



AmeriCorps

OFFICE OF INSPECTOR GENERAL

PERFORMANCE AUDIT OF AMERICORPS'
COMPLIANCE WITH THE PAYMENT
INTEGRITY INFORMATION ACT OF 2019
FOR FISCAL YEAR 2022

FINAL AUDIT REPORT

NUMBER: OIG-AR-23-05

May 30, 2023

OFFICE OF INSPECTOR GENERAL


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 AmeriCorps

May 30, 2023

MEMORANDUM TO: Jill Graham
Chief Risk Officer

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

SUBJECT: Performance Audit of AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2022 (OIG Report-AR-23-05)

Enclosed is AmeriCorps Office of Inspector General (OIG) final report on the Performance Audit of AmeriCorps' Compliance with the Payment Integrity Information Act (PIIA) of 2019 for Fiscal Year (FY) 2022, OIG Report AR-23-05.

AmeriCorps OIG contracted with the independent certified public accounting firm of Saggar & Rosenberg P.C. (Saggar) to conduct the PIIA Audit for FY 2022. Saggar is responsible for the attached final report. We reviewed Saggar'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 Saggar 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 draft report, please contact me at (202) 606-9360 or m.colter@americorpsoig.gov.

cc: Michael D. Smith, Chief Executive Officer
Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Rachel Turner, Audits and Investigations Program Manager
Stephen Ravas, Acting Inspector General
Jeff Davis, Partner, Saggar & Rosenberg, P.C.

Executive Summary

Date: May 30, 2023

Report No. OIG-AR-23-05



Why We Did This Audit

The Payment Integrity Information Act of 2019 (PIIA) requires that the Inspector General of each Federal agency to evaluate the accuracy and completeness of the agency's annual reporting on improper payments, as well as its performance in reducing and recapturing improper payments.

How We Did This Audit

The Office of Inspector General of AmeriCorps (AmeriCorps OIG) contracted with Saggart & Rosenberg, P.C. to conduct this performance audit of AmeriCorps' compliance with PIIA for Fiscal Year (FY) 2022.

To determine if AmeriCorps complied with the PIIA requirements, we reviewed and/or verified: (a) its FY 2022 payment integrity information published in its annual financial statement; (b) annual financial statement and Office of Management and Budget (OMB) required accompanying materials were posted on the agency's website; (c) that it conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once every three years; (d) its improper payment conclusions were appropriate to determine whether its programs were susceptible to that AmeriCorps published improper payments; (e) improper payment estimates and corrective action plans for each susceptible program; (f) improper payment reduction targets and plans to meet targets for each program with an estimated improper payment rate greater than ten percent were published; (g) any demonstrated improvements to payment integrity; and (h) the reporting of a gross improper payment rate of less than ten percent for each program for which an estimate was published.

What We Found

AmeriCorps implemented corrective actions in FY 2022 that improved its compliance with PIIA reporting requirements by:

- Conducting program-specific risk assessments.
- Publishing adequate and appropriate corrective action plans.
- Meeting the published estimated improper payment rate reduction target for ASN.

AmeriCorps met most of the compliance requirements. However, AmeriCorps:

- Reported improper payment rates above the ten percent compliance threshold for the Foster Grandparent Program (FGP), Senior Companion Program (SCP), and Retired and Senior Volunteer Program (RSVP).
- Reported improper payment rates that were inaccurate, unreliable, or inconsistent with OMB guidance for ASN, FGP, RSVP, and SCP.
- Did not come to an adequate conclusion on the susceptibility of the National Service Trust (NST) to make improper payments above the statutory threshold.

What We Recommend and Management's Comments

Management agreed to include the National Service Trust to the list of programs susceptible to improper payments, add additional provisions to its grant terms and conditions, and develop and implement actions to reduce the improper payment rates below ten percent for FY 2023.

**OFFICE OF INSPECTOR GENERAL
PERFORMANCE AUDIT OF AMERICORPS' COMPLIANCE WITH THE
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR
FISCAL YEAR 2022**

Table of Contents

Section	Page
Executive Summary.....	1
Table of Contents.....	2
I. Results in Brief.....	3
II. Background.....	6
III. Audit Results.....	6

Appendices

- A: Objectives, Scope, and Methodology**
- B: Comparison of Recommendations to Address Non-Compliance for FY 2021 and FY 2022**
- C: AmeriCorps Management's Response**

**PERFORMANCE AUDIT OF AMERICORPS' COMPLIANCE WITH THE
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR
FISCAL YEAR 2022**

I. Results in Brief

AmeriCorps continued to report an estimated improper payment rate—calculated as the annual amount of improper payments plus an annual amount of unknown payments¹—that exceeded the ten percent threshold necessary to comply with the Payment Integrity Information Act of 2019 (PIIA) for the Foster Grandparent Program (FGP), Retired and Senior Volunteer Program (RSVP), and Senior Companion Program (SCP) in fiscal year (FY) 2022. Further, as a result of errors in AmeriCorps' treatment of unmatched reporting errors, the estimated improper payment rates reported by AmeriCorps for AmeriCorps State and National Program (ASN), FGP, RSVP, and SCP are not accurate, reliable, or consistent with Office of Management and Budget (OMB) guidance.² Additionally, AmeriCorps should have identified the Trust as a program likely to have improper or unknown payments.³ We found that the Trust was susceptible to improper payments due to the significant volume of NST program payments and results of prior audits and reviews identifying issues with the data contained in NST systems and lack of effectiveness of internal controls.

AmeriCorps has reduced barriers for grantee compliance by providing agency-approved vendors to run the required national service criminal history checks and by offering regular trainings and training materials. However, use of the vendors is not mandatory and, as a result, AmeriCorps continued to report improper payment rates above the ten percent threshold for three of the four programs susceptible to risk. AmeriCorps was able to meet its FY 2022 target reduction of one percent for ASN. It did not meet the one percent reduction rates for RSVP, FGP, and SCP. Instead, the reported estimated improper rates for these programs increased.

As a result of the improvements AmeriCorps made in FY 2022, it is in the process of becoming compliant with PIIA reporting requirements. Specifically, AmeriCorps implemented the following corrective actions to improve its performance:

- Applied edit and oversight controls over the testing results and input data to ensure the completeness and accuracy of the published improper payment estimates.
- Documented a trail of all edit checks, oversight controls, and instances of the statistical extrapolation and evaluation that are performed.

¹ Per OMB Memorandum M-21-19, if a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment.

² AmeriCorps' treatment of unmatched reporting errors is not consistent with OMB guidance and may cause it to under-report the improper payment rates for ASN, FGP, RSVP, and SCP. Further, AmeriCorps confirmed that it published inaccurate rates for FGP and SCP as a result of statistical projection errors.

³ AmeriCorps performed a risk assessment of NST consistent with the methodology recommended in PIIA section § 3352. (3) *Risk Assessments*. However, AmeriCorps did not adequately conclude on NST's risk of improper payments as required under CIGIE Guidance for PIIA Compliance Reviews (Oct 2021), Section 2b. *adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold.*

- Performed additional reviews upon grants AmeriCorps program officers’ flag as state-funded prior to including or excluding grants from the sample pull payment populations.
- Implemented oversight controls to ensure that the agency follows its documented Sampling and Estimation Methodology Plan (S&EMP) that is submitted to OMB.
- OCRO updated operating procedures to be current and consistent with the submitted S&EMP, and reflective of the statistical methodology as implemented.

PIIA Compliance

Although PIIA identifies six compliance requirements that agencies must meet, guidance issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and OMB expands the six requirements into ten.⁴ Therefore, we assessed AmeriCorps’ compliance with the ten CIGIE/OMB criteria and determined that AmeriCorps did not meet two of the ten requirements for PIIA compliance for the four programs it identified as susceptible to improper payments, as illustrated in the table below.

Criteria	Program Name			
	ASN	FGP	RSVP	SCP
Published payment integrity information with the annual financial statement (FS)	Met	Met	Met	Met
Posted the annual FS and accompanying materials on the agency website	Met	Met	Met	Met
Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	Met	Met	Met	Met
Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold	Met	Met	Met	Met
Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual FS	Did Not Meet	Did Not Meet	Did Not Meet	Did Not Meet
Published corrective action plans for each program for which an estimate above the statutory threshold was published in the annual FS	Met	Met	Met	Met
Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS	Met	Met	Met	Met
Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate	Met	Met	Met	Met
Has developed a plan to meet the improper payment and unknown payment reduction target	Met	Met	Met	Met

⁴ To be considered compliant with PIIA, OMB and CIGIE require Federal agencies to meet the ten items included in the reported table, each of which relates to one of the six PIIA compliance requirements, as outlined in the *Legal Requirements/Compliance with PIIA* section of CIGIE’s October 26, 2021, [Guidance for Payment Integrity Information Act Compliance Reviews](#).

Reported an improper payment and unknown payment estimate of less than ten percent for each program for which an estimate was published in the accompanying materials to the annual FS	Met	Did Not Meet	Did Not Meet	Did Not Meet
Total Instances of Non-Compliance for programs identified as susceptible to improper payments	1	2	2	2

Source: Auditor’s analysis of whether AmeriCorps met the ten CIGIE/OMB PIIA compliance requirement

Specifically, we determined that AmeriCorps did not meet two of the compliance requirements because:

- The estimated improper payment rates published for three of the four programs deemed susceptible to risk exceeded the acceptable PIIA compliance threshold of ten percent.
- The estimated improper payment rates reported for all four programs were not accurate, reliable, or consistent with OMB guidance because AmeriCorps did not treat unmatched reporting errors consistent with OMB guidance.

In addition, we determined that AmeriCorps did not adequately conclude on the susceptibility of the National Service Trust (Trust) to improper payments above the statutory threshold.⁵ Specifically, we found that although AmeriCorps performed a risk assessment of NST in accordance with CIGIE/OMB requirements, the methodology of the risk assessment was not appropriate to ensure that the result of the assessment reasonably supports whether the program is or is not susceptible to significant improper payments.

Summary of Recommendations

We recommend that AmeriCorps take the following corrective actions:

1. Include additional terms and conditions within future AmeriCorps *General Grant and Cooperative Agreement Terms and Conditions* policy documents to address the root causes of improper payments. **(Repeat)**
2. Implement financial consequences or additional reporting requirements for grantees that have confirmed improper payments. **(Repeat)**
3. Reconcile the differences between grantees’ internal accounting records and Federal Financial Reports (FFRs) to determine the propriety of the component payments or require grantees to perform this reconciliation; or treat unmatched reporting errors as unknown payment errors in the projection of the improper payment estimate. **(Repeat)**
4. Include NST as a program susceptible to improper payments for future risk assessments. **(New)**

⁵ Federal agencies are required to conduct a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C. (if required).

5. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with future annual financial statements in accordance with OMB guidance. **(New)**

II. Background

PIIA repealed the Improper Payments Information Act of 2002 and related guidance⁶ but set forth similar improper payment reporting requirements. PIIA requires agencies to review and identify programs and activities that may be susceptible to significant improper payments and to report on their actions to reduce and recover those payments.

In August 2021, OMB issued a revised Circular A-136, *Financial Reporting Requirements*, which refined the required reporting elements within the Payment Integrity section of agencies' annual reports⁷. Additionally, in March 2021, OMB issued Memorandum M-21-19, which modified all prior OMB Circular A-123, Appendix C guidance and supported expanding the six compliance requirements under PIIA to a total of ten compliance requirements.

In October 2021, CIGIE issued an updated *Guidance for Payment Integrity Information Act Compliance Reviews*, which expanded upon the OIGs' responsibilities under the updated requirements in PIIA and identified all criteria that OIGs should consider when performing PIIA audits, including the ten compliance requirements established in OMB Memorandum M-21-19. Additionally, in November 2022, OMB updated the guidance for a new checklist and additional examples of prior work that OIG may want to include.

III. Audit Results

Our audit objectives were to determine whether AmeriCorps met all of the PIIA requirements and to evaluate AmeriCorps' efforts to prevent and reduce improper payments. We determined that AmeriCorps did not meet all of the applicable PIIA compliance requirements. The table below identifies each of the six PIIA compliance criteria and ten CIGIE/OMB compliance criteria, indicates whether AmeriCorps complied with each requirement, and includes a brief explanation of the results of our FY 2022 PIIA testing.

⁶ PIIA repealed IPIA, the Improper Payments Elimination and Recovery Act of 2010 (IPERA), the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and the Fraud Reduction and Data Analytics Act of 2015.

⁷ Agency Financial Reports (AFRs) or Performance and Accountability Report (PAR)

Improper Payment Compliance Requirements		Result ⁸	Explanation of Results
Per PIIA	Per CIGIE/OMB Guidance		
Published improper payments information within the annual management report or annual financial statement (FS) of the executive agency for the most recent fiscal year; and posted the statement on the website of the executive agency and any accompanying materials required under OMB guidance.	Published payment integrity information with the annual FS.	Compliant	AmeriCorps appropriately published improper payment information within its Annual Management Report (AMR) on its website and within the information it provided to OMB in response to OMB data calls.
	Posted the annual FS and accompanying materials on the agency website.		
Conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C. (if required).	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.	Not Compliant	AmeriCorps performed a program-specific risk assessment in FY 2022 to determine which of its programs were susceptible to improper payments. We determined that AmeriCorps improperly determined that the National Trust was not a susceptible program. See Finding 3.
	Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.		
Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the agency's risk assessment (if required).	Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual FS.	Not Compliant	Although AmeriCorps published estimated improper payment rates for the four programs it identified as susceptible to risk (ASN, FGP, RSVP, and SCP), the improper payment rate estimates were not accurate, reliable, or consistent with OMB guidance. See Finding 2.
Published programmatic CAPs prepared under section 3352(d) that the executive agency may have in the accompanying materials to the annual FS.	Published CAPs for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	Compliant	AmeriCorps published CAPs for each of the three programs that reported estimated improper payment rates greater than ten percent.
Published improper payment reduction targets established under section 3352(d) that the executive agency may have in the accompanying materials to the annual financial statement for each program or activity assessed to be at risk and has demonstrated improvements and developed a plan to meet the reduction targets.	Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	Compliant	AmeriCorps published improper payment and unknown payment reduction targets for each program for which AmeriCorps reported an estimated improper payment rate above the ten percent statutory threshold.
	Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.	Compliant	AmeriCorps demonstrated that it has made sufficient improvements to improve payment integrity.

⁸ OMB Memorandum M-21-19 requires that the compliance review clearly state the agency's compliance status (i.e., compliant or non-compliant). We have reported the results in accordance with this requirement and provide further explanation to support these instances.

Improper Payment Compliance Requirements		Result ⁸	Explanation of Results
Per PIIA	Per CIGIE/OMB Guidance		
	Has developed a plan to meet the improper payment and unknown payment reduction target.	Compliant	AmeriCorps has developed a plan and increased its resources in an effort to ensure it achieves the one percent reduction target it has set for each of the four programs it deemed susceptible to risk of improper payments.
Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).	Reported an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual FS.	Not Compliant	AmeriCorps reported an estimated improper payment rate of more than ten percent for three of its four programs it deemed susceptible to risk of improper payments. See Finding 1.

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

Finding 1: AmeriCorps did not publish improper payment rates of less than ten percent. [Modified repeat finding from FY 2021]

AmeriCorps did not achieve estimated improper payment rates of less than ten percent for three of the four programs it identified as susceptible, as required to be compliant with PIIA.⁹ Specifically, the rates AmeriCorps published for FGP, RSVP, and SCP were greater than ten percent, as follows:

Program	FY 2022 Reported Estimated Improper Payment Rate	Estimated Improper Payment Rate Less Than Ten Percent?
ASN	8.41%	Met
FGP	23.74%	Not Met
RSVP	17.22%	Not Met
SCP	26.21%	Not Met

Source: AmeriCorps’ FY 2022 AMR accompanying materials and auditor’s analysis.

AmeriCorps grantees did not have sufficient internal controls in place to verify the allowability of payments made with AmeriCorps grant funds, or to maintain documentation to support the allowability of these payments. Specifically, in FY 2022, National Service Criminal History Check (NSCHC) issues were the main driver of non-compliance for the ASN, RSVP, and SCP programs and a lack of non-CHC eligibility documentation was the main driver of non-compliance for the FGP program. AmeriCorps noted that the main drivers of improper payments and unknown payments identified during its FY 2022 PIIA testing occurred because of issues with eligibility documentation, NSCHC Noncompliance, and policy issues. AmeriCorps also noted grantees did

⁹ PIIA Section 3351, Paragraph 2, Part F notes that an agency has achieved compliance with PIIA if it has reported an improper payment rate of less than ten percent for each program and activity for which it published an estimate.

not maintain documentation to support the allowability of the temporary pay allowances they paid to volunteers who were unable to serve during the COVID-19 pandemic.

Without implementing additional measures to hold grantees accountable for improper payments and updating existing guidance for documenting compliance with new programs and guidance established in response to the COVID-19 pandemic, AmeriCorps will continue to report non-compliant estimated improper payment rates that will be difficult to reduce and will lead to continued mismanagement of agency funds.

Recommendations: Management did not implement recommendations 1.1 and 1.2 from the FY 2021 PIIA audit report. Therefore, these recommendations remain open, and we are not issuing a new recommendation.

1. Include additional terms and conditions within future AmeriCorps *General Grant and Cooperative Agreement Terms and Conditions* policy documents aimed at addressing the root causes of improper payments. ***FY 2022 Recommendation 1.1***
2. Implement financial consequences or additional reporting requirements for grantees that have confirmed improper payments and unknown payments. ***FY 2022 Recommendation 1.2***

Finding 2: AmeriCorps' published improper payment estimates are not accurate, reliable, or consistent with OMB guidance. [Modified repeat finding from FY 2021]

AmeriCorps' published FY 2022 improper payment estimates for ASN, FGP, RSVP, and SCP were not accurate, reliable, or consistent with OMB guidance, as is required for the OIG to conclude that the agency appropriately published improper payment estimates in compliance with PIIA.¹⁰ AmeriCorps did not consistently follow OMB guidance when developing the improper payment estimates. Specifically, AmeriCorps inappropriately accounted for unmatched reporting errors when sampling from FFRs in instances where the sum recorded in a grantee's accounting system did not match the dollar amount submitted on its FFR or reported at a prior sampling stage. Although OMB guidance states that an agency must treat any payment for which the agency does not obtain sufficient support as improper, AmeriCorps did not undertake the reconciliation analysis needed to support that the unmatched expenditures did not represent improper payments. Instead, AmeriCorps' methodology eliminates these variances from the sample without regard to whether the component payments are supported.

As a result, the estimated improper payment rates published in AmeriCorps' FY 2022 AMR and accompany materials do not accurately represent the true estimated improper payment rates applicable to the ASN, FGP, RSVP, and SCP grant programs. Publishing inaccurate and

¹⁰ Under OMB Memorandum M-21-19, Section VI.A.3, the OIG should review the accuracy of the improper payment and unknown payment estimate and determine whether the S&EMP used was appropriate, given program characteristics, to determine whether the agency complied with PIIA Section 3351, Paragraph 2, Part C.

incomplete improper payment rate estimates does not provide users of the AMR with an accurate representation of the potential waste of agency funds.

Recommendations: Management did not implement recommendation 2.4 from the FY 2021 PIIA audit report. Therefore, this recommendation remains open, and we are not issuing a new recommendation.

3. Reconcile the differences between grantees' internal accounting records and FFRs to determine the propriety of the component payments or require grantees to perform this reconciliation; or treat unmatched reporting errors as unknown payment errors in the projection of the improper payment estimate. ***FY 2022 Recommendation 2.4***

Finding 3: AmeriCorps did not adequately conclude program risk. [New finding for FY 2022]

AmeriCorps should have identified the Trust as a program likely to have improper or unknown payments. AmeriCorps performed a risk assessment of the Trust consistent with the methodology recommended in PIIA, including identifying control gaps and performing qualitative sample testing. However, based on current and prior OIG audit work and our professional judgment, we do not agree with the level of risk AmeriCorps assigned to the Trust. AmeriCorps should have identified NST as susceptible to improper payments above the statutory threshold because:

- There was a significant volume of NST program payments (\$190.6M).
- There was a substantial increase in funds received under the American Rescue Plan.
- There were results of prior OIG audits and reviews identifying issues with the data contained in NST systems and lack of effectiveness of internal controls; and
- The program relies on information reported by the AmeriCorps State and National program, which AmeriCorps reports as susceptible.

Without including the Trust as a program likely to have improper or unknown payments, AmeriCorps is not accurately identifying and reviewing all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by OMB.

Recommendations: We recommend that AmeriCorps:

4. Include the National Service Trust as a program susceptible to improper payments within future risk assessments. (***New***)
5. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with future annual financial statements in accordance with OMB guidance. (***New***)

SUMMARY OF AMERICORPS MANAGEMENT'S RESPONSE

AmeriCorps concurred with and plans to implement the recommendations contained within the audit report. AmeriCorps acknowledged that it will improve the payment integrity process and continue to prioritize development and implementation of corrective actions that will reduce the agency's improper payment rates, as detailed within Appendix C.

Further, AmeriCorps noted that the results show its commitment to improvement in payment integrity as evidenced by the reduction in findings and recommendations around the assessment process and the quality control portion of the statistical extrapolations.

AUDITOR'S COMMENTS ON AMERICORPS MANAGEMENT'S RESPONSE

We appreciate AmeriCorps' response to our audit findings and recommendations and thank AmeriCorps for its cooperation during the FY 2022 PIIA audit. We believe AmeriCorps has made improvements in its PIIA Compliance and we acknowledge its commitment and efforts to reduce its improper payments.

Saggar & Rosenberg, P.C

A handwritten signature in cursive script that reads "Jeff Davis".

Jeff Davis, CPA
Partner
May 30, 2023

APPENDIX A

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

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

- a. Reviewing the Payment Integrity section of the FY 2022 AMR and information reported in supplemental data calls that AmeriCorps submitted to OMB to determine whether AmeriCorps complies with PIIA.
- b. Evaluating AmeriCorps' compliance with PIIA compliance factors to include:
 - i. Verifying that AmeriCorps (1) published improper payment information with its annual FS for the most recent fiscal year, and (2) posted that statement and any accompanying materials required under OMB guidance on the AmeriCorps website.
 - ii. Verifying that AmeriCorps conducted a program-specific risk assessment for each program or activity that conforms to the requirements under PIIA Section 3352(a), and that AmeriCorps adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.
 - iii. Verifying that AmeriCorps published improper payment estimates for all programs and activities identified under PIIA Section 3352(a) in the accompanying materials to the annual FS.
 - iv. Verifying that AmeriCorps published any programmatic CAPs that it had prepared under PIIA Section 3352(d) in the accompanying materials to the annual FS.
 - v. Verifying that AmeriCorps published any improper payment reduction targets established under PIIA Section 3352(d) that it had in the accompanying materials to the annual FS for each program or activity assessed to be at risk, and that it demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate and developed a plan to meet the reduction targets.
 - vi. Verifying that AmeriCorps reported an improper payment rate of less than ten percent for each program and activity for which it published an estimate under PIIA Section 3352(c).

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

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

Scope

As established in CIGIE Guidance on PIIA Compliance Reviews, the scope of this performance audit included the improper payment and reporting details in AmeriCorps' FY 2022 AMR, Section *Other Information*, and within supplemental data calls AmeriCorps submitted to OMB. We designed procedures to gain an understanding of the risk assessment that AmeriCorps performed to identify programs that are susceptible to a significant risk of improper payments and unknown payments, as well as an understanding of the statistical sampling process and testing that AmeriCorps performed to calculate its estimated improper payment rates. Our procedures also included having a statistical subject matter expert evaluate the statistical validity of the estimated improper payment rates.

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

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

We performed this work remotely from December 2022 through May 2023. We discussed the contents of this report with AmeriCorps management in an exit conference held on April 17, 2023.

Methodology

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

- Gained an understanding of applicable PIIA and AmeriCorps criteria and guidance.
- Reviewed AmeriCorps' FY 2022 AMR and supplementary OMB data call and confirmed that AmeriCorps posted the report and any accompanying materials to its website.
- Reviewed AmeriCorps' FY 2022 AMR and confirmed whether the presentation was in accordance with the form and content requirements outlined in OMB Circular No. A-136, *Financial Reporting Requirements* (Revised August 2021).
- Evaluated the completeness and accuracy of the PIIA reporting details presented in AmeriCorps' FY 2022 AMR and OMB data call and supplements.
- Confirmed whether AmeriCorps conducted a program-specific risk assessment and evaluated the results of the assessment.
- Confirmed whether AmeriCorps published improper payment rate and dollar estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment.
- Evaluated the statistical sampling and estimation process that AmeriCorps used to determine the improper payment rate estimates that it published in its FY 2022 AMR and OMB data call and supplements.
- Evaluated the reasonableness of AmeriCorps' conclusions and the sufficiency of the documentation supporting the results of the testing procedures that AmeriCorps performed on its sample items as part of its statistical sampling processes by conducting re-performance testing using AmeriCorps' test plans.
- Confirmed whether AmeriCorps was required to publish CAPs in its FY 2022 AMR and supplementary OMB data call.
- Confirmed whether AmeriCorps has published improper payment and unknown payment reduction targets for each program that had an estimate above the statutory threshold and developed a plan to meet the reduction targets.
- Verified that AmeriCorps demonstrated improvements to payment integrity or reached a tolerable improper payment or unknown payment rate.
- Evaluated whether AmeriCorps reported a gross improper payment rate of less than ten percent for each program and activity for which it published an improper payment estimate in the AMR and OMB data call and supplements.
- Assessed the risk of the occurrence of fraud and abuse that is significant within the context of the objectives or that could affect the findings and conclusions.

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

APPENDIX B

COMPARISON OF RECOMMENDATIONS TO ADDRESS NON-COMPLIANCE FOR FY 2021 AND FY 2022

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2021</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>
Published improper payments information within the annual management report or annual FS of the executive agency for the most recent fiscal year; and posted the statement on the website of the executive agency and any accompanying materials required under OMB guidance.	FY 2021: Compliant FY 2022: Compliant	Not Applicable. AmeriCorps appropriately published improper payment information within its AMR on its website and/or within the information it provided to OMB in response to OMB data calls.	Published payment integrity information with the annual FS. Posted the annual FS and accompanying materials on the agency website.	Not Applicable. AmeriCorps appropriately published improper payment information within its AMR on its website and/or within the information it provided to OMB in response to OMB data calls.
Conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C. (if required).	FY 2021: Compliant FY 2022: Not Compliant	Not Applicable. AmeriCorps appropriately completed its FY 2021 risk assessment	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years. Adequately concluded whether the program	(Finding 3) We recommend that AmeriCorps: <ol style="list-style-type: none"> 4. Include NST as a program susceptible to improper payments within future risk assessments. (New) 5. Publish improper payment and unknown payment estimates for NST in the accompanying

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2021</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>
			is likely to make improper payments and unknown payments above or below the statutory threshold.	materials provided with future annual financial statements in accordance with OMB guidance. (New)
Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the agency’s risk assessment (if required).	FY 2021: Not Compliant FY 2022: Not Compliant	(Finding 2) We recommend that AmeriCorps: 3. Implement appropriate edit and oversight controls over the testing results and input data to ensure the completeness and accuracy of the published improper payment rates. (Closed) 4. Document and maintain a full audit trail of all edit checks, oversight controls, and performance of statistical extrapolation and evaluation. (Closed) 5. Perform additional reviews for grants that AmeriCorps program officers identify as state-funded before including grants in—or excluding them	Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual FS.	(Finding 2) We recommend that AmeriCorps: 3. Reconcile the differences between grantees’ internal accounting records and FFRs to determine the propriety of the component payments or require grantees to perform this reconciliation; or treat unmatched reporting errors as unknown payment errors in the projection of the improper payment estimate. (Repeat)

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2021</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>
		<p>from—the sample populations. (Closed)</p> <p>6. Either reconcile any differences between the grantees’ internal accounting records and their FFRs to determine the propriety of the component payments—or require the grantees to perform this reconciliation—or treat unmatched reporting errors as unknown payment errors when projecting the improper payment estimate. (Superseded by FY 2022 recommendation)</p> <p>7. Implement appropriate oversight controls to ensure that AmeriCorps follows its documented S&EMP. If AmeriCorps makes changes in how it executes its methodology, it should update the S&EMP accordingly and re-submit the S&EMP to OMB if the changes meet the criteria for re-submission outlined in OMB</p>		

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2021</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>
		<p>Memorandum M-21-19. (Closed)</p> <p>8. Update its SOP to be current, consistent with the submitted S&EMP, and reflective of the statistical methodology as implemented. (Closed)</p>		
Published programmatic corrective action plans in the PAR or AFR (if required).	FY 2021: Compliant FY 2022: Compliant	Not Applicable. AmeriCorps appropriately published CAPs.	Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	Not Applicable. AmeriCorps appropriately published CAPs.
Published improper payment reduction targets for each program or activity assessed to be at risk and has demonstrated improvements and developed a plan to	FY 2021: Compliant FY 2022: Compliant	Not Applicable. AmeriCorps published annual reduction targets for each program with improper payment estimates above the statutory threshold.	Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying	Not Applicable. AmeriCorps published annual reduction targets for each program with improper payment estimates above the statutory threshold.

PIIA Compliance Criteria	Results	Recommendations to Address Non-Compliance for FY 2021	CIGIE/OMB Expansion	Recommendations to Address Non-Compliance for FY 2022
meet the reduction targets.			materials to the annual FS.	
		<p>Not Applicable. AmeriCorps demonstrated that it has made sufficient improvements to improve payment integrity.</p>	<p>Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.</p>	<p>Not Applicable. AmeriCorps demonstrated that it has made sufficient improvements to improve payment integrity.</p>
		<p>Not Applicable. AmeriCorps has developed a plan and increased its resources in an effort to ensure it achieves the one percent reduction targets it has set for all four programs it deemed susceptible to risk.</p>	<p>Has developed a plan to meet the improper payment and unknown payment reduction target.</p>	<p>Not Applicable. AmeriCorps has developed a plan and increased its resources in an effort to ensure it achieves the one percent reduction targets it has set for all four programs it deemed susceptible to risk.</p>
<p>Reported an improper payment estimate of less than ten percent for each program for which an estimate was published.</p>	<p>FY 2021: Not Compliant FY 2022: Not Compliant</p>	<p>(Finding 1) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 1. Include additional terms and conditions within future AmeriCorps <i>General Grant and Cooperative Agreement Terms and Conditions</i> policy documents aimed at addressing the root causes of improper payments. 	<p>Reported an improper payment and unknown payment estimate of less than ten percent for each program for which an estimate was published in the accompanying materials to the annual FS.</p>	<p>(Finding 1) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 1. Include additional terms and conditions within future AmeriCorps <i>General Grant and Cooperative Agreement Terms and Conditions</i> policy documents aimed at addressing the root causes of improper payments. (Repeat)

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2021</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>
		<p>(Superseded by FY 2022 recommendation)</p> <p>2. Implement financial consequences or additional reporting requirements for grantees that have confirmed improper payments. (Superseded by FY 2022 recommendation)</p>		<p>2. Implement financial consequences or additional reporting requirements for grantees that have confirmed improper payments. (Repeat)</p>

Status of Other Matters	
<p>(Other Matter) We recommend that AmeriCorps:</p> <p>9. Ensure that its FY 2022 off-cycle risk assessment:</p> <ul style="list-style-type: none"> a. Includes agency-specific risk factors for known risks related to process, funding, or technology changes. b. Considers significant changes in expenditures related to increased program funding due to the ARP. c. Specifically re-evaluates the AmeriCorps Trust Program based on the results of AmeriCorps OIG audit report AR-21-02. 	<p>Not Applicable. The 2021 other matter was elevated to a finding in FY 2022. See Finding 3. No Other Matters were reported for FY 2022.</p>

Status of Other Matters

Share the results of the risk assessment with the AmeriCorps OIG before finalizing the susceptibility determination for each program to determine whether AmeriCorps should review any additional programs for improper payments.

**AmeriCorps**

TO: Stephen Ravas, Acting Inspector General

FROM: Jill Graham, Chief Risk Officer

CC: Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Fernando Laguarda, General Counsel
Danielle Melfi, Chief of Program Operations

RE: AmeriCorps Management Response to the FY 2022 OIG Payment Integrity Information Act (PIIA) Report

DATE: May 19, 2023

AmeriCorps appreciates the opportunity to comment on the Office of the Inspector General (OIG) draft report on the agency's FY 2022 Payment Integrity Information Act audit, conducted by Saggart & Rosenberg P.C. The agency generally concurs with and will implement the recommendations provided as appropriate.

The agency continues to show AmeriCorps' commitment to improvement in payment integrity as evidenced by the reduction in findings and recommendations around the assessment process and the quality control portion of the statistical extrapolations.

AmeriCorps appreciates the feedback and the opportunities to continue to improve its payment integrity process. The agency will continue to implement corrective actions to reduce AmeriCorps' improper payment rates. Detailed corrective actions related to each recommendation are found below.



NFR 1: AmeriCorps did not publish improper payment rate of less than percent for three programs.

Departmental Corrective Action Plan Owner: Office of the Chief Risk Officer

Audit Rec #	Recommendation	Concurrence	Corrective Action Plan Steps	Planned Completion Date
1	Include additional terms and conditions within future AmeriCorps General Grant and Cooperative Agreement Terms and Conditions policy documents aimed at addressing the root causes of improper payments.	Concur	<ol style="list-style-type: none"> 1. Identify root causes and draft language for inclusion in the terms and conditions that sets compliance expectations. 2. Work with internal agency stakeholders for clearance of draft terms and condition language. 3. Incorporate new terms and conditions language into standardized terms and conditions template. 	9/30/23
2	Implement financial consequences or additional reporting requirements for grantees that have confirmed improper payments and unknown payments.	Concur	<ol style="list-style-type: none"> 1. Grantees with confirmed improper payments are provided a list of trainings related to the root causes of the identified improper payments 2. Recover monies from identified improper payments when recoverable. 	1/31/24



NFR 2: AmeriCorps' published improper payment estimates are not accurate, reliable, or consistent with OMB guidance.

Departmental Corrective Action Plan Owner: Office of the Chief Risk Officer

Audit Rec #	Recommendation	Concurrence	Corrective Action Plan Steps	Planned Completion Date
3	Reconcile the differences between grantees' internal accounting records and Federal Financial Reports to determine the propriety of the component payments or require grantees to perform this reconciliation; or treat unmatched reporting errors as unknown payment errors in the projection of the improper payment estimates.	Concur	<ol style="list-style-type: none">1. Office of the Chief Risk Officer to explore a potential methodology change to determine if it's feasible to use Payment Management System draw data as the population.2. Perform a pilot with grantees to execute the planned change in methodology.3. Implement a new methodology in FY 2024.	11/30/23



NFR 3: AmeriCorps did not adequately conclude program risk.				
Departmental Corrective Action Plan Owner: Office of the Chief Risk Officer				
Audit Rec #	Recommendation	Concurrence	Corrective Action Plan Steps	Planned Completion Date
4	Include the National Service Trust as a program susceptible to improper payments within future risk assessments.	Concur	1. AmeriCorps will consider the National Service Trust as susceptible and report an improper payment rate in FY 2024. 2. National Service Trust testing will begin in FY 2023.	10/20/24
5	Publish improper payments and unknown payment estimates for the National Service Trust in the accompanying materials provided with future annual financial statements in accordance with Office of Management and Budget guidance.	Concur		



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