



AmeriCorps
Office of Inspector General

AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2023

Audit Report

Number: OIG-AR-24-04

May 15, 2024



AmeriCorps Office of Inspector General

May 15, 2024

MEMORANDUM TO: Jill Graham
Chief Risk Officer

FROM: On behalf of Monique P. Colter *Tamikia Anglin*
Assistant Inspector General for Audits

SUBJECT: AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2023 (OIG Report-AR-24-04)

Enclosed is AmeriCorps Office of Inspector General (OIG) final report on AmeriCorps' Compliance with the Payment Integrity Information Act (PIIA) of 2019 for Fiscal Year (FY) 2023, OIG Report AR-24-04.

AmeriCorps OIG contracted with the independent certified public accounting firm Saggart & Rosenberg P.C. (Saggart) to conduct the PIIA Audit for FY 2023. Saggart is responsible for the attached final report. We reviewed Saggart'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 Saggart 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.

cc: Michael D. Smith, Chief Executive Officer
Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
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Executive Summary

Report Title: AmeriCorps' Compliance with the
Payment Information Integrity Act of FY 2019 For FY 2023
Report No.: OIG-AR-24-04
Date: May 15, 2024



AmeriCorps
Office of Inspector General

Why We Did This Audit

The Office of Inspector General (OIG) must review AmeriCorps' compliance with the Payment Integrity Information Act of 2019 (PIIA, P.L. No. 116-117) and related applicable improper payment guidance. Saggart & Rosenberg, P.C. (S&R), under its contract with the AmeriCorps OIG, audited the fiscal year 2023 AmeriCorps improper payment information reported in the FY 2023 Agency Management Report (AMR) to determine compliance with PIIA and related guidance from the Office of Management and Budget (OMB).

This engagement examines AmeriCorps' four primary programs: AmeriCorps State & National (ASN), Senior Companionship Program (SCP), Retired Senior Volunteer Program (RSVP), and Foster Grandparent Program (FGP), as well as the National Service Trust (NST).

How We Did This Audit

Under its contract with OIG, S&R assessed whether AmeriCorps complied with the PIIA reporting requirements and provided adequate disclosure within the FY 2023 AMR and accompanying materials.

What We Recommended

We recommended that AmeriCorps:

1. Publish improper payment and unknown payment estimates for the National Service Trust in the accompanying materials provided with future annual financial statements,
2. Include unmatched reporting errors as unknown payments in the projection of the improper payment estimate for all programs, and
3. Assess whether awardees associated with FFRs were submitted by eligible organizations during the FFR data pull process.

AmeriCorps generally concurred with our findings and recommendations that AmeriCorps did not publish an improper payment rate of less than ten percent (Finding 1). AmeriCorps does not concur with findings and recommendations related to unmatched reporting errors and payments to ineligible recipients (Finding 2) and publishing improper and unknown payment estimates for the National Service Trust (Finding 3). AmeriCorps' response is attached to this report, in its entirety, in **Appendix C**.

What We Found

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

- The improper payment rates AmeriCorps reported for ASN, FGP, and SCP were not accurate, reliable, or consistent with OMB guidance because the agency excluded unmatched reporting errors as unknown payments for ASN, FGP, and SCP and payments to ineligible recipients in SCP.
- AmeriCorps reported improper payment rates above the ten percent compliance threshold for SCP.

In addition, AmeriCorps did not report all improper and unknown payment estimates required by PIIA for the National Service Trust.

Further, management did not implement prior year recommendations to include additional terms and conditions within future AmeriCorps Grant and Cooperative Agreements aimed at addressing the root causes of improper payments. These recommendations remain open.

**OFFICE OF INSPECTOR GENERAL
AUDIT OF AMERICORPS' COMPLIANCE WITH THE
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR
FISCAL YEAR 2023**

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**AUDIT OF AMERICORPS' COMPLIANCE WITH THE
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR
FISCAL YEAR 2023**

I. Background

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

AmeriCorps delivers several programs designed to help communities address poverty, the environment, education, and other unmet human needs. Of those programs, four of them are deemed susceptible to improper payments and are included in PIIA reporting.

- AmeriCorps' State and National Program (ASN)
- Foster Grandparent Program (FGP)
- Senior Companionship Program (SCP)
- National Service Trust (NST)

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

The Payment Integrity Information Act of 2019 (PIIA) requires Federal agencies to identify and review all programs and activities that may be susceptible to significant improper payments and publish payment integrity information. AmeriCorps identified ASN, FGP, and SCP as their programs susceptible to improper payments for FY 2023.¹ PIIA also requires the Inspector General of each Federal agency to evaluate the accuracy and completeness of the agency's annual reporting on improper payments, as well as its performance in reducing and recapturing improper payments. Our audit objectives were to determine whether AmeriCorps met all of the PIIA requirements and to evaluate AmeriCorps' efforts to prevent and reduce improper payments.

¹ Although AmeriCorps identified NST as a program susceptible to improper payments, it did not publish improper and unknown payments for NST. Therefore, we were unable to include NST in the FY 2023 compliance evaluation.

II. Results in Brief

Through its corrective action plan, AmeriCorps met many of its PIIA reporting requirements in FY 2023. As part of that process, it implemented the following corrective actions to improve performance:

- Published improper payment reduction rates of less than ten percent for FGP and SCP.
- Met its FY 2023 target reduction of one percent for the FGP and SCP.
- Identified the NST as a program susceptible to improper payments within the risk assessment and started a Pilot Program for testing NST.

Two PIIA Requirements Not Met

We assessed AmeriCorps' compliance with the ten Council of the Inspectors General on Integrity and Efficiency (CIGIE)/OMB criteria and determined that AmeriCorps did not meet two of the ten requirements for PIIA compliance for the three programs it reported as susceptible to improper payments.

1. AmeriCorps excluded unmatched reporting errors² as unknown payments for ASN, FGP, and SCP and payments to ineligible recipients in SCP. AmeriCorps' treatment of unmatched reporting errors is not consistent with OMB guidance and may have caused it to under-report the improper payment rates for ASN, FGP, and SCP. Calculation errors were the main drivers of improper payments in FGP and SCP programs and incorrect or unsupported salary allocation issues were the main drivers of non-compliance for ASN improper payments. As a result, we determined that AmeriCorps' published improper payment rates are not accurate, reliable, or consistent with Office of Management and Budget (OMB) guidance.
2. AmeriCorps reported an estimated improper payment rate—calculated as the annual amount of improper payments³—that exceeded the ten percent threshold for SCP.

² Unmatched reporting errors are unresolved discrepancies between grantees' accounting systems and Federal Financial Reports (FFRs).

³ 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.

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

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

National Service Trust Remains Susceptible to Improper Payments

In addition, while AmeriCorps identified the NST as a program susceptible to improper payments within the risk assessment in FY 2023, it did not publish the improper and unknown payment estimates for the NST.

In FY 2023, calculation errors were the main drivers of improper payments in FGP and SCP programs and incorrect or unsupported salary allocation issues were the main drivers of non-compliance for ASN improper payments.

Further, management did not implement recommendations 1 and 2 from the FY 2022 PIIA audit report to include additional terms and conditions within future AmeriCorps General Grant and Cooperative Agreement Terms and Conditions policy documents aimed at addressing the root causes of improper payments and implement financial consequences or additional reporting requirements for grantees that have confirmed improper payments and unknown payments. Therefore, these recommendations remain open. We identified modified and new recommendations to enhance AmeriCorps' improper payment controls.

A more detailed comparison of FY 2022 and FY 2023 recommendations is set forth in **Appendix B**.

Summary of Recommendations

We recommended that AmeriCorps take the following corrective actions:

1. 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. In addition, AmeriCorps should test the unmatched reporting errors as improper payments to ensure the accuracy, reliability, and consistency of their improper payment reporting. **(Modified Repeat)**
2. AmeriCorps should assess whether awardees associated with FFRs were submitted by eligible organizations during the FFR data pull process. If it is determined that any awardees were ineligible to receive a grant, AmeriCorps should include the entire amount of FFR expenses as an improper payment. **(New)**
3. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with future annual FS in accordance with OMB guidance. **(Modified Repeat)**

III. Audit Results

We found that AmeriCorps is in compliance with eight of the ten PIIA requirements. The audit, however, identified three findings related to the remaining PIIA requirements:

- AmeriCorps did not publish an improper rate of less than ten percent for SCP **(Finding 1)**.
- FY 2023 improper payment estimates for ASN, FGP, and SCP were not accurate, reliable, or consistent with OMB guidance **(Finding 2)**.
- AmeriCorps did not publish Improper Payment and Unknown Payment Estimates for the NST program, which they assessed as a susceptible program **(Finding 3)**.

Improper Payment Compliance Requirements		Result ⁴	Explanation of Results
Per PIIA	Per CIGIE/OMB Guidance		
Published improper payment information within the annual management report or annual (FS) of the executive agency for the most recent fiscal year; and posted the statement on the website of the executive agency and any accompanying materials required under OMB guidance.	Published payment integrity information with the annual FS.	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.	Compliant	AmeriCorps performed a program-specific risk assessment in FY 2023 to determine which of its programs were susceptible to improper payments. We noted that they properly determined the susceptibility of all programs.
	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 three programs it identified as susceptible to risk (ASN, FGP, and SCP), the improper payment rate estimates were not accurate, reliable, or consistent with OMB guidance. See Finding 2. In addition, there was no rate published for NST even though the risk assessment determined that NST is a susceptible program. See Findings 3.
Published programmatic Corrective Action Plans (CAPs) prepared under section 3352(d) that the executive agency may have in the accompanying materials to the annual FS.	Published CAPs for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	Compliant	AmeriCorps published CAPs for the program that reported an estimated improper payment rate greater than ten percent.
Published improper payment reduction targets established under section 3352(d) that the executive agency may have in the accompanying materials to the annual FS for each program or activity assessed to be at risk and has demonstrated improvements and developed a	Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	Compliant	AmeriCorps published an improper payment reduction target for the program for which AmeriCorps reported an estimated improper payment rate above the ten percent statutory threshold.
	Has demonstrated improvements to payment integrity or reached a	Compliant	AmeriCorps demonstrated that it has made improvements to payment integrity by having a higher rate of

⁴ 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 ⁴	Explanation of Results
Per PIIA	Per CIGIE/OMB Guidance		
plan to meet the reduction targets.	tolerable improper payment and unknown payment rate.		compliance across programs and reducing the estimated improper payment rates for FGP and SCP.
	Has developed a plan to meet the improper payment and unknown payment reduction target.	Compliant	AmeriCorps has developed a plan and increased its resources in an effort to ensure it achieves the one percent reduction target it has set for each of the three programs it deemed susceptible to risk of improper payments.
Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).	Reported an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual FS.	Not Compliant	AmeriCorps reported an estimated improper payment rate of more than ten percent for one of the three programs for which it published improper payment rates. See Finding 1.

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

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

For an agency to be compliant with PIIA, it must report an improper payment rate of less than ten percent for each program and activity for which it published an estimate.⁵ AmeriCorps reported a gross improper payment rate of less than 10 percent for ASN and FGP in the FY 2023 AmeriCorps Annual Management Report (AMR) accompanying materials. These were two of the three programs AmeriCorps assessed as susceptible to improper payments in FY 2023. However, AmeriCorps did not achieve an estimated improper payment rate of less than 10 percent for SCP.

Program	FY 2023 Reported Estimated Improper Payment Rate	Estimated Improper Payment Rate Less Than Ten Percent?
ASN	8.9%	Met
FGP	9.9%	Met
SCP	15.6%	Not Met

Source: AmeriCorps' FY 2023 AMR accompanying materials and auditor's analysis.

Despite decreased rates for the FGP and SCP in FY 2023, AmeriCorps grantees have insufficient internal controls in place to verify the allowability of payments made with AmeriCorps grant funds, or to maintain documentation to support the allowability of these payments. AmeriCorps noted a reduction in National Service Criminal History Checks (NSCHC), which was the main driver of non-compliance in FY 2022. However, in FY 2023, AmeriCorps indicated that calculation errors were the primary causes of improper payments in FGP and SCP programs, and Incorrect or

⁵ PIIA Section 3351, Paragraph 2, Part F.

Unsupported Salary Allocation issues were the main drivers of non-compliance for ASN improper payments.

In addition, agency management determined it would not implement recommendations from the FY 2022 PIIA audit report that would have added 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 and implementing financial consequences or additional reporting requirements for grantees that have confirmed improper payments and unknown payments. As a result, these recommendations remain open.

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

Finding 2: AmeriCorps' published improper payment estimates are not accurate, reliable, or consistent with OMB guidance. (Modified repeat finding from FY 2022)

OMB guidance states that an agency must treat any payment as improper if the agency does not obtain sufficient support. In addition, OMB defines unknown payments as payments with insufficient documentation or lack documentation.

AmeriCorps tests improper payments by selecting grantee FFRs submitted for the reimbursement of grant expenditures. AmeriCorps identifies accounting errors when the sum recorded in a grantee's accounting system does not match the dollar amount submitted on its FFR or reported at a prior sampling stage. These unmatched accounting errors constitute unknown payments. The audit determined that AmeriCorps' published FY 2023 improper payment estimates for ASN, FGP, and SCP were not accurate, reliable, or consistent with OMB guidance⁶ because they removed these unmatched reporting errors from its sampling methodology. In addition, AmeriCorps included payments to ineligible recipients in its sampling populations.

Removal of Unmatched Reporting Errors

AmeriCorps removed unmatched reporting errors as unknown payments when sampling from FFRs rather than undertaking the reconciliation analysis needed to determine whether the unmatched expenditures were improper payments. Excluding these unmatched reporting errors drops the improper payment rates below 10 percent. AmeriCorps was aware of the correct improper payment rates for ASN, FGP, and SCP because it included the information in a table that it provided to the OIG ahead of the audit.

⁶ Under OMB Memorandum M-21-19, Section VI.A.3, the OIG should review the accuracy of the improper payment and unknown payment estimate and determine whether the sampling and estimation methodology plans used was appropriate, given program characteristics, to determine whether the agency complied with PIIA Section 3351, Paragraph 2, Part C.

**FY 2023 Testing Results Inclusive of
Improper Payments and Unmatched Reporting Errors⁷**

Program	FY 2023 Rate \$	FY 2023 Rate %
ASN	\$27.7M	10.2%
SCP	\$6.4M	18.5%

AmeriCorps' ultimately removed the unmatched errors from the improper payments rate because agency management believes that aggregate FFR expenses do not represent payments. Further, the agency asserts that discrepancies between aggregate reporting, which must be reconciled at the close of award, and listings of actual disbursements (payments) do not constitute an improper payment. However, consistent with OMB M-21-9, if AmeriCorps is still conducting research on the unmatched errors at the time of testing and cannot discern if an improper payment occurred, the payment is considered an unknown payment for reporting purposes that year.

Payments to Ineligible Recipients

A payment is considered improper when it is made to the wrong recipient. This includes payments made to ineligible recipients. We found that AmeriCorps did not examine whether payments were made to eligible recipients during their improper payment testing. For example, after completing its FY 2023 PIIA testing, AmeriCorps determined that it had inappropriately awarded FGP, SCP, and RSVP grants to at least three AmeriCorps State Commissions, which are not eligible to receive Seniors grants per Federal regulations.⁸ However, on April 12, 2024, AmeriCorps' CEO issued a waiver of the regulation that prohibits State Commissions from directly operating any AmeriCorps Seniors program and applied the waiver to the Seniors grants previously awarded to State Commissions. At the time the testing was conducted, this waiver had not yet occurred. Since AmeriCorps' FY 2023 PIIA population included these payments on Seniors grants made to state commissions, the audit concluded that the payments should have been included in the total amount of improper payments.⁹ For future improper payment testing, management should test the eligibility of grant recipients.

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

1. Reconcile the differences between grantees' internal accounting records and FFRs to determine the propriety of the component payments or require grantees to perform this reconciliation. In addition, AmeriCorps should report any remaining unmatched reporting errors as improper payments to ensure accuracy, reliability, and consistency of their improper payment reporting. ***Modified FY 2022 Recommendation 2.1***

⁷ Information included in this table was published in the *AmeriCorps FY23 Payment Integrity Program Results*, from October 2023 (page 8).

⁸ 45 CFR 2550.80(j) states that a State commission or Alternative Administrative Entity may not directly carry out any national service program that receives financial assistance under section 121 of the National and Community Service Act or title II of the Domestic Volunteer Service Act.

⁹ Under OMB Memorandum M-21-19, Section I, at a high level, a payment is "proper" if it was made to the right recipient for the right amount, a payment is "improper" if it was made in an incorrect amount or to the wrong recipient, and for instances where an agency is unable to determine whether the payment falls into the proper or improper category that payment should be considered an "unknown" payment.

2. Assess whether FFRs were submitted by eligible organizations during the FFR data pull process, as required by OMB. If it is determined that any grant recipients were ineligible to receive the grant, AmeriCorps should include the entire amount of FFR expenses as an improper payment. **New Recommendation for FY 2023**

Finding 3: AmeriCorps Did Not Publish Improper Payment and Unknown Payment Estimates for One Required Program. (Modified Repeat for FY 2023)

AmeriCorps did not publish improper and unknown payment estimates for the NST, which the agency already determined as susceptible to significant improper payments within its FY 2023 risk assessment.¹⁰

Our FY 2021 PIIA report recommended that the agency re-evaluate the risk assessment of NST. The next year, the PIIA audit found that the risk assessment performed should have concluded that NST was a program susceptible to improper payments. The agency did not, however, take timely action to address this identified risk and test NST in FY 2023 because it said it lacked sufficient time or resources to develop and execute improper payment testing. Since a susceptibility analysis was performed in FY 2023 and that analysis found NST susceptible to improper payments, AmeriCorps indicated that it is not required to publish improper and unknown payments estimates for NST until FY 2024.

The auditor does not find that this explanation changes the finding. By not reporting estimates for all programs AmeriCorps has deemed susceptible to significant improper and unknown payments, AmeriCorps did not accurately represent the potential waste of agency funds.

Although the determination is made by the Agency itself, it is within OIG's purview to say that their finding was inadequate. In the FY 2022 report, it was determined that the Agency was in error when it concluded that NST was not susceptible to improper payments. Since that conclusion was in error, the Agency should have conducted its own testing in FY 2023, according to OMB guidance.¹¹

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

3. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with future annual financial statements in accordance with OMB guidance. **Modified FY 2022 Recommendation 5**

¹⁰ PIIA Section 3351, Paragraph 2, Part C notes that an agency has achieved compliance with PIIA if it has published improper payment estimates for all programs it identified as susceptible to significant improper payments.

¹¹ OMB M-21-19 II.C.2, p. 19

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

When performing its FY 2023 risk assessment, AmeriCorps utilized an estimated RSVP improper payment rate to support that the RSVP no longer meets the PIIA statutory reporting threshold.¹² We previously concluded that the improper payment rates AmeriCorps produced for the RSVP program were not accurate or reliable due to its exclusion of unmatched errors. AmeriCorps included the unmatched errors as improper payments when calculating the improper payment rates when reaching its RSVP susceptibility conclusion.

However, because AmeriCorps has not yet agreed to include unmatched errors as improper payments for PIIA reporting purposes, and because the RSVP program has historically been susceptible to improper payments, we believe AmeriCorps should (1) continue to perform both quantitative and qualitative risk assessments on RSVP on an annual basis and (2) take appropriate action if AmeriCorps determines RSVP could have improper payments over the statutory threshold. As performing an annual program risk assessment is not required per PIIA,¹³ we are reporting this recommendation as an “Other Matter”. AmeriCorps stated that they have elected to perform an off-cycle risk assessment in FY 2024 for the RSVP program as an exercise of agency discretion in accordance with OMB guidance, rather than because it is mandated by law to do so.

¹² Under OMB Memorandum M-21-19, Section II C.1, the statutory threshold is determined by statute. Programs are considered to be above the statutory threshold if they are reporting an annual Improper Payments and Unknown Payments estimate that is either above \$10,000,000 and 1.5% of the program’s total annual outlays or above \$100,000,000 regardless of the associated percentage of the program’s total annual outlays that the estimated Improper Payments and Unknown Payments amount represents.

¹³ PIIA Section 3352, (a)(2) notes that an agency shall perform a risk assessment for each program and activity at least once every three years.

Summary of AmeriCorps Management's Response

AmeriCorps is committed to improving its payment integrity process and provides the following comments on the Office of the Inspector General (OIG) draft report on the agency's FY 2023 Payment Integrity Information Act audit, conducted by Saggar & Rosenberg P.C. The agency generally concurs with Finding 1 and does not concur with Findings 2 and 3 nor the Other Matter. AmeriCorps' response is attached to this report, in its entirety, in **Appendix C**

Auditor's Comments on AmeriCorps Management's Response

We appreciate AmeriCorps' response to our audit findings and recommendations and thank AmeriCorps for its cooperation during the FY 2023 PIIA audit. Overall, we believe AmeriCorps has made improvements in its PIIA Compliance year over year and we acknowledge the corrective actions it has identified to reduce its improper payments. While Management noted disagreement with findings 2 and 3, we believe the results of our audit confirm the findings and recommendations provided to AmeriCorps. We have reviewed Management's response and have determined their response does not change our analysis.

The OIG will keep recommendation 1 open and classify the status of the recommendation as disagreed in its Semiannual Report to Congress. AmeriCorps Management's proposed actions in response to the report appear to address recommendations 2 and 3. The OIG will keep recommendations 2 and 3 open until AmeriCorps submits documentation to demonstrate the completion and sufficiency of the corrective actions. AmeriCorps has one year from the issuance of this report to finalize its actions.

Saggar & Rosenberg, P.C.



Jeff Davis, CPA
Partner
May 15, 2024

APPENDIX A

BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY

Background

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

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

AmeriCorps' State and National Program (ASN)

- The ASN program provides funding to States, Territories, Tribes, and community-based organizations that manage members who serve full- or part-time on projects that align with certain priority areas. These areas include economic opportunity, education, healthy futures, disaster relief, economic opportunity, environmental stewardship, and veterans and military families. This program supports organizations that see service as a solution to local and national challenges and create powerful member experiences that result in lifelong civic engagement.

AmeriCorps' Seniors Program

- The AmeriCorps Seniors umbrella includes three programs that engage seniors aged 55+ in volunteerism: the Foster Grandparents Program (FGP), through which volunteers teach and mentor children; and the Senior Companions Program (SCP), through which volunteers help older adults live independently in their homes.

National Service Trust

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

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

payments. It repealed the Improper Payments Information Act of 2002 and related guidance¹⁴ but set forth similar improper payment reporting requirements.

In May 2023, OMB issued a revised Circular A-136, *Financial Reporting Requirements*, which refined the required reporting elements within the Payment Integrity section of agencies' annual reports.¹⁵ Additionally, in March 2021, OMB issued Memorandum M-21-19, which modified all prior OMB Circular A-123, Appendix C guidance and supported expanding the six compliance requirements under PIIA to a total of ten compliance requirements. Additionally, in October 2023, CIGIE updated the *Guidance for Payment Integrity Information Act Compliance Reviews* for a new checklist and additional examples of prior work that OIG may want to include.

Objectives

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

- a. Reviewing the Payment Integrity section of the FY 2023 AMR and information reported in supplemental data calls that AmeriCorps submitted to OMB to determine whether AmeriCorps complied with PIIA.
- b. Evaluating AmeriCorps' compliance with PIIA compliance factors to include:
 - i. Verifying that AmeriCorps (1) published improper payment information with its annual FS for the most recent fiscal year, and (2) posted that statement and any accompanying materials required under OMB guidance on the AmeriCorps website.
 - ii. Verifying that AmeriCorps conducted a program-specific risk assessment for each program or activity that conforms to the requirements under PIIA Section 3352(a), and that AmeriCorps adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.
 - iii. Verifying that AmeriCorps published improper payment estimates for all programs and activities identified under PIIA Section 3352(a) in the accompanying materials to the annual FS.
 - iv. Verifying that AmeriCorps published any programmatic CAPs that it had prepared under PIIA Section 3352(d) in the accompanying materials to the annual FS.

¹⁴ 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.

¹⁵ Agency Financial Reports (AFRs) or Performance and Accountability Report (PAR).

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

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

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

Scope

As established in CIGIE Guidance on PIIA Compliance Reviews, the scope of this performance audit included the improper payment and reporting details in AmeriCorps' FY 2023 AMR, Section *Other Information*, and within supplemental data calls AmeriCorps submitted to OMB. We designed procedures to gain an understanding of the risk assessment that AmeriCorps performed to identify programs that are susceptible to a significant risk of improper payments and unknown payments, as well as an understanding of the statistical sampling process and testing that AmeriCorps performed to calculate its estimated improper payment rates. Our procedures also included having a statistical subject matter expert evaluate the statistical validity of the estimated improper payment rates.

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

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

We performed this work remotely from November 2023 through May 2024. We discussed the contents of this report with AmeriCorps management in an exit conference held on April 19, 2024.

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 2023 AMR and supplementary OMB data call and confirmed that AmeriCorps posted the report and any accompanying materials to its website.
- Reviewed AmeriCorps' FY 2023 AMR and confirmed whether the presentation was in accordance with the form and content requirements outlined in OMB Circular No. A-136, *Financial Reporting Requirements* (Revised May 2023).
- Evaluated the completeness and accuracy of the PIIA reporting details presented in AmeriCorps' FY 2023 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 2023 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 2023 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 2022 AND FY 2023

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2023</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 2022: Compliant FY 2023: 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 2022: Not Compliant FY 2023: Compliant	Not Applicable. AmeriCorps appropriately conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C.	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years. Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.	Not Applicable. AmeriCorps appropriately conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C.

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>
Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the agency's risk assessment (if required).	FY 2022: Not Compliant FY 2023: Not Compliant	<p>(Finding 2) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 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) <p>(Finding 3) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 4. 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) 	Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual FS.	<p>(Finding 2) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 1. Reconcile the differences between grantees' internal accounting records and FFRs to determine the propriety of the component payments or require grantees to perform this reconciliation. In addition, AmeriCorps should test the unmatched reporting errors as improper payments to ensure accuracy, reliability, and consistency of their improper payment reporting. (Modified Repeat) 2. AmeriCorps should assess whether awardees associated with FFRs were submitted by eligible organizations during the FFR data pull process. If it is determined that any awardees were ineligible to receive the grant, AmeriCorps should include the entire FFR as an improper payment. (New)

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>
				<p>(Finding 3) We recommend that AmeriCorps:</p> <p>3. Publish improper payment and unknown payment estimates for NST in the accompanying materials provided with future annual financial statements in accordance with OMB guidance. (Modified Repeat)</p>
Published programmatic corrective action plans in the PAR or AFR (if required).	<p>FY 2022: Compliant</p> <p>FY 2023: Compliant</p>	Not Applicable. AmeriCorps appropriately published CAPs.	Published CAPs for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual FS.	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 meet the reduction targets.	<p>FY 2022: Compliant</p> <p>FY 2023: Compliant</p>	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 materials to the annual FS.	Not Applicable. AmeriCorps published annual reduction targets for each program with improper payment estimates above the statutory threshold.
		Not Applicable. AmeriCorps demonstrated that it has made	Has demonstrated improvements to	Not Applicable. AmeriCorps demonstrated that it has made

<i>PIIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2022</i>	<i>CIGIE/OMB Expansion</i>	<i>Recommendations to Address Non-Compliance for FY 2023</i>
		sufficient improvements to improve payment integrity.	payment integrity or reached a tolerable improper payment and unknown payment rate.	improvements to Payment integrity by having a higher rate of compliance across programs and greatly reduced the estimated improper payment rates for FGP and SCP.
		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.	Has developed a plan to meet the improper payment and unknown payment reduction target.	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.
Reported an improper payment estimate of less than ten percent for each program for which an estimate was published.	FY 2022: Not Compliant FY 2023: Not Compliant	<p>(Finding 1) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 1. Include additional terms and conditions within future <i>AmeriCorps General Grant and Cooperative Agreement Terms and Conditions</i> policy documents aimed at addressing the root causes of improper payments. (Repeat) 2. Implement financial consequences or additional reporting requirements for grantees that have confirmed improper payments. (Repeat) 	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>(Finding 1) We recommend that AmeriCorps:</p> <p>FY 2022 Prior Year Recommendations remain open.</p>

Appendix C

AMERICORPS MANAGEMENT'S RESPONSE



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
Carly Bruder, Acting Chief of Program Operations

RE: AmeriCorps Management Response to the FY 2023 OIG Payment Integrity Information Act (PIIA) Report

Date: May 13, 2024

AmeriCorps is committed to improving its payment integrity process and provides the following comments on the Office of the Inspector General (OIG) draft report on the agency's FY 2023 Payment Integrity Information Act audit, conducted by Saggar & Rosenberg P.C. The agency generally concurs with Finding 1 and does not concur with Findings 2 and 3 nor the Other Matter. Details are below.

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

AmeriCorps generally concurs with this finding and the associated recommendations.

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

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

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

Unmatched Reporting Errors

AmeriCorps maintains its position that aggregate Federal Financial Reports (FFR) do not represent payments. Further, that discrepancies between aggregate reporting, which must be reconciled at close



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

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

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

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

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



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

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

Payments to Ineligible Recipients

AmeriCorps does not concur with the condition that the agency awarded grants to ineligible recipients and that the AmeriCorps Seniors grants to State Commissions represent improper payments required to be included in the FY 2023 improper payment estimate. The agency implemented its approved random sampling methodology, which did not include random selection of the payments the auditors indicate should have been included in the rate. Further, the agency exercised its authority to waive the administrative requirements preventing State Commissions from operating AmeriCorps Seniors programming, allowing Commissions to compliantly manage these programs.

The audit states: “Since AmeriCorps’ FY 2023 PIIA population included these payments on Seniors grants made to state commissions, the audit concluded that the payments should have been included in the total amount of improper payments.” The agency implements an approved random sampling methodology and does not insert unselected, untested grantee payments into its published rate. The awards noted above were not selected as part of the agency’s FY 2023 sample, so this condition did not have and should not have had an effect on the published rates.

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

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

The State Service Commissions that were granted these awards were implementing approved programming furthering national service. AmeriCorps considers the waiver issued under 42 USC 12638(f) authoritative.

AmeriCorps will continue to review grant organization eligibility outside of the payment integrity program-- AmeriCorps assesses grantee eligibility in its internal control program and will expand testing in this area in response to the circumstance noted above.



Finding 3: AmeriCorps Did Not Publish Improper Payment and Unknown Payment Estimates for One Required Program.

AmeriCorps does not concur with this finding and recommendation. The agency performed the risk assessment in FY 2023 and will report a rate in FY 2024, as directed by OMB guidance.

The Office of Management and Budget (OMB) prescribes guidance to operationalize the law, which is found in OMB Circular A-123, Appendix C "Requirements for Payment Integrity Improvement." M-21-19 II. A. states, "If the assessment determines that it is likely that the program's IPs plus the program's UPs are above the statutory threshold then, [then] the **following year** the program should produce a statistically valid estimate of the program's IPs and UPs." (emphasis added) M-21-19 II.A. further states, "If the IP risk assessment demonstrates that the program is not likely to make IPs and UPs above the statutory threshold, then the program will not produce a statistically valid estimate in the following year and instead will conduct another IP risk assessment in three years." Additionally, M-21-19 page 15 states "A program should not operate in both Phases at once, meaning, if a program is operating in Phase 2, and reporting an annual IP estimate, the program should not also be spending resources to conduct an IP risk assessment during that same year."

AmeriCorps performed a risk assessment over the National Service Trust (Trust) in FY 2022 using the prescribed factors listed in 31 USC 3352(a)(3)(B)(1). The results of that risk assessment did not support a determination that the Trust would produce an improper and unknown payment rate above the statutory threshold. Following M-21-19 II.A, the agency was not required to report a statistically valid IP and UP rate in FY 2023.

In May of FY 2023, AmeriCorps received Audit OIG-AR-23-05, "Performance Audit of AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2022". This audit cited volume of Trust payments, increases in funding, results of prior OIG reviews, and similarity to other agency-administered programs to determine that the agency's determination of the Trust's susceptibility was flawed and recommended that the agency re-perform the assessment and publish improper payments and unknown payment estimates in future years. The recommendations and findings from the FY 2022 audit did not specific timing requirements for implementation. The FY22 recommendations and agency actions appear below.

- FY 2022 Audit Recommendation 4: Include the National Service Trust as a program susceptible to improper payments within future risk assessments.
AmeriCorps Action:
 - In response to this recommendation, AmeriCorps reperformed its susceptibility analysis in FY 2023. This analysis found the Trust susceptible, primarily citing the audit recommendation as a condition. Per OMB Guidance (M-21-19 II.C.2), "When an agency determines through IP risk assessment that the total annual IPs PLUS the UPs for the program are likely to be above the statutory threshold, the program will report an IP and UP estimate in the FY following the FY in which the risk assessment determination was made."
 - Since the determination that the Trust may report improper payment estimates over \$10M was made in FY 2023, a rate is not required to be reported until FY 2024.
 - AmeriCorps will publish improper payments and unknown estimates for the Trust in FY 2024.
- FY2022 Audit Recommendation 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.



AmeriCorps Action:

- AmeriCorps will publish improper payments and unknown estimates National Service Trust in FY 2024 in accordance with M-21-19, as rates are required to be reported in the year following the determination of susceptibility.

The agency believes the OMB guidance is clear regarding timing requirements for susceptibility assessment and testing; however, practical considerations are also relevant here. It would not have been possible for the agency to receive an audit recommendation in May of 2023 and then re-perform the susceptibility analysis, develop a testing methodology for an entirely new program, request and test grantee documents, perform an extrapolation, and report a rate—all within FY 2023. The agency considers the expectation that the agency would have conducted the assessment, performed the testing, and reported a rate all within the same year to be both inconsistent with OMB guidance and unfeasible.

AmeriCorps conducted Trust testing in FY 2024 on samples from disbursements made in FY 2023 that correspond to program years beginning in FY 2020. AmeriCorps' extrapolated Trust rates will be published in FY 2024 and support AmeriCorps' FY 2022 risk assessments results that the Trust is not susceptible to significant improper payment reporting per OMB guidance.

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

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

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

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

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

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

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

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

In conclusion, the Other Matter exceeds the scope of relevant statute and OMB guidance. Although AmeriCorps has elected to perform an off-cycle risk assessment in FY 2024 for the RSVP program, it is doing so as an exercise of agency discretion in accordance with OMB guidance. AmeriCorps will continue to comply with the law and consider relevant OMB guidance in determining if and when off-cycle risk assessments are required.

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

Audit Rec #	Recommendation	AmeriCorps Concurr ence	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. 	9/30/2024
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. 	9/30/2024



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