.	Repeat – Open
		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
		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
		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
	FY 2023	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
MW-11: Other Liabilities	FY 2023	24	Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider relating to Other Liabilities, including an end-to-end business processes narrative with flowcharts.	Repeat – Open
	FY 2019	56	Reconcile the amounts reported in Other Liabilities to supporting documents to verify that Other Liabilities are supported by valid transactions and properly classified.	Repeat – Open
		57	Strengthen financial reporting internal controls and ensure that financial statements accounting line items are reviewed and reconciled to supporting documents prior to recording. The internal control activities should ensure proper posting of Member Payroll related liabilities on the Balance Sheet.	Closed
Significant Deficiency (SD)-1: Information Technology Security Controls	FY 2019	63	Implement all detailed recommendations in the FY 2019 FISMA Evaluation report. Specifically, they are FY 2019 Recommendations 1, 2, 4, 6, 7, 23 and 25.	Repeat – Open
SD-2:	FY 2023	25	Establish and implement periodic training requirements to enhance knowledge of Federal capitalization standards and AmeriCorps capitalization policy for internal use software.	Repeat – Open

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 2025
Internal Software Cost		26	Develop and implement a project management tool to track and monitor all project costs associated with the software in development including direct and indirect cost (e.g., labor).	Repeat – Open

Table 3: Status of Recommendations Not Included in the FY 2025 Audit Report of the Consolidated Financial Statements⁶

Audit Report Finding Area	Fiscal Year	Audit Report Rec. Number	Recommendation Description	Status of Prior Recommendations as of FY 25
Former Material Weakness Other Disbursements	FY 2023	16	Identify the root cause of why documentation for all financial transactions were not properly documented, maintained, and readily available for examination as required by Federal laws and regulations.	Repeat – Open
		17	Develop, implement, and document the necessary standard operating procedures to establish an effective internal control environment, along with the end-to-end business processes and quality assurance process to ensure all balances recorded are supported by underlying source documentation.	Repeat – Open
		18	Conduct the training necessary to ensure established policies and procedures for records management are communicated effectively implemented.	Repeat – Open

⁶ The areas presented in Table 3 are not included in the body of the FY 2025 audit report because no significant findings were identified to report during the FY 2025 audit. However, we still consider it important to report the implementation status of AmeriCorps' corrective actions for these areas.

APPENDIX D: MANAGEMENT'S RESPONSE



MEMORANDUM FOR: Stephen Rivas
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

Acronym	Definition
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
FFR	Federal Financial Reports
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
OGA	Office of Grant Administration
OGC	Office of General Counsel
OIG	Office of the Inspector General
OIT	Office of Information Technology
OMB	Office of Management and Budget
RSI	Required Supplementary Information
SBR	Statement of Budgetary Resources
SF	Standard Form
SFFAS	Statement of Federal Financial Accounting Standards
SOP	Standard Operating Procedure
TOLM	Trust Obligations and Liability Model
Trust	National Service Trust
UDO	Undelivered Order
U.S.	United States



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