



AmeriCorps

OFFICE OF INSPECTOR GENERAL

PERFORMANCE AUDIT OF AMERICORPS' COMPLIANCE WITH THE PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR FISCAL YEAR 2020

FINAL AUDIT REPORT

NUMBER: OIG-AR-21-04

JUNE 24, 2021

OFFICE OF INSPECTOR GENERAL



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OFFICE OF INSPECTOR GENERAL
 **AmeriCorps**

June 24, 2021

MEMORANDUM TO: Malcom Coles
Acting Chief Executive Officer

FROM: Monique P. Colter /s/
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General Final Evaluation Report, OIG-AR-21-04:
*Performance Audit of AmeriCorps' Compliance with the Payment
Integrity Information Act of 2019 for Fiscal Year 2020*

Enclosed is the Office of Inspector General's Final Audit Report, OIG-AR-21-04: *Performance Audit of AmeriCorps' Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2020*. The performance audit was conducted by Cotton & Company LLP in accordance with standards established by the *Government Auditing Standards*, issued by the Comptroller General of the United States. If you have any questions about this report please contact me at (202) 875-0245 or m.colter@americorpsoig.gov.

cc: Jenny Mauk, Chief of Staff
Jill Graham, Chief Risk Officer
Gina Cross, Acting Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Rachel Turner, Audits and Investigations Program Manager
Megan Mesko, Partner, Cotton & Company LLP

Executive Summary

Date: June 24, 2021

Report No. OIG-AR-21-04



Why We Did This Audit

The Payment Integrity Information Act of 2019 (PIIA) requires that the Inspector General of each Federal agency 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 Cotton & Company LLP to conduct this performance audit of AmeriCorps' compliance with PIIA for Fiscal Year (FY) 2020.

Our audit objectives included determining whether AmeriCorps met the six PIIA compliance requirements outlined by the Office of Management and Budget (OMB), including determining whether AmeriCorps: (1) published and posted its FY 2020 Annual Management Report (AMR); (2) conducted risk assessments; (3) published improper payment estimates for susceptible programs; (4) published programmatic corrective action plans; (5) published and met annual reduction targets; and (6) reported a gross improper payment rate of less than ten percent.

What We Found

Despite its continuing efforts to improve its compliance with PIIA and preceding improper payments legislation, AmeriCorps remains noncompliant, as it did not meet four of the six PIIA requirements.

- Three of the four programs reported that more than ten percent of their payments were improper.
- AmeriCorps did not publish a complete and appropriate corrective action plan to reduce improper payments.
- AmeriCorps did not appropriately establish its published reduction targets.
- AmeriCorps did not estimate reliably the amount and the rate of improper payments made in the AmeriCorps State and National Program), Foster Grandparent Program, Senior Companion Program, and Retired and Senior Volunteer Program, due to errors in statistical extrapolation and because it erroneously excluded payments reported on Federal Financial Reports (FFRs) that could not be reconciled to the grantee's internal accounting records (unmatched reporting errors).

What We Recommend and Management's Comments

AmeriCorps generally concurred with and agreed to implement our recommendations to update its improper payment standard operating procedures, strengthen supervision and oversight of the sample selection, testing, and statistical projection procedures, and develop and implement actions to reduce the improper payment rates below ten percent for FY 2021.

Although AmeriCorps believes that it appropriately accounted for unmatched reporting errors, it did agree to perform an analysis to determine the efficacy of its grant closeout and reconciliation procedures and the appropriateness and feasibility of incorporating FFR reconciliations into its payment integrity testing.

OFFICE OF INSPECTOR GENERAL
PERFORMANCE AUDIT OF AMERICORPS' COMPLIANCE WITH THE
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR
FISCAL YEAR 2020

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**PERFORMANCE AUDIT OF AMERICORPS' COMPLIANCE WITH THE
PAYMENT INTEGRITY INFORMATION ACT OF 2019 FOR
FISCAL YEAR 2020**

I. Results in Brief

AmeriCorps continued to report improper payment rates that exceeded the ten percent threshold required to comply with the Payment Integrity Information Act of 2019 (PIIA) for the Foster Grandparent Program (FGP), the Senior Companion Program (SCP), and the Retired and Senior Volunteer Program (RSVP) in fiscal year (FY) 2020,¹ as it did not adequately plan to reduce improper payments. Further, although AmeriCorps published an improper payment rate that was below the ten percent threshold required for the AmeriCorps State and National (ASN), as a result of errors in AmeriCorps' sampling methodology and statistical projections, the improper payment rates that AmeriCorps reported for ASN, FGP, SCP, and RSVP are not accurate or reliable.²

The rate of improper payments reported in each of the four programs was lower than in FY 2019, with substantial decreases that met AmeriCorps' reduction targets in all four programs. AmeriCorps attributes these decreases to the implementation of an approved third-party vendor solution that grantees may use to perform required criminal history checks, previously the primary root cause of AmeriCorps' improper payments. Although this corrective action reduced the improper payment rates in FY 2020, AmeriCorps continued to report improper payment rates equal to or above the ten percent threshold for the FGP, SCP, and RSVP programs.

As in the past, we identified flaws in multiple stages of AmeriCorps' improper payments assessment process, many of which occurred because AmeriCorps did not have adequate resources to perform the PIIA assessment or adequate supervision and oversight of the process. In addition, AmeriCorps did not ensure that it had appropriate measures in place to plan and hold individuals accountable for reducing improper payments. As a result, AmeriCorps will have to submit noncompliance reports to Congress and to the Comptroller General regarding its noncompliance with payment integrity factors for more than 4 years, in accordance with PIIA.³

However, AmeriCorps made improvements in FY 2020 that brought it closer to complying with PIIA reporting requirements. Specifically, AmeriCorps implemented corrective actions that improved its performance in:

¹ The Improper Payments Information Act (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), which was applicable prior to PIIA, also required agencies to report an improper payment rate below ten percent.

² AmeriCorps' treatment of unmatched reporting errors may cause it to under-report the improper payment rates for ASN, FGP, SCP, and RSVP. Further, AmeriCorps confirmed that it published inaccurate rates for the FGP and RSVP programs as a result of statistical projection errors.

³ PIIA Section 3353.b, Paragraphs 1 through 4 identify the required agency reporting based on the number of consecutive years the agency has not complied with the payment integrity compliance factors.

- Meeting published improper payment reduction targets; and
- Reporting an improper payment rate of less than ten percent for one program.

PIIA Compliance⁴

AmeriCorps did not meet four of the six requirements for PIIA compliance, shown in the table below. The unmet criteria relate to the goal of the statute; *i.e.*, identifying and reducing improper payments.

Program Name	Published an Annual Management Report	Conducted a Risk Assessment ⁵	Published Accurate, Reliable Improper Payment Estimate	Published Adequate Corrective Action Plans	Published and Developed a Plan to Meet Reduction Targets	Reported an Improper Payment Rate of Less Than Ten Percent	Total Non-Compliances
ASN	Met	Met	Not Met	Not Met	Not Met	Met	3
FGP	Met	Met	Not Met	Not Met	Not Met	Not Met	4
RSVP	Met	Met	Not Met	Not Met	Not Met	Not Met	4
SCP	Met	Met	Not Met	Not Met	Not Met	Not Met	4

Source: Auditor's analysis of whether AmeriCorps met the six PIIA compliance requirements.

Specifically,

- The rate of improper payments in three of the four programs exceeded the acceptable PIIA compliance threshold of ten percent.
- Although AmeriCorps published corrective action plans (CAPs) within the supplemental data calls it provided to the Office of Management and Budget (OMB) and met its FY 2020 reduction targets published in its FY 2019 Annual Management Report (AMR), it was unable to demonstrate that its CAPs were adequate to reduce improper payments, that it had effectively implemented these CAPs, or that it prioritized the CAPs.
- AmeriCorps was unable to demonstrate that it developed a plan to meet its reduction targets or that its FY 2021 reduction targets set for each program were appropriately aggressive and realistic based on the program characteristics.

⁴ To be considered compliant, Federal agencies must comply with all six applicable requirements.

⁵ AmeriCorps noted that, because there were no substantial changes in legislation, program operations, or funding at the agency, program, or activity level in FY 2020, and because it performed a risk assessment in FY 2018, the next risk assessment will occur in FY 2022, as required by OMB Circular A-123 Part 1, C.1.

- The improper payment estimates reported by AmeriCorps in FY 2020 were not accurate or reliable. Specifically, AmeriCorps did not consistently follow its testing methodology for identifying improper payments and did not consistently document its testing results. Additionally, we found errors in the statistical extrapolations used to estimate the rate and amount of improper payments in two programs, FGP and SCP, reflecting a lack of support to ensure that AmeriCorps accurately projects and reports its improper payment rates.
- Further, AmeriCorps' methodology for estimating improper payments does not allow testers to fully examine instances where the total amount recorded in a grantee's accounting system does not match the dollar amount reported on the grantee's Federal Financial Report (FFR), as well as instances where the documentation received does not support the total reported in a prior sampling stage, which may have skewed the estimate.

Summary of Recommendations

We recommend that AmeriCorps take the following corrective actions:

- Update its improper payment standard operating procedures (SOPs) to include processes and procedures surrounding the establishment, monitoring, and prioritization of CAPs and reduction targets.
- Strengthen supervision and oversight of the sample selection, testing, and statistical projection procedures to ensure that it appropriately selects and tests samples and appropriately projects improper payments rates.
- Fully implement planned programmatic corrective actions and identify periodic reporting mechanisms to address the root causes of improper payments identified in the ASN, FGP, RSVP, and SCP grant programs.
- Develop and implement actions to reduce the improper payment rates for the FGP, RSVP, and SCP programs below ten percent for FY 2021.

II. Background

PIIA repealed the Improper Payments Information Act of 2002 (IPIA) 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 and November 2020, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) issued *Guidance for Payment Integrity Information Act Compliance Reviews*, which

⁶ PIIA repealed IPIA, IPERA, IPERIA, and the Fraud Reduction and Data Analytics Act of 2015.

expanded upon the OIGs' responsibilities under the updated requirements in PIIA and identified all criteria that OIGs should consider when performing PIIA audits.

In August 2020, 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. Additionally, in March 2021, OMB issued Memorandum M-21-19, which modified all prior OMB Circular A-123, Appendix C guidance. However, we used OMB Memorandum M-18-20, *Requirements for Payment Integrity Improvement*, for this audit, as M-21-19 is not effective for PIIA audits prior to FY 2021.

III. Audit Results

Our audit objectives were to determine whether AmeriCorps met all of the requirements of PIIA in the Payment Integrity section of its FY 2020 AMR and accompanying materials, as well as to evaluate AmeriCorps' efforts to prevent and reduce improper payments. We determined that AmeriCorps did not meet four of the six applicable PIIA compliance requirements. The following table identifies each of these criteria, states whether AmeriCorps complied with each criterion, and provides a brief explanation of AmeriCorps' FY 2020 PIIA testing results.

Criteria for PIIA Compliance	Result ⁷	Explanation of Results
Published improper payments information within the annual management report or annual financial statement 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.	Compliant	AmeriCorps appropriately published improper payments 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).	Compliant	AmeriCorps performed a qualitative risk assessment in FY 2018 to determine programs susceptible to improper payments. Moreover, there were no substantial changes in legislation, program operations, or funding at the agency, program, or activity level in FY 2020.
Published improper payment estimates for all programs and activities identified as	Not Compliant	AmeriCorps appropriately published improper payment estimates for the ASN, FGP, RSVP, and SCP programs;

⁷ OMB Memorandum M-18-20 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.

Criteria for PIIA Compliance	Result ⁷	Explanation of Results
susceptible to significant improper payments under the agency's risk assessment (if required).		however, the estimates were not complete or accurate, and we were unable to rely on AmeriCorps' testing. See Findings 3 and 4.
Published programmatic corrective action plans in the PAR or AFR (if required).	Not Compliant	AmeriCorps published CAPs in its AMR; however, it was unable to support that its CAPs were adequate to reduce improper payments, that it had effectively implemented the CAPs, or that it had prioritized the CAPs. See Finding 2.
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.	Not Compliant	AmeriCorps published annual reduction targets for each program assessed to be at risk and measured for improper payments; however, it was unable to support that it had developed a plan to meet its FY 2021 reduction targets. See Finding 2.
Reported an improper payment estimate of less than ten percent for each program for which an estimate was published.	Not Compliant	AmeriCorps reported a gross improper payment rate of less than ten percent for its ASN program; however, the rates published for the FGP, RSVP, and SCP programs were equal to or greater than ten percent. 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 for three programs. [Modified repeat finding from FY 2019]

Although the grantees' use of AmeriCorps' approved vendors to verify compliance with the required national service criminal history checks significantly reduced the published improper payment rates in AmeriCorps' FY 2020 AMR, AmeriCorps did not achieve improper payment rates of less than ten percent for three programs identified as susceptible to improper payments, as required.⁸ Specifically, AmeriCorps reported a gross improper payment rate of less than ten percent for its ASN program; however, the rates published for the FGP, RSVP, and SCP programs were equal to, or greater than, ten percent, as follows:

⁸ PIIA Section 3351, Paragraph 2, Part F, notes that an agency has achieved compliance if it has reported an improper payment rate of less than ten percent for each program and activity for which an estimate was published.

Program	FY 2020 Reported Improper Payment Rate ⁹	Improper Payment Rate Less Than Ten Percent?
ASN	8.5%	Met
FGP	14.2%	Not Met
RSVP	17.4%	Not Met
SCP	10.0%	Not Met

Source: AmeriCorps' FY 2020 AMR and auditor's analysis.

AmeriCorps has reported a gross improper payment rate of greater than ten percent for the FGP, RSVP, and SCP programs since FY 2016.

AmeriCorps reduced the barriers for grantee compliance by providing agency-approved vendors to complete the required national service criminal history checks. However, compliance barriers still exist. AmeriCorps has not developed sufficient risk assessment, monitoring, or training procedures to ensure grantees have sufficient controls in place to prevent non-criminal history check-related issues. These issues represented 70 percent of the improper payments AmeriCorps identified in the FGP, RSVP, and SCP programs. Specifically, AmeriCorps determined that 121 of the 173 improper payments identified in the FGP, RSVP, and SCP programs had root causes that were not related to criminal history checks, such as calculation errors, incorrect or unsupported salary allocations, miscoded expenses, indirect cost issues, unallowable costs, and unsupported allocation methodologies.

Recommendations: We recommend that AmeriCorps:

1. Refine its grantee risk assessment processes to ensure it appropriately evaluates and documents its determination of grantee risk levels in regard to non-criminal history check issues.
2. Implement additional monitoring activities and/or impose additional award terms and conditions on grantees with confirmed improper payments and/or on grantees identified as medium or high risk based on the results of AmeriCorps' risk assessment.
3. Provide additional training to grantees regarding how to implement sufficient controls to detect and prevent common root causes for improper payments, other than criminal history check issues.

Modified repeat recommendation for FY 2020

⁹The FY 2020 improper payment rates that AmeriCorps reported, including the 8.5 percent (*i.e.*, compliant) rate that it reported for the ASN program, are not accurate or reliable. (See Finding 3)

Finding 2: AmeriCorps did not adequately plan to reduce improper payments. [New Finding FY 2020]

AmeriCorps was unable to support that its CAPs or its plans to meet its reduction targets were adequate to reduce improper payments, were effectively implemented, and were prioritized within the agency, or whether adequate procedures existed to measure the effectiveness of the CAPs in reducing improper payments to ensure compliance with PIIA.¹⁰ An agency is in compliance if it publishes programmatic CAPs and improper payment reduction targets for each program or activity assessed to be at risk, has demonstrated improvements, and has developed a plan to meet the reduction targets. Specifically:

- AmeriCorps was unable to support that it had developed a plan to meet the reduction targets it published for the four programs it identified as susceptible to improper payments, as required.¹¹
 - Although the CAPs that AmeriCorps provided to address the findings and recommendations from the FY 2019 IPERA audit report (see OIG Report [20-04](#)) included developing a detailed plan to achieve its reduction targets, AmeriCorps did not provide documentation to support that it had produced this plan.
 - Although AmeriCorps was only required to report reduction targets for the FGP, RSVP, and SCP programs, it also reported a reduction target for the ASN program, which achieved an improper payment rate that was less than ten percent.
- The one percent reduction targets established for FY 2021 that AmeriCorps published did not appear to be appropriately established to reduce improper payments at a percentage that represented a balance between being aggressive and realistic, as recommend by OMB.¹²
 - Although AmeriCorps met its aggressive and realistic reduction targets in FY 2020, its process for establishing its FY 2021 target rates did not take into account either the individual programs for which it had set the reduction targets or the current improper payment rates for those programs.
- AmeriCorps' CAPs do not include measurable milestones with planned completion dates and assigned accountable officials or responsible parties. Further, AmeriCorps does not have a documented process for monitoring the progress of CAPs to hold accountable those officials (or other relevant parties) who are responsible for completing CAP

¹⁰ PIIA Section 3351, Paragraph 2, Parts D and E.

¹¹ The November 2020 CIGIE Guidance for PIIA Compliance Reviews states that OIGs are required to determine whether the agency developed a plan to meet its planned reduction targets and notes, "If all required programs/activities were not included in the plan, then the agency did not meet this PIIA criterion."

¹² The November 2020 CIGIE Guidance for PIIA Compliance Reviews states that OIGs should determine if the agency's published reduction targets are appropriately aggressive and realistic.

milestones or to measure the effectiveness of CAPs in reducing improper payments, as recommended by OMB.¹³

AmeriCorps' improper payment SOPs did not include sufficient guidance to address how to effectively develop, document, and monitor CAPs or other plans designed to reduce improper payments and meet published reduction targets. As a result, AmeriCorps may not be able to reduce improper payments effectively and consistently. Further, without establishing appropriately aggressive and realistic reduction targets, AmeriCorps may continue to report improper payment rates that are above PIIA's ten percent statutory compliance threshold.

Recommendations: We recommend that AmeriCorps:

4. Update its improper payment standard operating procedures to include a step-by-step process for developing, implementing, and tracking corrective action plans that includes, at a minimum, detailed measurable milestones, accountable parties assigned to each milestone, planned completion dates for each milestone, status update fields, and periodic updates on milestone progress.
5. Update its improper payment standard operating procedures to include a step-by-step process for establishing and publishing reduction targets that are program-specific and designed to reduce each program's improper payment rate to less than the ten percent statutory compliance threshold.

**Finding 3: AmeriCorps' published improper payment rates are not accurate or reliable.
[Modified repeat finding from FY 2019]**

AmeriCorps' published FY 2020 improper payment rates for the ASN, FGP, RSVP, and SCP programs are not accurate or reliable, as required to be compliant with PIIA,¹⁴ as a result of the following issues:

1. The improper payment rates that AmeriCorps reported for the FGP and SCP programs in its FY 2020 AMR were not accurate or reliable. This discrepancy occurred as a result of the following:
 - a. AmeriCorps did not properly input the data it used to perform the improper payment projection. Specifically, we identified eight sampled items for FGP and one sampled item for SCP in which the improper payments that AmeriCorps had projected at the first stage of the sample were inaccurate due to errors in inputting the data into the statistical script that performed the projection. For

¹³ PIIA Section 3353.a, Paragraph 4, Part B.iii, states that OIGs are required to evaluate whether the agency's CAPs are reducing improper payments, effectively implemented, and prioritized within the agency.

¹⁴ PIIA Section 3351, Paragraph 2, Part C, states that an agency has achieved compliance if it has published improper payment estimates. In addition, PIIA Section 3352.c, Paragraph 1, states that the agency shall produce a statistically valid estimate and publish it within the annual financial statement.

example, AmeriCorps' sampling spreadsheet supported FY 2020 improper payment rates for FGP and SCP of 14.15 percent and 10.05 percent, respectively. However, AmeriCorps determined that it should have reported FY 2020 improper payment rates for FGP and SCP of 14.21 percent and 10.18 percent, respectively.

- b. AmeriCorps did not appropriately calculate the amount of the payment that was determined to be improper for one sampled SCP item.
2. AmeriCorps did not consistently follow its methodology and written procedures for selecting sample transactions at each stage of the sampling process beyond the FFR. Specifically, we identified one instance in which AmeriCorps selected the wrong transaction from the accounting data provided to support costs claimed in the sampled ASN FFR.
3. AmeriCorps' sampling methodology may result in an inconsistent or anomalous sample selection, which can increase the amount of non-sampling risk that an agency disregards in its calculation and estimate of rates and amounts of improper payments. Specifically, AmeriCorps' sampling methodology for all four programs allows subjective removal of general ledger (GL) or accounting system records that have zero-dollar values prior to sampling.¹⁵ Without a specific rule for the treatment of zero-dollar value transactions, AmeriCorps introduces potential bias in the statistical sample.
4. When making its improper payment determinations, AmeriCorps excluded certain cases in which it was unable to establish the propriety of the payment based on a lack of supporting documentation. Specifically, for all four programs, AmeriCorps reports an unmatched reporting error, rather than an improper payment, whenever the sum recorded in the grantee's accounting system (e.g., its GL or trial balance) does not match the dollar amount that the grantee recorded on its FFR or reported for the prior stage. AmeriCorps requests that the grantee provide GL entries or other accounting system records to support the amount claimed on the sampled FFR. AmeriCorps uses this documentation to select a second-stage sample; if the second-stage sample selected is not at the individual payment level, AmeriCorps will request additional GL or accounting system data to enable it to select a third-stage sample. AmeriCorps will continue this process until it selects an assessable payment. By using this methodology, AmeriCorps disregards unmatched reporting error amounts and leaves them unresolved.

A difference between a grantee's internal accounting records and the amounts it reported on its FFR does not necessarily represent an improper payment; however, AmeriCorps did not perform the reconciliation analysis needed to support the individual expenditures contained in the variance. Instead, AmeriCorps' methodology eliminates these variances from the sample without regard to whether the entity was able to support the payments,

¹⁵ AmeriCorps' sampling methodology allows the analyst to subjectively include or exclude zero-dollar value transactions prior to sampling.

which is not consistent with applicable OMB requirements.¹⁶ Specifically, OMB states that, when an agency's review is unable to discern whether a payment was proper as a result of insufficient documentation, this payment should be considered an improper payment.

AmeriCorps' management and its statistical consultant did not have adequate controls over the review of the improper payment testing data and the input of the data into the statistical software to prevent or detect errors. Additionally, AmeriCorps did not have sufficient support from its statistical consultant to ensure that the statistical sampling process used to produce its FY 2020 estimated improper rates would result in a complete and accurate estimate of the rates.

With regard to unmatched reporting errors, AmeriCorps management has not appropriately applied the guidance from OMB M-18-20 with respect to the definition of an improper payment. AmeriCorps management views improper payments as errors in classifying, aggregating, and reporting payments and therefore considers improper payments to be directly related to the grantee's ability to appropriately aggregate and report cost to AmeriCorps, rather than to its ability to properly make or allocate payments as charges to the Federal fund; however, this is not consistent with OMB guidance. In addition, AmeriCorps has not appropriately allocated resources or required grantees to perform the reconciliation analysis needed to support the individual expenditures contained in the variance.

As a result, the improper payment rates published in AmeriCorps' FY 2020 AMR do not accurately represent the true improper payment rates applicable to the ASN, FGP, RSVP, and SCP grant programs. Publishing inaccurate and incomplete improper payment rate estimates does not provide users of the AMR with an accurate representation of the potential waste of agency funds.

Recommendations: We recommend that AmeriCorps:

6. Implement appropriate edit and oversight controls over the testing results and input data to ensure the completeness and accuracy of the published improper payment estimates.
7. Strengthen supervision and oversight of the sample selection process to ensure that it selects samples in accordance with its methodology and written procedures.
8. Implement and consistently apply a rule for the treatment of zero-dollar value transactions in the sample population.
Modified repeat recommendation for FY 2020
9. Reconcile the differences between grantees' internal accounting records and Federal Financial Reports—or require grantees to perform this reconciliation—to determine the

¹⁶ OMB Memorandum M-18-20 Part I, Section A, Subsection 1. Additionally, PIIA Section 3352.c, Paragraph 2 contains similar language.

propriety of the component payments and to identify whether unmatched reporting errors are improper payments when projecting the improper payment estimate.

Modified repeat recommendation for FY 2020

Finding 4: AmeriCorps did not consistently follow its testing methodology to identify improper payments. [Modified repeat finding from FY 2019]

AmeriCorps did not maintain appropriate documentation to support that it consistently followed its PIIA testing methodology when documenting PIIA testing results for the ASN, FGP, RSVP, and SCP programs. Although we do not believe these instances impacted the accuracy of the published improper payment rates, as we agreed with AmeriCorps' determination regarding the propriety of each of the 60 randomly sampled transactions (split evenly among ASN, FGP, RSVP, and SCP), we identified five¹⁷ instances in which AmeriCorps' documentation did not support that it accurately followed its testing methodology as required by OMB Memorandum M-18-20,¹⁸ including:

- One instance in which AmeriCorps incorrectly noted that a required mileage form was not applicable for a sampled FGP item.
- Two instances in which AmeriCorps did not identify which of the two start dates identified for an employee was correct for sampled FGP and RSVP items.
- One instance in which AmeriCorps noted that an individual had recurring access to vulnerable populations when the supporting documentation indicated this sampled individual did not have such access for a sampled ASN item.
- One instance in which AmeriCorps incorrectly recorded the sample transaction date in its national service criminal history check tracker for a sampled RSVP item.

AmeriCorps did not provide sufficient training, supervision, or oversight to ensure that its personnel thoroughly documented PIIA testing results in a clear, consistent, and organized manner to support its final conclusions regarding whether a payment was proper or improper. Without adequate controls and oversight, AmeriCorps may not correctly identify improper payments and may publish estimated improper payment error rates and dollar amounts that do not accurately represent the potential loss to the government. Moreover, an inability to correctly

¹⁷ We identified a total of seven instances in which AmeriCorps did not consistently follow its testing methodology; however, because two of these instances may have impacted the accuracy and reliability of AmeriCorps' published improper payment rates, we have reported those instances in Finding 3 instead.

¹⁸ OMB Circular A-123, Appendix C, Memorandum M-18-20, Part I.D.3 states that OMB is to "instruct agencies to give persons or entities producing improper payment estimates access to all necessary payment data, including access to relevant documentation. In order to produce accurate improper payment estimates, agencies must provide full documentation to persons or entities producing their improper payment estimates... material being held in order for post-payment audits to be performed and to allow internal and external auditors to replicate reported results."

identify improper payments may impede AmeriCorps' efforts to determine and remedy the underlying causes, preventing reductions in future improper payments.

Recommendations: We recommend that AmeriCorps:

10. Update the mandatory training for all AmeriCorps reviewers and supervisors based on the latest test plans and require all reviewers and supervisors take the updated training to ensure they use consistent testing methodologies and document retention plans.

Modified repeat recommendation for FY 2020

11. Implement controls that strengthen supervision and oversight to ensure that AmeriCorps reviewers thoroughly, sufficiently, and adequately document all testing attributes and final conclusions and maintain adequate supporting documentation, justification, and rationale to support their conclusions.

Modified repeat recommendation for FY 2020

SUMMARY OF AMERICORPS MANAGEMENT'S RESPONSE

AmeriCorps generally concurred with the recommendations provided and stated that it would implement these recommendations. The sole exception relates to unmatched reporting errors, which AmeriCorps believes that it has handled appropriately. Nevertheless, AmeriCorps responded that it will analyze the efficacy and feasibility of incorporating FFR reconciliations into its payment integrity processes, as detailed in recommendation nine.

AmeriCorps attributed the substantial drop in its improper payment rates and its improved ability to meet its reduction targets to the success of its 2018 CAP, encouraging grantees to engage an approved vendor to conduct required criminal history checks. Due to this drop, AmeriCorps elected to set "modest and appropriate" targets for FY 2021. Specifically, AmeriCorps considered the following issues in setting its FY 2021 targets: (1) the additional root causes of improper payments identified based on the 2018 results; (2) the unknown impact and additional workload of COVID-19 at the time of target publication, and (3) the lack of Senior Accountable Officials available due to the nature of their political positions.

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 2020 PIIA audit. We further note that AmeriCorps has made important strides in its PIIA compliance, and we acknowledge the corrective actions it has taken to reduce the improper payments caused by national service criminal history check challenges, which have resulted in a considerable reduction in its improper payment rates.

Cotton & Company LLP

A handwritten signature in black ink that reads "M.P. Mesko". The letters are cursive and slightly slanted to the right.

Megan Mesko, CPA, CFE
Partner
June 15, 2021

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 CIGIE Guidance on PIIA Compliance Reviews and OMB Memorandum M-18-20, including:

- a. Reviewing the Payment Integrity section of the FY 2020 AMR and information reported in supplemental data calls that AmeriCorps submitted to OMB to determine whether AmeriCorps is in compliance with PIIA.
- b. Evaluating AmeriCorps' compliance with PIIA compliance factors by:
 - i. Verifying that AmeriCorps (1) published improper payments information with its annual financial statement 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).
 - 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 financial statement.
 - iv. Verifying that AmeriCorps published any programmatic corrective action plans that it had prepared under PIIA Section 3352(d) in the accompanying materials to the annual financial statement.
 - 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 financial statement for each program or activity assessed to be at risk, and that it demonstrated improvement 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, 2018 Revision, 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 2020 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, as well as an understanding of the statistical sampling process and testing that AmeriCorps performed to calculate its improper payment estimate. Our procedures also included having a statistical subject matter expert evaluate the statistical validity of the improper payment estimate.

We reviewed applicable Federal and CIGIE guidance, as well as other relevant documents provided by AmeriCorps and the 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 in Virginia, in a remote setting due to COVID-19, during the period from February 26 through June 16, 2021. We discussed the contents of this report with AmeriCorps management in an exit conference held on May 26, 2021.

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.

- IPERA (Public Law 111-204) amended IPIA and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by OMB. In addition, section 3 of IPERA required Inspectors General to review each agency's improper payment reporting and issue an annual report. On March 2, 2020, PIIA (Public Law 116-117) repealed IPERA and other related laws but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. Because OMB was not expected to issue its final guidance related to PIIA until February 2021,¹⁹ we initiated our FY 2020 annual compliance review using a combination of the requirements in OMB Circular A-123, Appendix C (M-18-20, June 2018), OMB Circular A-136 (August 2020), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the CIGIE guidance required under PIIA.
- Reviewed AmeriCorps' FY 2020 AMR and OMB data call and supplements and confirmed that AmeriCorps posted the report and any accompanying materials to its website.
- Reviewed AmeriCorps' FY 2020 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 2020).
- Evaluated the completeness and accuracy of the PIIA reporting details presented in AmeriCorps' FY 2020 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 2020 AMR and OMB data call and supplements.²⁰
- 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 and risk assessment processes by conducting re-performance testing using AmeriCorps' test plans.

¹⁹ OMB published M-21-19, Appendix C to OMB Circular A-123 on March 5, 2021. As this guidance noted that M-21-19 is applicable to FY 2021 PIIA compliance no changes were made to the audit program.

²⁰ AmeriCorps underwent a change in its contracted statisticians in the middle of its evaluation, which caused it to use two different statistical methodologies on the two separate halves of the data. The audit team was therefore required to evaluate different programs, scripts, and outputs for accuracy and completeness.

- Confirmed whether AmeriCorps was required to publish corrective action plans in its FY 2020 AMR and OMB data call and supplements.
- Confirmed whether AmeriCorps has published, and met, improper payment reduction targets for each program assessed and measured to be at risk for improper payments.
- 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 OMB data call and supplements.
- Evaluated other activities that AmeriCorps performed to reduce and recapture improper payments.
- 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 2019 AND FY 2020

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
Published a PAR or AFR for the most recent fiscal year and posted that report and any accompanying materials required by OMB on the agency website.	FY 2019: Compliant FY 2020: Compliant	Not Applicable. CNCS published an AMR on its website that contained all materials required by OMB and therefore met this compliance criterion.	Published improper payments information within the annual management report or annual financial statement 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.	Not Applicable. AmeriCorps reported on its recovery audit program, fraud reduction report, and improper payment rates in the Payment Integrity section of its AMR. Further, the data call and supplements that AmeriCorps submitted to OMB included additional improper payment information.
Conducted a program-specific risk assessment for each program or activity that conforms with Section 3321 of Title 31 U.S.C. (if required)	FY 2019: Compliant FY 2020: Compliant	Not Applicable. CNCS performed a qualitative risk assessment in FY 2018 to determine programs susceptible to improper payments and did not experience any substantial changes in legislation, program operations, or funding at the agency-, program-, or activity-level in FY 2019, and as such, met this compliance criterion.	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).	Not Applicable. AmeriCorps performed a qualitative risk assessment in FY 2018 to determine programs susceptible to improper payments and did not experience any substantial changes in legislation, program operations, or funding at the agency, program, or activity level in FY 2020; as such, AmeriCorps met this compliance criterion.

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</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 2019: Not Compliant FY 2020: Not Compliant	(Finding 3) We recommend that CNCS: 1. Update its sampling and estimation methodology to require reconciliations of variances between the grantees' internal accounting records and their Federal Financial Reports to determine the propriety of the component payments, or require grantees to perform this reconciliation. Otherwise, CNCS should treat unmatched reporting errors as improper payment errors when projecting the improper payment estimate. <i>New recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i> 2. Update its sampling and estimation methodology	Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the agency's risk assessment (if required).	(Finding 3) We recommend that AmeriCorps: 1. Implement appropriate edit and oversight controls over the testing results and input data to ensure the completeness and accuracy of the published improper payment estimates. 2. Strengthen supervision and oversight of the sample selection process to ensure that it selects samples in accordance with its methodology and written procedures. 3. Implement and consistently apply a rule for the treatment of zero-dollar value transactions in the sample population. <i>Modified repeat recommendation for FY 2020</i>

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>to implement and consistently apply a rule for the treatment of zero-dollar value transactions in the sample population. <i>New recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>(Finding 4) We recommend that CNCS:</p> <ol style="list-style-type: none"> 1. Update the mandatory training for all CNCS reviewers and supervisors based on the latest test plans and require all reviewers and supervisors take the updated training to ensure consistent testing methodologies and documentation retention plans. <i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i> 		<ol style="list-style-type: none"> 4. Reconcile the differences between grantees' internal accounting records and Federal Financial Reports—or require grantees to perform this reconciliation—to determine the propriety of the component payments and to identify whether unmatched reporting errors are improper payments when projecting the improper payment estimate. <i>Modified repeat recommendation for FY 2020</i> <p>(Finding 4) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 1. Update the mandatory training for all AmeriCorps reviewers and supervisors based on the latest test plans and require that all reviewers and supervisors

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>2. Implement controls that strengthen supervision and oversight to ensure that CNCS reviewers thoroughly, sufficiently, and adequately document all testing attributes and final conclusions and maintain adequate supporting documentation, justification, and rationale to support their conclusions.</p> <p><i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p>		<p>take the updated training to ensure they use consistent testing methodologies and document retention plans.</p> <p><i>Modified repeat recommendation for FY 2020</i></p> <p>2. Implement controls that strengthen supervision and oversight to ensure that AmeriCorps reviewers thoroughly, sufficiently, and adequately document all testing attributes and final conclusions and maintain adequate supporting documentation, justification, and rationale to support their conclusions.</p> <p><i>Modified repeat recommendation for FY 2020</i></p>

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
Published programmatic corrective action plans in the PAR or AFR (if required).	FY 2019: Compliant FY 2020: Not Compliant	Not Applicable. CNCS published programmatic corrective action plans in the AMR and therefore met this compliance criterion.	Published programmatic corrective action plans in the PAR or AFR (if required).	(Finding 2) We recommend that AmeriCorps: <ul style="list-style-type: none"> 1. Update its improper payment standard operating procedures to include a step-by-step process for developing, implementing, and tracking corrective action plans that includes, at a minimum, detailed measurable milestones, accountable parties assigned to each milestone, planned completion dates for each milestone, status update fields, and periodic updates on milestone progress.

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
				<p>2. Update its improper payment standard operating procedures to include a step-by-step process for establishing and publishing reduction targets that are program-specific and designed to reduce each program's improper payment rate to less than the ten percent statutory compliance threshold.</p>
Published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable).	<p>FY 2019: Not Compliant</p> <p>FY 2020: Not Compliant</p>	<p>(Finding 2) We recommend that CNCS:</p> <ol style="list-style-type: none"> 1. Fully implement its planned programmatic corrective actions and identify periodic reporting mechanisms to address the root causes of identified improper payments in the AmeriCorps, FGP, RSVP, and SCP grant programs. 	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>(Finding 2) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 1. Update its improper payment standard operating procedures to include a step-by-step process for developing, implementing, and tracking corrective action plans that includes, at a minimum, detailed measurable milestones, accountable parties assigned to each

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p><i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>2. Coordinate with relevant AmeriCorps, FGP, RSVP, and SCP program staff to determine whether the corrective actions currently in progress are adequate for all improper payments identified during the FY 2019 IPERA testing (including both those related to criminal history checks and those that were not related to criminal history checks). Then, revise corrective actions as needed, and draft a step-by-step approach to complete the corrective actions, with specific milestones identifying target completion dates and responsible program staff to ensure that both</p>		<p>milestone, planned completion dates for each milestone, status update fields, and periodic updates on milestone progress.</p> <p>2. Update its improper payment standard operating procedures to include a step-by-step process for establishing and publishing reduction targets that are program-specific and designed to reduce each program's improper payment rate to less than the ten percent statutory compliance threshold.</p>

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>CNCS's Office of the Chief Risk Officer staff and program staff can be held accountable.</p> <p><i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>3. Establish accountability measures for program officials responsible for prioritizing and completing specific milestones and include those accountability measures in the individual performance plans.</p> <p><i>New recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p>		

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>4. Develop periodic reporting mechanisms to track the progress of actions needed to resolve the root causes of improper payments for each program, as outlined in the milestone schedule. <i>New recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>5. Develop a detailed plan to achieve the targets based on an evaluation of the root causes of improper payments identified in the FY 2019 IPERA testing and CNCS's planned corrective actions. <i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p>		
Reported a gross improper payment rate of less than ten percent for	FY 2019: Not Compliant	(Finding 1) We recommend that CNCS:	Reported an improper payment estimate of less than ten percent for each program for	(Finding 1) We recommend that AmeriCorps:

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
each program and activity for which an improper payment estimate was obtained and published in the PAR or AFR.	FY 2020: Not Compliant	<ol style="list-style-type: none"> 1. Fully implement its planned programmatic corrective actions and identify periodic reporting mechanisms to address the root causes of identified improper payments in the AmeriCorps, FGP, RSVP, and SCP grant programs. <i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i> 2. Coordinate with relevant AmeriCorps, FGP, RSVP, and SCP program staff to determine whether the corrective actions currently in progress are adequate for all improper payments identified during the FY 2019 IPERA testing (including both those related to criminal history checks and those that were not related to criminal history checks). 	which an estimate was published.	<ol style="list-style-type: none"> 1. Refine its grantee risk assessment processes to ensure it appropriately evaluates and documents its determination of grantee risk levels with regard to non-criminal history check issues. 2. Implement additional monitoring activities and/or impose additional award terms and conditions on grantees with confirmed improper payments and/or on grantees identified as medium or high risk based on the results of AmeriCorps' risk assessment.

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>Then, revise corrective actions as needed, and draft a step-by-step approach to complete the corrective actions, with specific milestones identifying target completion dates and responsible program staff to ensure that both CNCS's Office of the Chief Risk Officer staff and program staff can be held accountable.</p> <p><i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>3. Establish accountability measures for program officials responsible for prioritizing and completing specific milestones and include those accountability measures in the individual performance plans.</p>		<p>3. Provide additional training to grantees regarding how to implement sufficient controls to detect and prevent common root causes for improper payments, other than criminal history check issues.</p> <p><i>Modified repeat recommendation for FY 2020</i></p> <p>(Finding 3) We recommend that AmeriCorps:</p> <ol style="list-style-type: none"> 1. Implement appropriate edit and oversight controls over the testing results and input data to ensure the completeness and accuracy of the published improper payment estimates. 2. Strengthen supervision and oversight of the sample selection process to ensure that it selects

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p><i>New recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>4. Develop periodic reporting mechanisms to track the progress of actions needed to resolve the root causes of improper payments for each program, as outlined in the milestone schedule.</p> <p><i>New recommendation for FY 2019</i></p> <p>(Finding 3) We recommend that CNCS:</p> <p>1. Update its sampling and estimation methodology to require reconciliations of variances between the grantees' internal accounting records and their Federal Financial Reports to determine the propriety of the component payments, or</p>		<p>samples in accordance with its methodology and written procedures.</p> <p>3. Implement and consistently apply a rule for the treatment of zero-dollar value transactions in the sample population.</p> <p><i>Modified repeat recommendation for FY 2020</i></p> <p>4. Reconcile the differences between grantees' internal accounting records and Federal Financial Reports—or require grantees to perform this reconciliation—to determine the propriety of the component payments and to identify whether unmatched reporting errors are improper payments when projecting the improper payment estimate.</p>

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>require grantees to perform this reconciliation. Otherwise, CNCS should treat unmatched reporting errors as improper payment errors when projecting the improper payment estimate.</p> <p><i>New recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>2. Update its sampling and estimation methodology to implement and consistently apply a rule for the treatment of zero-dollar value transactions in the sample population.</p> <p><i>New recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>(Finding 4) We recommend that CNCS:</p>		<p><i>Modified repeat recommendation for FY 2020</i></p> <p>(Finding 4) We recommend that AmeriCorps:</p> <p>1. Update the mandatory training for all AmeriCorps reviewers and supervisors based on the latest test plans and require that all reviewers and supervisors take the updated training to ensure they use consistent testing methodologies and document retention plans.</p> <p><i>Modified repeat recommendation for FY 2020</i></p>

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>1. Update the mandatory training for all CNCS reviewers and supervisors based on the latest test plans and require all reviewers and supervisors take the updated training to ensure consistent testing methodologies and documentation retention plans.</p> <p><i>Modified repeat recommendation for FY 2019 [Superseded by FY 2020 recommendation]</i></p> <p>2. Implement controls that strengthen supervision and oversight to ensure that CNCS reviewers thoroughly, sufficiently, and adequately document all testing attributes and final conclusions and maintain adequate supporting documentation, justification, and rationale</p>		<p>2. Implement controls that strengthen supervision and oversight to ensure that AmeriCorps reviewers thoroughly, sufficiently, and adequately document all testing attributes and final conclusions and maintain adequate supporting documentation, justification, and rationale to support their conclusions.</p> <p><i>Modified repeat recommendation for FY 2020</i></p>

<i>IPERIA Compliance Criteria</i>	<i>Results</i>	<i>Recommendations to Address Non-Compliance for FY 2019</i>	<i>PIIA Compliance Criteria</i>	<i>Recommendations to Address Non-Compliance for FY 2020</i>
		<p>to support their conclusions.</p> <p><i>Modified repeat recommendation for FY 2019</i> [Superseded by FY 2020 recommendation]</p>		

Status of Areas for Improvement	
<p>(Area for Improvement) We recommend that CNCS re-evaluate its statistical sampling and estimation methodology for developing the improper payment estimate and implement the following recommendations to improve the reliability of the estimate:</p> <ol style="list-style-type: none"> 1. Perform an analysis to determine an appropriate replacement threshold for replacing sample items that CNCS is unable to test, rather than simply tying the threshold to its desired precision. <i>New recommendation for FY 2019</i> 2. Re-evaluate the treatment of replaced sample items in its evaluation approach. <i>New recommendation for FY 2019</i> 3. Use historical data, including the achieved precision for each program for which CNCS produced an improper payment estimate in FY 2019, to determine an appropriate precision for each program. <i>New recommendation for FY 2019</i> 4. Consider whether the statistical evaluation approach appropriately considers any situation in which there are not enough errors, or in which there are zero errors. <i>New recommendation for FY 2019</i> 5. Ensure that the statisticians maintain adequate supporting documentation that appropriately describes the statistical evaluation approach. <i>New recommendation for FY 2019</i> 	<p>Not Applicable. No areas for improvement noted for the FY 2020 audit.</p>

Status of Areas for Improvement	
<p>6. Update the statistical methodology to clearly document any enhancements or changes made. <i>New recommendation for FY 2019</i></p> <p>[Superseded by FY 2020 recommendations]</p>	

AMERICORPS MANAGEMENT'S RESPONSE



To: Deborah Jeffrey, Inspector General

From: Jill Graham, Chief Risk Officer

Cc: Mal Coles, Acting Chief Executive Officer
 Jenny Mauk, Chief of Staff
 Gina Cross, Acting Chief Operating Officer
 Malena Brookshire, Chief Financial Officer
 Fernando Laguarda, General Counsel
 Erin Dahlin, Chief Program Advisor
 Lisa Guccione, Deputy Chief of Staff

Date: June 15, 2021

Subject: AmeriCorps Management Response to the OIG PIA FY20 Draft Audit Report

AmeriCorps has made significant progress in addressing the root cause driver of its improper payments, and AmeriCorps published significant reductions ranging from 48-64% in its improper payment rates from FY19 to FY20. The agency continues to develop new corrective actions to address the remaining root causes.

AmeriCorps appreciates the opportunity to comment on the Office of the Inspector General (OIG) draft report on the agency's FY 2020 PIA audit conducted by Cotton & Co. The agency generally concurs with and will implement the recommendations provided. With regard to recommendation nine detailing FFR reconciliation, the agency will perform analysis to determine the efficacy of grant closeout and reconciliation and the appropriateness and feasibility of incorporating FFR reconciliation into its payment integrity testing.

The agency established extensive corrective actions beginning in 2018 to address its primary root cause driver of improper payments. As a result of these corrective actions, the agency saw a considerable reduction in its improper payment rates in FY20 and met its published reduction targets.

In setting targets for the FY21 process, the agency elected to publish reduction targets that were both modest and appropriate. The factors informing these targets included the following:

- The considerable improvement in the improper payment rates in FY20 revealed new root cause drivers for improper payments. Agency corrective action to address these new drivers will take time to develop and implement
- The impact of additional documentation requirements around supporting COVID-19 temporary allowance payments was unknown at the time of publication
- Senior Accountable Officials responsible for the agency's payment integrity rates for FY21 were not yet with the agency due to a change in the Executive Branch of the



government. This meant the agency's Senior Accountable Officials responsible for addressing the rates were leaving the agency

These factors resulted in the agency taking appropriate steps to identify realistic targets for FY21. The agency met its reduction targets in Fiscal Year 2020, had a process for establishing reduction targets with the information known, set and published reduction targets, and published a CAP to meet targets.

The agency appreciates the feedback and opportunities for improvement in its payment integrity process and will continue to prioritize developing corrective actions that will reduce the agency's improper payment rates.



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