



# AmeriCorps

**OFFICE OF INSPECTOR GENERAL**

PERFORMANCE AUDIT OF AMERICORPS  
SENIORS GRANTEES' FINANCIAL  
MANAGEMENT SYSTEMS

AUDIT REPORT

NUMBER: OIG-AR-23-06

August 1, 2023

OFFICE OF INSPECTOR GENERAL  
 **AmeriCorps**

OFFICE OF INSPECTOR GENERAL  
AmeriCorps

August 1, 2023

MEMORANDUM TO: Atalaya Sergi  
Director, AmeriCorps Seniors

FROM: Monique P. Colter *Monique P. Colter*  
Assistant Inspector General for Audit

SUBJECT: Performance Audit of AmeriCorps Seniors Grantees' Financial  
Management Systems (OIG Report – AR-23-06)

Enclosed is AmeriCorps Office of Inspector General (OIG) final report on the Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems (OIG-AR-23-06).

The OIG contracted with the independent certified public accounting firm of Cotton, A Sikich Company (Cotton), to conduct the Performance Audit of AmeriCorps Seniors' Financial Management Systems. Cotton is responsible for the attached final report, dated July 31, 2023. We reviewed Cotton's report and related documentation and inquired of its representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the matters contained in the final report. Our review disclosed no instances where Cotton did not comply with the *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States.

If you have any questions or wish to discuss the final report, please contact me at (202) 875-0245 or [m.colter@americorpsoig.gov](mailto:m.colter@americorpsoig.gov).

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# EXECUTIVE SUMMARY

## Performance Audit of AmeriCorps Seniors' Financial Management Systems

Date: July 31, 2023

Report No. OIG-AR-23-06



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

The Office of Inspector General of AmeriCorps (AmeriCorps OIG) contracted with Cotton & Company Assurance and Advisory, LLC (Cotton), to conduct a performance audit of AmeriCorps Seniors grantees. The audit objective was to determine whether 15 AmeriCorps Seniors grantees, judgmentally selected, had effective financial management systems that complied with Title 2 Code of Federal Regulations (C.F.R.) Section 200.302, and to report on such compliance and controls as may result from performing the audit.

### ***How This Audit was Performed***

We conducted the performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, as described in [Appendix B](#) of this report.

### ***Audit Findings***

We questioned \$268,627 in Federal costs and identified \$377,199 in non-compliant match costs that the grantees reported on 23 AmeriCorps grants. Specifically, we identified:

- \$216,861 in Federal costs and \$357,315 in match costs that grantees reported on their Federal Financial Reports (FFRs) but that were not supported by the grantees' financial management system records.
- \$51,766 in Federal costs and \$19,884 in match costs that grantees reported for expenses that were unallowable, inadequately supported, inappropriately allocated, or noncompliant with Federal and AmeriCorps requirements.

The audit report also includes four findings for which we did not identify any non-compliant costs but did note other instances of non-compliance with AmeriCorps award terms and conditions:

- Financial management systems did not adequately identify Federal and match costs.
- Grantees submitted financial reports after reporting due dates.
- Grantees did not support financial management systems permit comparison of budgeted expenditures to actual expenditures.
- Policies and procedures were not sufficient to comply with Federal requirements.

See [Audit Findings](#) for more information.

### ***What We Recommended and Management's Comments***

We made recommendations for AmeriCorps to ensure that grantees strengthen their financial management systems and appropriately monitor costs reported on AmeriCorps grants. AmeriCorps concurred with the findings and agreed to work with the audited grantees to revise their financial management systems, policies, and procedures by obtaining and monitoring the grantees' corrective action plans. AmeriCorps agreed to review the supporting documents for all questioned costs during its audit resolution process to determine disallowance. AmeriCorps also agreed to review its current resources to determine whether it should implement additional and/or revised training and guidance. AmeriCorps' response is attached to this report, in its entirety, in [Appendix A](#).

**AMERICORPS OFFICE OF INSPECTOR GENERAL  
PERFORMANCE AUDIT OF AMERICORPS SENIORS'  
FINANCIAL MANAGEMENT SYSTEMS**

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## BACKGROUND

AmeriCorps is an independent agency of the United States government whose mission is “to improve lives, strengthen communities, and foster civic engagement through service and volunteering.” AmeriCorps achieves its mission through the administration of its major programs and initiatives.<sup>1</sup> Four of these programs fall under AmeriCorps Seniors, which provides service opportunities for individuals aged 55 and older.

- AmeriCorps Seniors Foster Grandparent Program (FGP) is an intergenerational program through which volunteers help children in their communities develop academic and life skills important to their development and future success.
- AmeriCorps Seniors Senior Companion Program (SCP) engages low-income volunteers aged 55 and over in providing in-home support and companionship to adults who have difficulty with daily living tasks.
- AmeriCorps Seniors Retired Senior Volunteer Program (RSVP) is one of America’s largest volunteer networks for people aged 55 and older. It engages the skills, talents, and experiences of volunteers to meet a wide range of community needs, including recruiting and managing other volunteers, mentoring children, supporting workforce development, assisting communities recovering from disasters, and expanding economic opportunities for veterans and their families.
- AmeriCorps Seniors Senior Demonstration Program (SDP), funded by the Volunteer Generation Fund, supports the agency’s mission to improve lives and strengthen communities by helping eligible organizations broaden their volunteer base, recruit and retain volunteers, expand opportunities for those who serve, and improve outcomes on community challenges.

The AmeriCorps Office of Inspector General (AmeriCorps OIG) contracted with Cotton & Company Assurance and Advisory, LLC (Cotton or we), an independent certified public accounting firm, to conduct a performance audit of AmeriCorps Seniors grantees. The audit objective was to determine whether a sample of AmeriCorps Seniors-funded grantees had effective financial management systems<sup>2</sup> that complied with Title 2 Code of Federal Regulations (C.F.R.) Section 200.302, and to report on such compliance and controls as may result from performing the audit.

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<sup>1</sup> Per the AmeriCorps Fiscal Year 2021 Annual Management Report, AmeriCorps’ major programs and initiatives include AmeriCorps State and National, AmeriCorps Volunteers in Service to America (VISTA), AmeriCorps National Civilian Community Corps, AmeriCorps State Service Commission Support Grants, AmeriCorps Seniors Foster Grandparent Program, AmeriCorps Seniors Senior Companion Program, AmeriCorps Seniors Retired & Senior Volunteer Program, Innovation and Demonstration, and Evaluation.

<sup>2</sup> For the purposes of this audit, we considered financial management systems to include the grantees’ software, policies, procedures, processes, and methods used for grant management.

## AUDIT SCOPE

The audit scope included performing a comprehensive risk assessment to identify a sample of grantees for testing. Based on the results of the risk assessment, we selected fifteen AmeriCorps Seniors grantees administering 38 AmeriCorps Seniors grants<sup>3</sup> active as of June 24, 2021, across the four AmeriCorps Senior programs identified in the previous section. We then reviewed the financial management systems the grantees had in place to support the costs they reported on the Federal Financial Reports (FFRs) they submitted to AmeriCorps over a period of 2 years, with the scope period beginning approximately 2 years prior to the submission of each grantee's most recent FFR on each grant included within our audit scope.<sup>4</sup>

We have included additional details regarding the audit scope, objectives, and methodology within [Appendix B](#).

## PERFORMANCE AUDIT RESULTS

Our performance audit of AmeriCorps Seniors grantees identified deficiencies in the grantees' financial management systems; specifically, their systems did not comply with Federal regulations and grant terms and conditions. As a result of these deficiencies, we identified \$268,627 in questioned Federal costs and \$377,199 in non-compliant match costs reported on AmeriCorps grants.

We describe each finding in the [Audit Findings](#) section below.

## AUDIT FINDINGS

### **Finding 1: Financial Management Systems Did Not Comply with Federal Requirements**

Financial management systems must permit grantees to prepare required reports; trace funds to a level of expenditure adequate to support compliance with applicable Federal award terms and conditions and with Federal regulations; and accurately, currently, and completely disclose financial results.<sup>5</sup> Further, financial management systems must provide records that adequately identify the sources and application of funds for Federally funded activities.<sup>6</sup>

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<sup>3</sup> Based on the results of the risk assessment, we initially identified 51 grants active as of June 24, 2021. However, because the audit scope included reviewing the financial management systems in place to support costs reported on approximately 2 years of FFRs prior to the period ending September 30, 2021, we reduced the number of grants sampled to 38 because the grantees had not submitted FFRs dated through September 30, 2021, for 13 of the grants initially selected. We therefore excluded these 13 grants from the scope of the audit.

<sup>4</sup> AmeriCorps recipients submit FFRs to support the funds they have drawn down on AmeriCorps grants, consistent with AmeriCorps program-specific terms and conditions.

<sup>5</sup> Per 2 C.F.R. § 200.302(a) and 2 C.F.R. § 200.302(b)(2).

<sup>6</sup> Per 2 C.F.R. § 200.302(b)(3).

The financial management system records for eleven of the fifteen AmeriCorps Seniors grantees did not support that the grantees tracked and appropriately reported amounts on their FFRs. Specifically:

***1a. Grantees' Financial Management Systems Did Not Reconcile to Federal Financial Reports***

Seven of the fifteen grantees<sup>7</sup> reported Federal or match expenses on their FFRs at amounts that exceeded the expenses supported by their financial management system records. As a result, we identified \$216,861 in unsupported (overreported) Federal costs and \$357,315 in unsupported (overreported) match costs, as follows:

- Two grantees reported \$216,861 in Federal costs that were not supported by their financial management system records. As a result, we are questioning \$216,861 in unsupported (overreported) Federal costs.
- Six grantees reported \$357,315 in match costs that were not supported by their financial management system records. Because AmeriCorps waived its grantee match requirements for AmeriCorps Seniors grants during the audit's period of performance in response to the Coronavirus Disease 2019 (COVID-19) pandemic, we are not questioning the \$357,315 in unsupported match costs.

Six of the fifteen grantees<sup>8</sup> reported Federal or match expenses on their FFRs at amounts that were less than the expenses supported by their financial management system records. As a result, we identified \$40,388 in unreconciled Federal costs and \$206,098 in unreconciled match costs, as follows:

- Four grantees' financial management system records supported Federal costs that exceeded the amounts reported by a total of \$40,388. Because the grantees' expenditures appear to have exceeded the costs claimed during the audit period, we are not questioning any costs.
- Four grantees' financial management system records supported match costs that exceeded the amounts reported by a total of \$206,098. Because the grantees' expenditures appear to have exceeded the costs claimed during the audit period, we are not questioning any costs.

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<sup>7</sup>The eight exceptions noted relate to seven grantees, as the expenses included in the financial management records for one grantee did not fully support the amounts reported for Federal or match costs.

<sup>8</sup>The eight exceptions noted relate to six grantees, as the expenses included in the financial management records for two grantees exceeded the amounts reported for both Federal and match costs.

### ***1b. Grantees' Financial Management Systems Did Not Adequately Identify the Source and Application of Funds***

Four of the fifteen grantees did not segregate Federal and match costs within their financial management system records and were therefore unable to identify which expenses they reported as Federal or match costs on the FFRs they submitted to AmeriCorps. For example, one grantee recorded its Federal and match costs using the same fund codes in its accounting system and did not retain transaction-level details to identify whether the expense claimed was a Federal cost or a match cost.

#### ***Causes for Findings 1a and 1b:***

Grantees were unable to reconcile their financial management systems to their FFRs and distinguish between costs paid using Federal funds and costs paid using match funding sources for the following reasons:

- **Insufficient Documentation.** Grantees did not appropriately track or maintain adequate documentation to support the costs they reported on their FFRs. For example, one grantee did not provide transaction-level details from its accounting system to support its match costs.
- **Misunderstanding of Federal Requirements.** Several grantees did not understand that they were required to separately record and provide supporting documentation for match costs, just as they were for Federal costs.
- **Data Transfer Errors.** Grantees that used multiple accounting software systems or tracking mechanisms did not verify that they appropriately maintained accounting system records and that the records were free from error. For example, one grantee that was transitioning to a new accounting system did not ensure the data from both accounting systems and its manual tracking spreadsheets were sufficient to support the costs it reported on its FFRs.
- **Manual Spreadsheet Errors.** Grantees did not verify that their manual expense tracking spreadsheets were accurate and free from error. For example, one grantee incorrectly reported costs because it was unable to effectively track expenditures using its manual spreadsheets.
- **Lack of Quality Control Procedures.** Grantees did not ensure the amounts they reported on their FFRs were consistent with the actual costs supported by their accounting records. For example, one grantee did not report all non-Federal expenditures supported by its accounting records and mistakenly reported Federal expenditures as match costs.



- **Inadequate Oversight.** AmeriCorps did not always provide grantees with sufficient oversight for their reports. For example, during our audit, one grantee was working with its AmeriCorps portfolio manager to submit a final FFR. The grantee submitted the final FFR and received AmeriCorps' approval for the FFR; however, we noted that the FFR did not reconcile to the grantee's financial management system records.
- **Misunderstanding of COVID-19 Match Waiver.** Grantees did not retain documentation to support the match costs they reported on their FFRs because they (a) did not uniformly interpret how AmeriCorps' COVID-19 match waiver impacted the requirements for tracking and reporting match costs, and (b) did not appropriately interpret and understand match documentation requirements. Specifically:
  - Not all grantees were aware that the match waiver applied to grants awarded in fiscal years (FYs) 2019 through 2021 and that the blanket waiver did not require grantees to obtain specific approval.
  - Grantees did not understand the match waiver procedures and did not receive clear instructions regarding whether they should report the match amounts under the blanket waiver.
  - Grantees believed they should report match costs on their FFRs so that they appeared to be compliant with the original match requirements for each grant, even though they did not record any match costs in their financial management systems or their supporting documentation.

As a result, the grantees did not have sufficient financial management system records to support that their FFRs were accurate, current, or complete, and their financial management systems did not adequately identify the source and application of funds for Federally funded activities. We are questioning \$216,861 in Federal costs as a result of the grantees' non-compliance. Because AmeriCorps waived match requirements for AmeriCorps Seniors grants during the COVID-19 pandemic, which was within our audit scope, we are not questioning the \$357,315 in unsupported match costs.

We recommend that AmeriCorps Seniors:

1. Recover the \$216,861 in questioned Federal costs that were not supported by the grantees' financial management system records.
2. Conduct Federal and match grant close-out reconciliations for all grantees whose financial management systems did not support the Federal or match costs reported within their Federal Financial Reports. If the grantee's financial management system records do not reconcile to the amounts reported or appear to include costs that are not allocable, reasonable, or allowable, take action accordingly.

3. Require that grantees revise their existing financial management systems to ensure that the grantees can identify and reconcile all Federal and match costs reported within their Federal Financial Reports and that they can differentiate between expenses paid using Federal funds and expenses paid using other funding sources.
4. Increase its monitoring activities for the Federal Financial Reports reporting process to ensure that AmeriCorps Seniors grantees' Federal Financial Reports are appropriate.
5. Instruct AmeriCorps portfolio managers to provide grantees with sufficient guidance and training on how to:
  - a. Ensure that all costs reported on Federal Financial Reports submitted to AmeriCorps are sufficiently supported and reconcile to the grantees' financial management systems.
  - b. Appropriately track and report Federal and match costs to support that the grantees used the funds for authorized purposes.
6. Develop training and guidance for AmeriCorps Seniors grantees related to:
  - a. Documentation required to support costs reported on Federal Financial Reports, including how to ensure amounts reported are accurate and reconcile to the grantees' financial management systems.
  - b. AmeriCorps Seniors grantees' responsibilities with regard to retaining records and providing required documentation, responses, or information necessary to demonstrate that the documentation complies with Federal or AmeriCorps requirements.
  - c. Requirements for financial management systems to separately identify expenses that the grantees paid using Federal funds or matching funding sources.
7. Issue clear instructions regarding match cost reporting and documentation requirements, including how these requirements may differ in extenuating circumstances or when grantees are eligible for a waiver.

#### **Summary of AmeriCorps Management's Response:**

AmeriCorps concurred with this finding, noting it will review the final audit report and supporting workpapers to determine the amount of questioned Federal costs to disallow for each grantee. AmeriCorps also noted it will continue to perform monitoring—through its agreement with the Office of Monitoring—based on risk level and agency capacity, and that it will evaluate online training and guidance available for AmeriCorps staff and grantees to determine whether it is appropriate to implement additional or revised training and guidance for all grantees.

## **Auditors' Evaluation of Management's Response:**

Management's response acknowledges our findings and recommendations.

### **Finding 2: Insufficient Financial Management Systems Resulted in Instances of Non-Compliance or Unallowable Costs**

Expenses paid using Federal grant funds must be allowable and reported in accordance with Federal regulations and the terms and conditions of the Federal award.<sup>9</sup>

AmeriCorps Seniors grantees' financial management systems were not sufficient to ensure that grantees only charged AmeriCorps Seniors grants for expenses that were allowable, appropriately allocated, or adequately supported in compliance with Federal regulations and grant term and conditions, or that grantees submitted FFRs in accordance with grant terms and conditions.

#### ***2a. Grantees Charged Unallowable, Inadequately Supported, and Inappropriately Allocated Expenses***

We identified \$42,945 in questioned Federal expenses and \$10,792 in non-compliant match costs reported by six grantees that were not allowable, adequately supported, or appropriately allocated to AmeriCorps Seniors grants.<sup>10</sup> Specifically, we identified:

- a. \$21,765 in salary expenses that two grantees reported as Federal costs. The grantees did not provide supporting documentation for the expenses that (i) identified the number of hours or level of effort the employees dedicated to the grants charged, the employees' pay rate(s), and how the grantees calculated the salary amounts, or (ii) verified that the grantees allocated the salary expenses based on the actual time and effort the employees dedicated to the AmeriCorps grants charged.
- b. \$9,830 in stipends that three grantees reported as Federal costs. The grantees did not provide supporting documentation that identified the volunteers receiving the stipends, evidenced that amounts were appropriate based on the hours the volunteers worked, or discussed the methodology the grantees used to calculate stipend payments under the COVID-19 volunteer allowance flexibility.
- c. \$959 in rent expenses that one grantee reported as Federal costs. The grantee did not provide supporting documentation that evidenced the grantee had appropriately calculated and allocated the rent expenses based on the relative benefit the grant received.

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<sup>9</sup> Per 2 C.F.R. § 200.403.

<sup>10</sup> Per 2 C.F.R. § 200.403 and 2 C.F.R. § 200.405.

- d. \$3,800 in recruitment fees that one grantee reported as Federal costs. The employee associated with the recruitment fees only worked on the grant for three months, and the grantee did not provide supporting documentation that evidenced the grantee had appropriately allocated the recruitment fees based on the relative benefit the grant received.
- e. \$2,380 in airfare expenses that one grantee reported as Federal costs. The grantee did not provide supporting documentation that evidenced the grantee had appropriately allocated the airfare expenses based on the relative benefit the grant received.
- f. \$1,571 in computer expenses that one grantee reported as Federal costs. The grantee did not provide supporting documentation that evidenced the grantee had appropriately allocated the computer expenses based on the relative benefit the grant received.
- g. \$1,226 in insurance expenses that one grantee reported as Federal costs. Because the insurance expenses covered a period after the AmeriCorps grant expired, they did not benefit the grant charged.
- h. \$1,064 in volunteer recognition expenses that one grantee reported as Federal costs. The grantee did not provide supporting documentation that evidenced the grantee had only distributed these funds to volunteers working on the AmeriCorps grant charged.
- i. \$350 in gift cards that one grantee reported as Federal costs. The grantee used these gift cards to purchase supplies, rather than distributing the gift cards to its volunteers, and the grantee did not maintain documentation to support the supplies purchased.
- j. A compliance exception for \$7,477 in office space expenses that one grantee reported as match costs. The grantee did not provide supporting documentation that evidenced the grantee had appropriately calculated and allocated the expenses based on the relative benefit the grant received.
- k. Two compliance exceptions for \$2,192 in relocation expenses and \$800 in costs to purchase a sign that one grantee reported as match costs. The grantee did not provide supporting documentation that evidenced the grantee had appropriately allocated the expenses based on the relative benefit the grant received.
- l. A compliance exception for \$323 in mileage expenses that one grantee reported as match costs. The grantee calculated the mileage expenses using a rate that was based on the AmeriCorps grant budget, rather than on the appropriate Federal mileage rate.
- m. A compliance exception for one grantee that charged expenses directly to AmeriCorps grants when it should have treated the expenses as indirect costs.<sup>11</sup>

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<sup>11</sup> Per 2 C.F.R. § 200.412.

- n. A compliance exception for one grantee that did not appropriately apply the indirect cost rate identified in its nonprofit rate agreement.<sup>12</sup>

## **2b. Non-Compliance with National Service Criminal History Check Requirements**

We identified \$8,821 in questioned Federal expenses, \$9,092 in non-compliant match costs, and sixteen compliance exceptions that occurred because eight grantees did not appropriately complete National Service Criminal History Checks (NSCHCs) for employees and volunteers who performed work on AmeriCorps grants.<sup>13</sup> Specifically, we identified:

- a. \$8,616 in questioned Federal costs and \$9,092 in non-compliant match costs that five grantees paid to individuals in covered positions without completing—or documenting that they completed—all NSCHCs required for those individuals per Federal regulations, including National Sex Offender Public Website (NSOPW) checks, fingerprint-based Federal Bureau of Investigation (FBI) checks, and State Criminal History checks.
- b. \$205 in questioned Federal costs for mileage expenses that one grantee paid to an employee without completing—or documenting that it completed—the NSOPW, FBI, and State Criminal History checks for that employee.
- c. Sixteen compliance exceptions for seven grantees that occurred because the grantees did not complete all required NSCHCs. Specifically:
  - a. Grantees did not complete—or document that they completed—all NSCHCs required per Federal regulations.
  - b. Grantees did not complete all required NSCHCs prior to the dates the individuals began working or serving on the grants or—when applicable—document that appropriate personnel accompanied the individuals while the results of their background checks were pending.
  - c. Grantees did not document that they used a government-issued photo identification (ID) to verify the individuals' identities prior to completing the NSCHCs.
  - d. Grantees did not obtain or maintain documentation to support that individuals consented to the background checks before the grantees performed the checks.

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<sup>12</sup> Per 2 C.F.R. § 200.412 and 45 C.F.R. § 2510.20, Definitions, *Administrative costs*.

<sup>13</sup> Per 45 C.F.R. § 2540.200 through § 2540.206.

## **2c. Non-Compliance with FFR Reporting Deadlines**

The financial management systems for four of the fifteen grantees were not sufficient to enable the grantees to submit FFRs within the timeframes required per AmeriCorps terms and conditions.<sup>14</sup> As a result, we identified sixteen compliance exceptions that occurred because grantees submitted their FFRs after the dates the FFRs were due to AmeriCorps.

### ***Causes for Findings 2a, 2b, and 2c:***

These exceptions occurred because AmeriCorps Seniors grantees did not have a complete or sufficient understanding of how to ensure expenses are allowable, allocable, and appropriately supported in compliance with Federal regulations and AmeriCorps grant terms and conditions. Despite this knowledge gap, the grantees reported the costs on their FFRs and did not always retain sufficient documentation to substantiate the costs.

Grantees also did not consistently allocate—or support that they allocated—expenses based on the actual benefit the grant program received from the expense. Grantees noted that they sometimes allocated amounts to AmeriCorps Seniors grants based on the AmeriCorps Seniors-approved budget(s), and they were unable to provide documentation to support that allocated amounts were consistent with the actual benefit the grant(s) received.

As a result, grantees reported \$51,766 in Federal costs and \$19,884 in match costs that were unallowable or non-compliant with Federal or AmeriCorps regulations and did not submit FFRs by the required due dates. We are therefore questioning the \$51,766 in unallowable or non-compliant Federal costs. AmeriCorps waived match requirements for AmeriCorps Seniors grants during the COVID-19 pandemic, which was within our audit scope. We are therefore not questioning the \$19,884 in match costs that were unallowable, inappropriately allocated, inadequately supported, or associated with individuals who did not appropriately undergo NSCHCs.

We recommend that AmeriCorps Seniors:

8. Recover the \$42,945 in questioned Federal expenses that were not allowable, appropriately allocated, or adequately supported.
9. Recover the \$8,821 in questioned Federal expenses associated with employees and volunteers for whom the grantees did not appropriately perform National Service Criminal History Checks.
10. Require AmeriCorps Seniors grantees to develop and implement additional procedures and internal controls to ensure that costs are allowable, allocable, and adequately supported.

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<sup>14</sup> Per FGP, SCP, and RSVP grant *AmeriCorps Terms and Conditions, Federal Financial Reports (FFRs) – Expenditures*.

11. Require AmeriCorps Seniors grantees to develop and implement additional procedures and internal controls to ensure they appropriately and timely perform National Service Criminal History Checks.
12. Develop and provide guidance to AmeriCorps Seniors grantees regarding the requirements for indirect costs to ensure the grantees appropriately apply their Federally negotiated indirect cost rates and claim indirect costs.
13. Coordinate with the Office of Regional Operations to work with its AmeriCorps Seniors grantees to strengthen their administrative and management controls and processes over the timeliness of financial reporting.

#### **Summary of AmeriCorps Management's Response:**

AmeriCorps concurred with this finding, noting it will review the final audit report and supporting workpapers to determine the amount of questioned Federal costs to disallow for each grantee. AmeriCorps also noted that it will require all grantees identified in the audit to develop and implement corrective action plans and that it will monitor each grantee's progress in addressing audit findings and recommendations. Further, AmeriCorps noted it will evaluate its coordination with the Office of Regional Operations regarding processes related to the timeliness of financial reporting to determine whether it is appropriate to implement additional or revised training and guidance for all grantees.

#### **Auditors' Evaluation of Management's Response:**

Management's response acknowledges our findings and recommendations. A

#### **Finding 3: Grantees Did Not Support That Their Financial Management Systems Permit Comparison of Expenditures to Budgeted Amounts**

Financial management systems must enable grantees to compare expenditures to budgeted amounts for each Federal grant.<sup>15</sup>

Three of the fifteen grantees did not provide evidence that their financial management systems enable them to compare expenditures to budgeted amounts for each Federal grant. These grantees were also included in the preceding findings, which concluded that the grantees' financial management systems were not adequate to ensure compliance with Federal requirements.

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<sup>15</sup> Per 2 C.F.R. § 200.302(b)(5).

### ***Causes for Finding 3:***

Grantees did not provide evidence that their financial management systems enable them to compare expenditures to budgeted amounts for the following reasons:

- Two of the three grantees stated that they compare expenditures to budgeted amounts; however, they were unable to provide documentation to support that they performed these comparisons.
- The third grantee did not respond to our audit request for this documentation.

As a result, the grantees were unable to demonstrate that their financial management systems enabled them to compare expenditures to budgeted amounts, or that they documented this comparison. If grantees do not perform—or document that they performed—a comparison of expenditures to budgeted amounts, it increases the risk that grantees could use Federal funds for expenses that were not included in the approved budget, or that grantees could incur expenses that exceed budgeted amounts.

We recommend that AmeriCorps Seniors:

14. Verify that AmeriCorps Seniors grantees revise their financial management systems to ensure that the financial management systems can support comparisons of actual expenditures to amounts budgeted for each AmeriCorps Seniors grant.
15. Develop and implement guidance and training for AmeriCorps Seniors grantees that addresses the use of financial management systems to create and maintain documentation to support that the grantees have compared actual expenditures to amounts budgeted for each AmeriCorps Seniors grant.

### **Summary of AmeriCorps Management's Response:**

AmeriCorps concurred with this finding, noting it will ensure that grantees with noncompliant financial management systems revise their systems as part of the grantees' corrective action plans. Further, AmeriCorps noted it will assess its current training materials and tools to determine whether it should implement additional or revised training for all grantees.

### **Auditors' Evaluation of Management's Response:**

Management's response acknowledges our findings and recommendations.

### **Finding 4: Financial Management Systems Did Not Include Sufficient Policies and Procedures**

Grantees' financial management systems must include written procedures for implementing Federal payment requirements, including the management of advance payments, interest earned, and program income generated from projects, as required by 2 C.F.R. § 200.305.



Grantees' financial management systems must also include written procedures for determining the allowability of costs in accordance with 2 C.F.R. § 200, *Subpart E – Cost Principles*, and grant terms and conditions.<sup>16</sup>

AmeriCorps Seniors grantees did not have sufficient policies and procedures in place to address requirements for Federal payments and determine the allowability of costs in accordance with 2 C.F.R. § 200, *Subpart E – Cost Principles*. Specifically:

- a. Eight of the fifteen grantees did not have sufficient written procedures in place to enable them to implement Federal payment requirements.
- b. Fourteen of the fifteen grantees did not have sufficient written procedures in place to enable them to determine allowable, allocable, and reasonable costs chargeable to the grants.

***Cause for Finding 4:***

AmeriCorps Seniors grantees did not fully understand their responsibility for ensuring their documented policies and procedures were sufficient to address Federal and AmeriCorps requirements.

If grantees do not have written policies and procedures sufficient to address Federal and AmeriCorps requirements, it increases the risk that grantees will not comply with Federal payment requirements or will charge unallowable costs to AmeriCorps Seniors grants.

We recommend that AmeriCorps Seniors:

16. Work with its grantees to revise their written policies and procedures to address Federal payment requirements and 2 C.F.R. § 200, *Subpart E – Cost Principles*.

**Summary of AmeriCorps Management's Response:**

AmeriCorps concurred with this finding, noting it will ensure that grantees with noncompliant policies and procedures revise their policies and procedures as part of the grantees' corrective action plans.

**Auditors' Evaluation of Management's Response:**

Management's response acknowledges our findings and recommendations.

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<sup>16</sup> Per 2 C.F.R. § 200.302(b)(6) and 2 C.F.R. § 200.302(b)(7).

### **Other Matter 1: Non-Responsiveness to Audit Requests**

Grantees were not always responsive to requests from the audit team, nor did they appear to understand their responsibility for providing the audit team with documentation that was sufficient to satisfy the audit requests, as required by 2 C.F.R. § 200. One grantee experienced turnover during the audit and stopped responding to audit requests altogether until we provided the preliminary audit results. In addition, many grantees did not provide all of the requested documentation when asked to do so. Those grantees either stated that they had provided all of the documentation available or did not respond to audit requests, only to provide additional documentation in the following areas after we provided them with the preliminary audit results detailing the findings and questioned costs:

- Reconciliation discrepancies
- Transactions previously identified as unsupported
- Allocation methodologies
- Missing and inadequate policies and procedures

Some of the grantees for which we initially identified thousands or millions of dollars in questioned costs were able to resolve many of these findings by providing adequate documentation after we briefed them on the preliminary audit results. We note this because the grantees' inability to fully respond to audit requests or provide timely responses delayed the audit process and used additional taxpayer funds. Grantees could benefit from additional guidance on the requirements for responding to requests from auditors and AmeriCorps personnel.

### **Summary of AmeriCorps Management's Response:**

AmeriCorps noted that it appreciated this observation and that it will continue to stress the importance of grantee compliance through its communications and interactions with its grantees.

### **Auditors' Evaluation of Management's Response:**

Management's response acknowledges our other matter.

### **Other Matter 2: Manual Payroll Adjustments in Grantee's Financial Management System**

Due to a system limitation, one grantee was unable to periodically update payroll allocations to ensure it appropriately allocated salary expenses to each funding source at the time it incurred the expenses. The grantee stated that its financial system cannot switch the fund to which an employee's payroll is assigned mid-year. As a result, the grantee charges payroll expenses to a single fund and makes manual adjustments at month-end to appropriately allocate the expenses to the correct fund. Because this issue does not violate 2 C.F.R. § 200.302, we are not noting a finding; however, we are noting an other matter, as this methodology and the reliance on manual controls presents a greater risk of error when administering AmeriCorps funding, and the grantee could benefit from AmeriCorps guidance or training on appropriate system controls.

### **Summary of AmeriCorps Management's Response:**

AmeriCorps noted that it appreciated this observation and that it will continue to partner with the Office of Grant Administration and Office of Regional Operations to inform grantees of the importance of payroll systems that accurately track federal award funds. AmeriCorps and the relevant offices will communicate this information to the grantees during annual trainings and other interactions with the grantees.

### **Auditors' Evaluation of Management's Response:**

Management's response acknowledges our other matter.

### **Other Matter 3: Control Deficiencies for Administering Federal Funds**

One grantee did not appear to have sufficient segregation of duties in place, which could pose a risk to its ability to appropriately administer Federal funds. The grantee experienced significant turnover in recent years, and the Operations Officer and Executive Director were the only full-time employees with tenure longer than one year. Furthermore, the Operations Officer previously maintained a document containing all accounting software users' login credentials. During the audit, the grantee hired a new Fiscal Manager and new program managers to increase its segregation of duties. However, the Fiscal Manager was responsible for monitoring program spending, reporting expenditures, and drawing down AmeriCorps funds, which does not represent sufficient segregation of duties. The grantee has recently hired an external certified public accountant to assist in the implementation of additional policies and procedures, including internal controls and segregation of duties.

Because the grantee had existing policies, procedures, and internal controls in place to administer its grants and account for all funds and other assets, we are not noting a finding for non-compliance with 2 C.F.R. § 200.302; however, we are noting an other matter, as the grantee did not appear to have appropriate segregation of duties or controls in place to ensure that access to its financial system is appropriately restricted, and the grantee could benefit from AmeriCorps guidance or training on appropriate internal controls.

### **Summary of AmeriCorps Management's Response:**

AmeriCorps noted that it appreciated this observation and that it will continue to partner with the Office of Grant Administration and Office of Regional Operations to inform grantees of the importance of having appropriate segregation of duties. AmeriCorps and the relevant offices will communicate this information to the grantees during annual trainings and other interactions with the grantees.

### **Auditors' Evaluation of Management's Response:**

Management's response acknowledges our other matter.

**Summary of Questioned Costs by Finding**

<b>Finding</b>	<b>Questioned Federal Costs</b>	<b>Non-Compliant Match Costs</b>
Finding 1	\$216,861	\$357,315
Finding 2	51,766	19,884
Finding 3	-	-
Finding 4	-	-
<b>Total</b>	<b><u>\$268,627</u></b>	<b><u>\$377,199</u></b>

Cotton & Company Assurance and Advisory, LLC



Erin Meredith, CPA, CFE, CGFM  
Partner

**APPENDIX A: AMERICORPS RESPONSE TO THE DRAFT REPORT**



**To:** Monique Colter, Assistant Inspector General for Audit

**From:** Atalaya Sergi, Director, AmeriCorps Seniors

**Cc:** Robin Corindo, Deputy Director, AmeriCorps Seniors  
 Caroline Fernandez, Acting Director, Office of Monitoring, Audit & Debt Resolution  
 Edris Shah, Deputy Director, Office of Audit & Debt Resolution  
 Blake Fetrow, Senior Attorney Advisor, Office of General Counsel  
 Elizabeth Appel, Senior Attorney Advisor, Office of General Counsel  
 Kiara Rhodes, Associate Counsel, Office of General Counsel  
 Rachel Turner, Audits & Investigations Program Manager

**Date:** July 19, 2023

**Subject:** Management Response to Draft Report on OIG Report AR-23-06, *Audit of AmeriCorps Seniors Financial Management Systems*

AmeriCorps thanks the Office of the Inspector General for their work in performing this audit and issuing the draft report. In the draft report, the OIG identified 4 findings, 16 recommendations, 3 other matters and 3 observations. The comments below summarize AmeriCorps' initial response. AmeriCorps will make its final determination for all findings, recommendations, and questioned costs after receipt of the final report and after reviewing the auditors' working papers and grantee's corrective action plans. We will work with grantee staff to ensure their corrective actions adequately address all audit findings and recommendations. We are grateful for the intent of this audit as well as the constructive engagement to date.

**Finding 1: Grantees' Financial Management Systems Were Not Sufficient to Comply with Federal Requirements**

The auditors found that grantees' financial management systems did not reconcile to Federal Financial Reports and did not adequately identify the source and application of funds.

Auditors recommended that AmeriCorps:

1. Recover the \$216,861 in questioned Federal costs that were not supported by the grantees' financial management system records.
2. Conduct Federal and match grant close out reconciliations at all grantees whose financial management systems did not support the Federal or match costs reported within their Federal Financial Reports. If the grantee's financial management system records do not reconcile to the amounts reported or appear to include costs that are not allocable, reasonable, or allowable, take action accordingly.
3. Require that grantees revise their existing financial management systems to ensure that the grantees can identify and reconcile all Federal and match costs reported within their Federal Financial Reports and that they can differentiate between expenses paid using Federal funds and expenses paid using other funding sources.
4. Increase its monitoring activities for the Federal Financial Reports reporting process to ensure that AmeriCorps Seniors grantees' Federal Financial Reports are appropriate.
5. Instruct AmeriCorps portfolio managers to provide grantees with sufficient guidance and training on how to:





- a. Ensure that all costs reported on Federal Financial Reports submitted to AmeriCorps are sufficiently supported and reconcile to the grantees' financial management systems.
- b. Appropriately track and report Federal and match costs to support that the grantees used the funds for authorized purposes
6. Develop training and guidance for AmeriCorps Seniors grantees related to:
  - a. Documentation required to support costs reported on FFR, including how to ensure amounts reported are accurate and reconcile to the grantees' financial management systems.
  - b. AmeriCorps Seniors grantees' responsibilities with regard to retaining records and providing required documentation, responses, or information necessary to demonstrate that the documentation complies with Federal or AmeriCorps requirements.
  - c. Requirements for financial management systems to separately identify expenses that the grantees paid using Federal funds or matching funding sources.
7. Issue clear instructions regarding match cost reporting and documentation requirements, including how these requirements may differ in extenuating circumstances or when grantees are eligible for a waiver.

**Management Response:**

AmeriCorps concurs with the finding and recommendations, as they pertain to the specific grantees engaged in the audit. AmeriCorps appreciates the OIG's and auditors' work with grantees during the audit to provide constructive feedback and identify areas for improvement. The auditors questioned \$216,861 in Federal costs that were not supported by the grantees' financial management system records. AmeriCorps will review the final audit report and supporting documents and will disallow all unsupported costs in line with applicable laws, regulations and grant terms and conditions. AmeriCorps will continue to utilize a risk-based financial and operational fitness assessment monitoring strategy via the Office of Monitoring or through Interagency Agreement (IAA) which will encompass intensive financial monitoring based on the risk-based structure. Note, the volume of monitoring to be conducted each cycle will continue to be determined by both risk level and agency capacity. As part of the audit resolution process, AmeriCorps will further evaluate our online training resources, reporting instructions and documentation requirements for grantees, as well as current trainings and training requirements for AmeriCorps staff. Additional tools, materials, trainings and/or revisions to current trainings may be created and implemented as result of this review, as AmeriCorps management deems appropriate.

**Finding 2: Grantees' Insufficient Financial Management Systems Resulted in Instances of Noncompliance or Unallowable Costs**

The auditors found that grantees reported Federal and match costs that were unallowable or noncompliant with Federal or AmeriCorps regulations and failed to submit FFRs by the required due dates.

Auditors recommended that AmeriCorps:

8. Recover the \$42,945 in questioned Federal expenses that were not allowable, appropriately allocated, or adequately supported.



9. Recover the \$8,821 in questioned Federal expenses associated with employees and volunteers for whom the grantees did not appropriately perform National Service Criminal History Checks.
10. Require AmeriCorps Seniors grantees to develop and implement additional procedures and internal controls to ensure that costs are allowable, allocable, and adequately supported.
11. Require AmeriCorps Seniors grantees to develop and implement additional procedures and internal controls to ensure they appropriately and timely perform National Service Criminal History Checks.
12. Develop and provide guidance to AmeriCorps Seniors grantees regarding the requirements for indirect costs to ensure the grantees appropriately apply their Federally negotiated indirect cost rates and claim indirect costs.
13. Coordinate with the Office of Regional Operations to work with its AmeriCorps Seniors grantees to strengthen their administrative and management controls and processes over the timeliness of financial reporting.

**Management Response:**

AmeriCorps concurs with the finding and recommendations, as they pertain to the specific grantees engaged in the audit. The auditors questioned \$42,945 in Federal expenses on the basis that they were not allowable, appropriately allocated, or adequately supported. In addition, the auditors questioned \$8,821 in Federal expenses associated with employees and volunteers for whom the grantees did not appropriately perform National Service Criminal History Checks. AmeriCorps will review the final audit report and supporting documents and will disallow all unsupported costs in line with applicable laws, regulations and grant terms and conditions. Per AmeriCorps' standard audit resolution process, the agency will require all grantees engaged in the audit to develop and implement corrective action plans to address deficiencies identified in the final audit report. AmeriCorps will monitor grantee progress to address findings and recommendations as part of the resolution process and will provide activity summaries and status updates in both the Management Decision and Notice of Final Action. As part of the audit resolution process, AmeriCorps will further evaluate our internal coordination for the administration and management of processes surrounding financial reporting timelines. Revisions to internal agency processes, tools, materials, and trainings for staff current trainings may be implemented and/or created as result of this review, as AmeriCorps management deems appropriate.

**Finding 3: Grantees' Financial Management Systems Did Not Permit Budget to Expenditure Comparisons**

Auditors found that Grantees were unable to demonstrate that their financial management systems were sufficient to provide a comparison of expenditures with budgeted amounts, and that the comparison is documented. Noting failure to perform, or document the performance of, a comparison of expenditures with budgeted amounts could result in grantees utilizing Federal funds for expenses that were not within the approved budget or incurring expenses that exceed budgeted amounts.

Auditors recommended that AmeriCorps:

14. Verify that AmeriCorps Seniors grantees revise their financial management systems to ensure that the financial management systems can support comparisons of actual expenditures to amounts budgeted for each AmeriCorps Seniors grant.
15. Develop and implement guidance and training for AmeriCorps Seniors grantees that addresses the use of financial management systems to create and maintain





documentation to support that the grantees have compared actual expenditures to amounts budgeted for each AmeriCorps Seniors grant.

**Management Response:**

AmeriCorps concurs with the finding and recommendations, as they pertain to the specific grantees engaged in the audit. As part of the grantee corrective action and audit resolution processes, AmeriCorps will ensure grantees whose systems were found to be inadequate are revised to ensure they are able to meet the compliance, reporting and recordkeeping requirements of their grants. In addition, AmeriCorps will assess its current grantee training materials and tools against the deficiencies and needs of the specific grantees who were engaged in the audit. As deemed appropriate by management, AmeriCorps will determine additional training requirements for grantees engaged in the audit and create and/or revise training resources, as necessary.

**Finding 4: Grantees' Financial Management Systems Did Not Include Sufficient Policies and Procedures**

Auditors found that AmeriCorps Seniors grantees did not have policies and procedures sufficient to address AmeriCorps requirements, which could result in grantees failing to comply with Federal payment requirements or utilizing Federal funds for expenses that are not reasonable or allowable.

Auditors recommended that AmeriCorps:

16. We recommend that AmeriCorps Seniors work with its grantees to revise their written policies and procedures to address Federal payment requirements and 2 C.F.R. § 200 Subpart E – Cost Principles.

**Management Response:**

AmeriCorps concurs with the finding and recommendations, as they pertain to the specific grantees engaged in the audit. As part of the grantee corrective action and audit resolution processes, AmeriCorps will ensure grantees whose policies and procedures were found to be inadequate and/or out of compliance with Federal payment requirements and 2 C.F.R. § 200 Subpart E – Cost Principles revise their policies and procedures to come into compliance.

**Other Matter 1: Non-Responsiveness to Audit Requests**

Auditors found that grantees were not always responsive to requests from the audit team. They did not appear to understand their responsibilities for providing documentation sufficient to satisfy audit requests, as required by 2 CFR § 200.

While not a formal recommendation, the auditors provided the following observation:

1. Grantees could benefit from additional AmeriCorps Seniors guidance on the requirements for responding to requests from auditors and AmeriCorps personnel.

**Management Response:**

AmeriCorps Seniors appreciates this observation and the following 2 observations to support continuous improvement of the program. AmeriCorps Seniors will continue to stress the importance of grantee compliance with the entire portfolio through GovDelivery messages and during grantee calls that occur throughout the calendar year.

**Other Matter 2: Manual Payroll Adjustments in Grantee's FMS**

Auditors found that due to a system limitation, one grantee is unable to periodically update payroll allocations to ensure salary expenses are appropriately allocated to each funding source at the time expenses are incurred.

While not a formal recommendation, the auditors provided the following observation:

2. This methodology and the reliance on manual controls presents a greater risk of error when administering AmeriCorps funding.

**AmeriCorps Response:**

AmeriCorps Seniors will continue to partner with the Office of Grant Administration and the Office of Regional Operations to ensure all grantees are aware to the importance of having sound and tested payroll systems to accurately track the funds associated with this federal award. AmeriCorps staff will use annual training opportunities and other routine grantee touch points throughout the year to communicate this message.

**Other Matter 3: Control Deficiencies to Administer Federal Funds**

Auditors found that one grantee did not appear to have sufficient segregation of duties which could pose a risk to appropriate administration of Federal funds.

While not a formal recommendation, the auditors provided the following observation:

3. As the grantee did not appear to have segregation of duties or controls in place to ensure access to their financial system is appropriately restricted, the grantee could benefit from AmeriCorps guidance or training on appropriate internal controls.

**AmeriCorps Response:**

AmeriCorps Seniors will continue to partner with the Office of Grant Administration and the Office of Regional Operations to ensure all grantees are aware to the importance of having clear segregation for duties in their written policies and procedures that is then carried forward into practice. AmeriCorps staff will use annual training opportunities and other routine grantee touch points throughout the year to communicate this message.

**APPENDIX B: OBJECTIVES, SCOPE, AND METHODOLOGY**

## OBJECTIVES

The AmeriCorps Office of Inspector General (AmeriCorps OIG) retained Cotton & Company Assurance and Advisory, LLC (Cotton or we), to complete a performance audit, the objective of which was to determine whether AmeriCorps Seniors-funded grantees (AmeriCorps Seniors grantees) had effective financial management systems that fully complied with Title 2 Code of Federal Regulations (C.F.R.) Section 200.302, and to report on such compliance and controls as may result from performing the audit.

## SCOPE

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The audit scope included performing a comprehensive risk assessment to identify a sample of grantees to test. Based on the results of the risk assessment, we selected fifteen AmeriCorps Seniors grantees administering 38 AmeriCorps Seniors grants active as of June 24, 2021, across the following four AmeriCorps Seniors programs: Senior Companion Program (SCP), Foster Grandparents Program (FGP), Retired and Senior Volunteer Program (RSVP), and Senior Demonstration Program (SDP). We then reviewed the financial management system(s) each grantee had in place to support the costs they reported on the Federal Financial Reports (FFRs) they submitted to AmeriCorps over a period of 2 years, with the scope period beginning approximately 2 years prior to the submission of each grantee's most recent FFR on each grant included within our audit scope. This resulted in an audit population that included \$15,887,256 in Federal expenses and \$5,382,254 in match expenses reported on 38 AmeriCorps grants.

## METHODOLOGY

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Based on the objectives and scope of the audit, we conducted this engagement in three phases: planning, fieldwork, and reporting.

### *Planning*

We began the audit by planning the audit work necessary to address the audit objectives and to reduce audit risk to an acceptably low level. Specifically, we:

- Gained an understanding of the engagement objectives, the AmeriCorps programs included within our audit scope, and applicable Federal,<sup>17</sup> AmeriCorps,<sup>18</sup> and AmeriCorps program-specific criteria.<sup>19</sup>
- Requested, obtained, and reviewed relevant documentation that the AmeriCorps OIG provided for the AmeriCorps grants included within the scope of the audit.
  - Relevant documentation included FFRs submitted during the audit scope, notices of grant awards and modifications, grant budgets and budget narratives, applications for federal assistance, Single Audit reports, subgrantee monitoring reports, and financial records.
- We used the information gained during our documentation review and interviews to develop an understanding of each grantee, including:
  - The grantee’s background and mission, as well as the grants that each grantee received from AmeriCorps.
  - The cause and resolution of findings and other instances of non-compliance identified during prior AmeriCorps site visits, Single Audits, and other relevant investigations and reviews.
  - The Federal and match costs that the grantee reported within the FFRs it submitted to AmeriCorps on each grant as of September 30, 2021.
- We summarized the results of our planning activities, including the major risks identified, within an audit planning memorandum and designed steps to ensure we completed all planned activities within an audit program.

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<sup>17</sup> We assessed each grantee’s compliance with 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the following Coronavirus Disease 2019 (COVID-19) pandemic guidance issued by the Office of Management and Budget (OMB): **M-20-17: Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations**; **M-20-20: Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19)**; and **M-20-26: Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations**.

<sup>18</sup> We assessed each grantee’s compliance with 45 C.F.R. Part 25, *Regulations Relating to Public Welfare, Corporation for National and Community Service*, Parts 2532, 2540, 2544, 2552, 2553, and 2551, and the following COVID-19 guidance issued by AmeriCorps: General COVID-19 Questions; AmeriCorps Seniors COVID-19 Questions; and Prospective Member and Volunteer COVID-19 Questions.

<sup>19</sup> We assessed each grantee’s compliance with AmeriCorps’ 2017, 2018, 2019, 2020, and 2021 General Grant and Cooperative Agreement Terms and Conditions, as well as with its 2017, 2018, 2019, 2020, and 2021 FGP, SCP, RSVP, and SDP-specific terms and conditions, as appropriate for each grant included within the audit scope.

- We submitted these documents to the AmeriCorps OIG and received AmeriCorps OIG's approval for the planning memorandum on March 10, 2022.

### **Fieldwork**

We performed audit fieldwork activities, as outlined in the approved audit planning memorandum, to ensure we obtained sufficient, appropriate evidence that would provide a reasonable basis for findings and conclusions based on the audit objectives. This included:

- Meeting with relevant AmeriCorps personnel, including AmeriCorps portfolio managers and Office of Monitoring personnel with oversight over the grantees and AmeriCorps OIG personnel, to discuss the results of prior audits and reviews performed at the grantees.
- Assessing the reliability of the general ledger data that the grantees provided by comparing the costs each grantee claimed and reported on AmeriCorps grants per the FFRs they submitted to the grantees' financial management system accounting records and researching all discrepancies identified.
  - Our work required us to rely on computer-processed data obtained from the grantees, as well as eGrants data obtained from the AmeriCorps OIG.
    - We assessed the reliability of the financial management system data that the grantees provided by comparing the costs claimed on AmeriCorps grants per each grantee's accounting records to the expenses reported in the FFRs that each grantee submitted during the audit period. We identified several discrepancies between the amounts supported by the grantees' financial records and the amounts that the grantees claimed and reported on their FFRs; see Findings 1.a. and 1.b. However, we found the grantees' computer-processed data to be sufficiently reliable for the purposes of the audit, as the grantees were able to provide justifications for the discrepancies identified.
- Evaluating whether the grantees met their match requirements for the grants within the audit scope, as applicable.
- Evaluating whether the grantees submitted the required financial reports by the relevant due dates, as well as whether the grantees' accounting systems supported expenses reported on the FFRs before the grantees requested reimbursement.
- Evaluating whether the grantees' financial management systems enabled the grantees to compare their expenditures to the budgeted amounts for each grant within the audit scope.
- Summarizing our understanding of grantee-specific policies and procedures surrounding costs budgeted for or charged to AmeriCorps grants and determining whether the policies

were sufficient to address Federal requirements and ensure costs charged to sponsored projects were allowable.

- In planning and performing this audit, we considered the grantees' internal controls solely to understand the directives or policies and procedures each grantee had in place to ensure that charges against AmeriCorps grants complied with relevant federal regulations, AmeriCorps award terms, and grantee-specific policies.
- Judgmentally reviewing all costs included within the grantee-provided accounting records to support costs claimed on the sampled AmeriCorps grants to select a sample of transactions for testing. Specifically, we selected samples to allow us to test whether:
  - Grantees based payroll on the appropriate institutional base salary.
  - We were able to trace labor charges to labor distribution reports, effort reports, and payroll records.
  - Grantees appropriately assessed cost allocations or rates used.
  - Grantees incurred the costs during the grant period.
  - Costs were adequately supported.
  - Grantees charged the costs to the correct project and made the charges consistent with the program description in the grant application.
  - Grantees included the costs in the original or amended budgets or AmeriCorps subsequently approved the costs in writing.
  - Costs were allowable in accordance with applicable cost principles.
  - Travel occurred in compliance with the grantee's travel policies.
- Judgmentally selecting a sample of members and employees. For each sampled member or employee, we performed testing to determine whether the individual was eligible for the stipends or salary payments they received and whether the amounts they received were appropriate. This included verifying that:
  - Members and employees underwent the appropriate National Service Criminal History Check process and received the necessary checks prior to service.
  - Grantees properly enrolled, evaluated, and exited members.

- Members accurately recorded their service hours, the grantees accurately reported the service hours in eGrants, and the members did not exceed member fundraising and training hour limitations.
- Employees accurately recorded their work hours.
- Grantees appropriately calculated and documented amounts paid to members or employees when using a COVID-19 flexibility, consistent with AmeriCorps guidance.
- Performing internal control interviews to evaluate whether the grantees' financial management system records (a) identified the source and application of AmeriCorps Seniors funds received, and (b) ensured effective control over, and accountability for, all funds, property, and other assets.
- Performing on-site fieldwork, which included performing interviews and walkthroughs and reviewing member files and supporting documentation at the grantees. We performed all other fieldwork activities at the Cotton office and requested documentation and teleconferences, as necessary.
- Reviewing the supporting documentation the grantees provided and requesting additional documentation as necessary to ensure we obtained sufficient, appropriate evidence to assess the allowability of each sampled transaction under relevant Federal, AmeriCorps, and grantee-specific policies and procedures.<sup>20</sup>

### **Reporting**

At the conclusion of our fieldwork, we provided a summary of our testing results for each grantee to AmeriCorps OIG personnel for review and approval. We also provided the fieldwork summary for each grantee to the appropriate personnel for that grantee to ensure the grantees were aware of our findings and had the opportunity to submit additional documentation or other information in response to the exceptions identified.

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

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<sup>20</sup> We assessed the grantees' compliance with grantee-specific policies and procedures surrounding costs budgeted for, or charged to, AmeriCorps grants.



This report is intended solely for the information and use of the AmeriCorps OIG, AmeriCorps, the selected AmeriCorps Seniors grantees, and U.S. Congress and is not intended to be, and should not be, used by anyone other than these specified parties.



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