

CORPORATION FOR NATIONAL & COMMUNITY SERVICE

OFFICE OF INSPECTOR GENERAL



Semiannual Report To Congress

October 1, 2017 - March 31, 2018

About the Corporation for National and Community Service...

The Corporation for National and Community Service (CNCS or the Corporation) provides grants and technical assistance to volunteer organizations throughout the United States to strengthen communities, foster civic engagement and improve the lives of all Americans serving their local communities and the Nation. In 2017, the Corporation invested over \$700 million in national service through its programs, AmeriCorps State and National (ASN), Volunteers in Service to America (VISTA), the National Civilian Community Corps (NCCC), Senior Corps and Innovation and Demonstration programs. A substantial portion of these funds is distributed through public service commissions in each U.S. State and Territory.

and the Office of Inspector General

Along with CNCS, Congress established the CNCS Office of Inspector General (CNCS-OIG or the Office), to promote economy, efficiency and effectiveness in the Corporation's programs and to prevent and detect waste, fraud and abuse within CNCS or the entities that receive and distribute Corporation grant funds. CNCS-OIG is an independent organization, led by a Presidential appointee, which submits its reports and recommendations to the Corporation's Chief Executive Officer and to the Congress.

Pursuant to the Inspector General Act of 1978, as amended, this Semiannual Report summarizes CNCS-OIG's work for the first six months of Fiscal Year (FY) 2018. It is being transmitted to the Corporation's Chief Executive Officer, Board of Directors and Members of Congress.

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Deborah J. Jeffrey Inspector General

Message from the Inspector General

CNCS-OIG is pleased to welcome Chief Executive Officer (CEO) Barbara Stewart to the helm at CNCS. Her combined experience in the corporate world, State government and the nonprofit sector, and her background and knowledge about grants, make her uniquely qualified to return the Corporation for National and Community Service to organizational health and strengthen national service to meet future challenges.

Our work for the first half of FY 2018 illustrates the urgent need for improvement in several areas. For the first time since its founding, *CNCS was unable to produce auditable financial statements*. Independent auditors found a *substantial likelihood of material misstatements* in the financial information published in CNCS's FY 2017 annual report to Congress, making the Corporation's financial statements unreliable. While we are working to assist CNCS in addressing the material weaknesses identified, it is uncertain whether they can be corrected in time to allow for the completion of a financial statement audit this year. The audit section of this Semiannual Report contains a detailed explanation of the auditors' findings and their implications.

Safety remains a challenge, as we continue to find that grantees and subgrantees do not properly check the criminal histories of their grant-funded members and staff, despite education, outreach and guidance by CNCS. It is irresponsible to further endanger at-risk communities by employing staff and members whose criminal histories are unknown. The Corporation's decision to disallow only nominal sums for grantees who have failed to comply with these important safety provisions has proven insufficient to incentivize timely and complete criminal history checks. CNCS-OIG believes that these checks should be outsourced to competent vendors and that no members should be deployed prior to their completion. And, however the checks are performed, they should be enforced with more substantial financial sanctions commensurate with the utmost importance of safety.

Investigators continue to find disturbing incidents of fraud and false claims associated with criminal history check and recorded service hours. Individuals and entities have fabricated, altered and/or backdated paperwork associated with these critical functions and produced those falsified records to the government, violating Federal criminal and civil fraud statutes. CNCS-OIG refers such matters for prosecution, and we will be enhancing our enforcement efforts to protect the integrity of national service.

Despite an investment of more than \$24 million to date, modernization of CNCS's grants management information system is years behind schedule, and progress has stalled. In the meantime, CNCS remains dependent upon a legacy system that MITRE Corporation determined in 2014 was insufficient

to meet its needs. The existing infrastructure does not support data analytics and impedes appropriate risk-based grant-making and grant management.

Although there has been progress, CNCS's cybersecurity is not yet effective. Our latest evaluation found continuing weaknesses across the information security program, including risk management, access controls, contingency planning and continuous security monitoring. Security requirements are not enforced consistently across the Corporation. As a result, CNCS remains vulnerable to unauthorized access, misuse and disruption, including the kind of widespread identity theft that has occurred at other Federal agencies and in the private sector.

These and other challenges were the subject of an oversight hearing on April 17, 2018, during which the House Committee on Education and the Workforce cited our past work and addressed the issues with the new CEO. Refreshingly, Ms. Stewart acknowledged the gravity of these problems, identified them as her top priorities and committed to resolve them. I appreciate her candor, both before Congress and in our communications about what can be done to strengthen CNCS. CNCS-OIG looks forward to working with Ms. Stewart and her leadership team to tackle these substantial challenges.

Congressional support for the work of this Office has been critical in setting these priorities. We appreciate the recognition and will continue to provide Congress with timely and independent assessments of CNCS's progress.

Respectfully,

Delorah J Juffrey



Audits and Assessments

The Office of Inspector General Audit Section reviews the financial, administrative and programmatic operations of the Corporation for National and Community Service. The Audit Section's responsibilities include supervising the audit of the annual financial statements; assessing management controls; reviewing agency operations; and auditing individual grants, contracts and cooperative agreements funded by the Corporation.

Overview

In deploying limited resources, the Audit Section must balance among the extensive audits and evaluations required by statute, individual grantee audits, internal CNCS business processes in need of review and cross-cutting and emerging issues. Mandatory audits and evaluations consumed much of our attention during the first half of FY 2018, particularly the difficulties encountered in auditing CNCS's financial statements. We continue to work closely with CNCS's Chief Financial Officer and other senior officials to resolve these impediments and address the underlying issues.

Two large grantee audits uncovered untimely, incomplete or omitted criminal history checks, leading us to question significant costs. We continue to believe that the token penalties imposed by CNCS are not commensurate with the gravity of this problem and do not effectively deter noncompliance. Other findings included: (1) the award of a subgrant to an unqualified grantee with a substantial conflict of interest; (2) unapproved remote service; (3) service activities outside the grant objectives; (4) improper use of program income; and (5) inadequate support for cost share.

Below are the highlights of the audits and evaluations completed during this period.

Financial Statement Audits: CNCS could not produce auditable financial statements for FY 2017; auditors cite material weaknesses, lack of support. (Audit Report 18-01, CNCS Financial Statement; Audit Report 18-02, Financial Statement of National Service Trust).

Financial Statement Audit Opinions

By law, all Federal agencies must annually produce financial statements to provide information to the public regarding their financial status. Much like a corporation's report to its shareholders, this mechanism requires each Federal agency to account to the taxpayers for its use of funds. To ensure that an agency has presented a fair view of its finances, the agency's OIG must conduct an independent audit to verify the reported information. After extensive review, the auditors issue a written opinion, and their report is published with the financial statements in the agency's annual report.

If the auditors cannot verify the fair presentation of the agency's financial information, professional standards require them to issue a "disclaimer of audit opinion." This occurs when the audited entity does not produce sufficient evidence to support its reported financial information. A disclaimer of opinion means that there may be material and pervasive errors in the agency's unaudited financial statements.

CNCS's Prior Audits

CNCS produces two annual financial statements, one for the Corporation itself and one for the National Service Trust, which holds the funding to pay the education awards (scholarships and other benefits) earned by certain national service participants. Although CNCS has historically received favorable audit opinions on its financial statements, recent audits have warned about material weaknesses and other defects in internal controls¹, including financial reporting. Material weaknesses create a substantial risk that the financial statements will contain one or more material misstatements. Prior audits have specifically warned that the staff responsible for financial reporting had not received sufficient training and were not well versed in their duties, and that accurate financial reporting depended on individual employees whose departure would leave CNCS unable to fulfill its obligations.

In addition to financial reporting, financial statement audits of CNCS during the past seven years have identified numerous material weaknesses, significant deficiencies and other defects. Prior consecutive audits identified serious problems in grant accrual, standard vouchers, deobligation, the internal controls program and information technology. We were so concerned about these unresolved deficiencies that last year's first Semiannual Report expressly warned that, "[w]ithout a fully functional internal controls program, CNCS may not meet financial, operational and compliance objectives, and could fail to identify and mitigate risks."²

¹ As part of the financial statement audit, auditors review and assess the agency's internal controls to the extent that they impact financial reporting, and report their findings to agency leadership. Defects in internal control are categorized from least serious to most serious as:

[•] Deficiency in internal control—auditors may report internal control deficiencies that do not reach the significant deficiency level in separate communications to those charged with governance;

[•] Significant Deficiency—internal control deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance (for example, the Board of Directors);

Material Weakness—an internal control deficiency, or a combination of deficiencies, such that there is a
reasonable possibility that a material misstatement of the financial statements will not be prevented, or
detected and corrected in a timely basis.

² Semiannual Report 17-01

Disclaimer of Audit Opinion for FY 2017: Material Weaknesses and Significant Deficiency

Failure to remedy many problems identified in past audits contributed to CNCS's financial statements being unauditable in FY 2017. CNCS-OIG's independent auditors disclaimed any opinion on the financial statements because CNCS could not produce sufficient audit evidence to support them. The auditors could not confirm that CNCS fairly presented its financial condition in conformity with generally accepted accounting principles, and therefore declined to express an opinion on CNCS's financial statements. A disclaimer of audit opinion represents the worst possible result of a financial statement audit.

The FY 2017 audit disclaimer resulted primarily from four material weaknesses and one significant deficiency in CNCS's internal controls:

• Trust Fund Unpaid Obligations (material weakness): Each AmeriCorps member who completes the required term of service earns an education award, now \$5,920, which can be used towards college tuition or to pay off qualified student loans. These awards generally expire seven years after a member completes his or her service term.³ The National Service Trust (Trust) is a dedicated fund managed by CNCS to pay education awards as they are used. The funds are invested by the U.S. Treasury, and the interest earned is deposited into the Trust.

Funds within the Trust should be categorized as either obligated or unobligated. Obligated funds are those that are specifically earmarked to pay for an existing legal liability, such as earned education awards or education awards that will be earned at the end of the current year. Unobligated funds are those that are available to fund future education awards.

The auditors found that CNCS significantly overstated its Trust obligation balance and has obligated a far greater sum than is necessary to pay its outstanding liabilities. For example, CNCS has never de-obligated funds associated with expired education awards, some of which date back more than 20 years. CNCS has also failed to make periodic adjustments to the amount needed to pay its existing outstanding liabilities.

In addition, CNCS automatically obligates all interest deposited into the Trust, although there is no obligating (liability-producing) event to support the transaction. Instead, upon receipt, the interest should be recorded and reported as "unobligated budgetary resources," held in

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³ Partial awards may be available to individuals who serve part-time or in some cases when a member leaves the program having completed part of the service term.

the Trust and available to be obligated for future liabilities, such as when CNCS makes grants that will entitle members to education awards.

As a result, CNCS has obligated far more than it actually owes for unpaid education awards. According to its September 30, 2017 Statement of Budgetary Resources, CNCS's unpaid obligations total \$670 million, but its service award liability was only \$398 million. A substantial share of the unexplained \$272 million difference likely should be deobligated from the Trust. CNCS did not reconcile these figures, nor did it conduct appropriate quality control reviews over error-prone manual processes used by the Trust. Thus, CNCS's FY 2017 financial statements likely contain material misstatements concerning the Trust obligations.

• Trust Service Award Liability Model (material weakness): The Trust Service Award Liability (TSAL) is the largest liability balance on the financial statements. CNCS developed a model to estimate the anticipated service awards to be paid by the Trust. The calculation of this liability is based on a variety of factors, such as member enrollment levels, education award earning statistics, usage patterns and interest forbearance. In 2016, CNCS engaged an outside consultant to evaluate the TSAL model.

The auditors identified calculation errors and a lack of quality controls that significantly impacted the accuracy of the reported liability, some of which resulted from CNCS's failure to take the actions previously reccommended by its TSAL consultant. Key examples include:

- CNCS's quality review process did not identify a \$9.2 million overstatement in the TSAL calculation prior to completing the Government-wide Treasury Account Symbol Adjusted Trial Balance System reporting for the third quarter;
- CNCS did not implement a recommendation made by its TSAL consultant in 2016 to correct the model's erroneous codes related to member service types, which resulted in a \$17 million overstatement;
- CNCS did not follow its TSAL consultant's recommendation to update the assumptions used in the model and to estimate awards to be earned for open program years.
 Without historical data by program and program year, there is insufficient information to support the TSAL calculation;
- o The TSAL Model liability is estimated using an Excel-based spreadsheet, leaving it prone to human errors as CNCS staff can override some significant assumptions;

- CNCS did not use discounted rates in the TSAL calculation and did not document the basis for its decision. The undiscounted liability may not be recorded in accordance with generally accepted accounting principles;
- O CNCS staff lack the knowledge and proficiency to operate the model. The only individual capable of performing the actuarial model calculations is a single retired annuitant working on a part-time basis, leaving this key process vulnerable and subject to minimal supervision.
- Grants Accrual Payable and Advances (material weakness): As a grant-making agency, CNCS must include on its financial statements the balances due or advanced to grantees. This total must be adjusted to reflect an estimate of the eligible expenses "incurred but not yet reported" by the grantees (IBNR). For example, a grantee may incur costs in one quarter that are not reported on its Federal Financial Report (FFR) until the following quarter. CNCS, however, did not include an IBNR estimate in its reported grant accruals.

The grant accruals are estimates, and CNCS must demonstrate that its estimates are reliable. However, CNCS has not validated its grant accrual methodology with any lookback analysis or review of accruals at the individual grant level. A grant accrual validation should be used as the basis for analysis of the grantees' spending patterns by accrual components (*i.e.*, FFR reporting and IBNR). The lookback analysis and validation should be conducted separately to determine the accuracy of its grant accrual estimate. CNCS grant advances were also not supported by historical analysis of grantee drawdown and spending patterns.

Without validation, analysis of historical data, review of grantee spending patterns and proper documentation, the key assumptions underlying the grant accruals reported by CNCS are unsupported and may be incorrect. This may lead to material misstatements concerning grant accrual and related expenses.

• **Financial Reporting (material weakness):** CNCS's financial statements did not comply with applicable Federal reporting requirements and standards. CNCS also did not prepare a complete full set of interim financial statements, which further increases the inherent and control risks of the financial reporting process.

The auditors found multiple internal control deficiencies in CNCS's financial accounting and reporting process, including in the preparation of the financial statements and review of the trial balance; lack of review of discontinued document types and balances; ineffective financial account fluctuation analysis; improper supported cost allocation process; lack of segregation of duties in the standard vouchers preparation and approval process; and the improper object class usage. Prior audits had warned that the lack of adequately trained staff jeopardized CNCS's ability to prepare accurate financial statements.

Information Technology Security Control (significant deficiency): Cybersecurity has been a
recurring problem at many Federal agencies, including CNCS. While CNCS has addressed
some of the previously identified weaknesses, auditors found a wide range of new and
repeated control weaknesses in information security that must be corrected. The most
important of these include deficiencies in configuration management, access controls,
segregation of duties, security management and contingency planning.

Many of these weaknesses are attributable to the inconsistent enforcement of the agency-wide information security program across the enterprise. These deficiencies increase the risk of unauthorized access to CNCS systems used to capture, process and report financial transactions and balances.

For additional information about information security at CNCS, see the FY 2017 FISMA evaluation report (Audit Report 18-03), available at https://www.cncsoig.gov/news-entry/18-03.

Immediate Action and Significant Effort Required to Obtain Clean Audit for FY 2018

CNCS-OIG remains actively involved in monitoring CNCS's efforts to resolve these financial statement audit issues and improve its financial management. Since the issuance of the financial statement audit reports in November, CNCS-OIG has met periodically with the independent auditors and CNCS management to discuss the corrective actions needed to resolve the open issues. We are providing technical direction and oversight of the independent auditors' efforts to finish the remaining FY 2017 audit work. For CNCS to be auditable in FY 2018, the independent auditors must be able to complete the audit of the FY 2017 financial statements, and CNCS must make the corrections and adjustments needed for accurate opening balances for FY 2018.

As of this writing, CNCS has not yet resolved the Trust obligation and grant accrual issues and has not performed the corrective actions necessary to address the problems identified. These issues are material to the financial statements, and the lack of a clear path to resolve them jeopardizes the FY 2018 financial statement audit, which is about to begin. If these issues are not timely corrected, CNCS will not be able to support the information in its forthcoming financial statements and CNCS-OIG's independent auditors will have no choice but to issue another disclaimer of audit opinion.

CNCS management must take immediate action and dedicate significant resources in order to produce complete and accurate Fiscal Year 2018 financial statements and obtain a "clean" audit opinion. CNCS should implement all of the independent auditors' technical recommendations and reassess its operational priorities, if necessary to accomplish this.

We will continue to monitor developments closely and facilitate clear communications between management and the auditors. Our goal is to promote sound corrective actions to improve CNCS's financial management and ensure resolution of all outstanding audit issues.

Information Security: Despite meaningful progress, CNCS does not yet have effective cybersecurity. FY 2017 Federal Information Security Modernization Act (FISMA) Evaluation (Audit Report 18-03)

CNCS has worked hard to improve its cybersecurity and privacy program and its compliance with the many Federal requirements. These investments enabled CNCS to implement 19 of the 27 open recommendations from prior FISMA evaluations and to demonstrate progress in the following areas:

- Establishment of security assessment standards to promote consistency and quality;
- Development of business impact assessments for each critical system with participation from the business owners;
- Implementation of the United States Government Configuration Baseline for desktops, monitored for compliance with those approved settings; and
- Implementation of a process to monitor data backup failures.

Despite this progress, CNCS needs to make additional improvements to achieve effective information security. Eight recommendations (four of which date back to the FY 2014 FISMA evaluation) remain unimplemented. This year, the evaluators again found inadequate risk management, configuration management, identity and access management, information security continuous monitoring and contingency planning.

Enforcement of information security is inconsistent across the enterprise, with field components remaining especially vulnerable. At sampled National Civilian Community Corps campuses and AmeriCorps State Offices, for example, the evaluators found multiple weaknesses in the areas of vulnerability and patch management, access controls for mobile devices, audit logging and physical inventory management. CNCS's Office of Information Technology exercises less responsibility and oversight of field locations than it does at the Corporation's headquarters.

The FISMA evaluation requires an assessment of the maturity of five functional areas in CNCS's information security program. This assessment uses objective metrics that are standardized across the Federal government. To be considered effective, an agency's Information Technology (IT) security must be rated at least *Managed and Measurable* (Level 4), on a five-point scale from *Ad hoc* (Level 1) to *Optimized* (Level 5). CNCS's IT security did not reach that level. In four of the

five functions, CNCS achieved a maturity level of *Defined* (Level 2). One function area, *Respond*, was found to be *Consistently Implemented* (Level 3).

FISMA evaluators may also judgmentally rate the effectiveness of seven components ("domains") of a Cybersecurity Framework established by National Institute of Standards and Technology. CNCS's cybersecurity was found to be ineffective in five of these domains: risk management, configuration management, identity and access management, information security continuous monitoring and contingency planning. The remaining domains, security training and incident response, were determined to be effective. Nevertheless, the evaluators recognized that there had been progress over the prior year assessments and that CNCS's information security is closer to effectiveness.

The subjective and objective assessments concur that information security at CNCS has not yet achieved an effective level. This reflects continuing vulnerabilities in information security, which leave CNCS operations and assets at risk of unauthorized access, misuse and disruption. The report offered 34 new or modified recommendations to assist CNCS in strengthening its information security program.

DATA Act: More work required to report spending data in compliance with the Digital Accountability and Transparency Act of 2014. (Audit Report 18-05)

To make government spending transparent, the Digital Accountability and Transparency Act of 2014 (DATA Act) requires Federal agencies to report information about expenditures and awards on a standardized basis. The statute required the Office of Management and Budget and the Department of the Treasury to promulgate data standards. Effective May 9, 2017, Federal agencies were required to publish their spending data in conformity with the new standards.

To determine whether agencies were complying with the new standards, the DATA Act requires each Inspector General to review a statistically valid sample of its agency's spending data and to report publicly and to Congress on the completeness, timeliness, quality and accuracy of the data and the extent to which it meets government-wide standards. This audit must be performed every two years. (In a proactive effort last year, CNCS-OIG assessed CNCS's DATA Act readiness and offered recommendations to help the agency stay on track to meet its deadlines.)

In reviewing the reported spending data, auditors found that CNCS did not comply fully with the DATA Act requirements. The noncompliance arose from weaknesses in its financial reporting system (internal control over source systems) and internal control weaknesses within financial reporting, data management and data reporting processes. As a result of these deficiencies, CNCS did not submit complete, timely, high-quality and accurate financial and award data for the second quarter of FY 2017. The Corporation continues to grapple with the implementation challenges previously identified in our readiness review, as well as new challenges identified by this performance audit.

We recommended that CNCS take the following corrective actions:

- Ensure that level of detail necessary to meet DATA Act requirements is captured when transactions occur;
- Validate the required data prior to its submission to the DATA Act broker;⁴
- Research and resolve warnings identified by the DATA Act broker before submitting the DATA Act files. Document the actions taken to resolve the warnings so future errors can be avoided;
- Capture institutional knowledge and mitigate the effects of employee turnover by documenting CNCS's DATA Act compliance processes and keeping them up to date, and;
- Ensure that accurate and complete data is presented to the general public by verifying
 the quality of the CNCS information residing in external systems like the System for
 Award Management⁵ and the Federal Funding Accountability and Transparency Act
 Sub- Award Reporting System.⁶ CNCS should also reconcile the information reported
 in the CNCS source systems with these external sites.

CNCS-OIG will work with CNCS during audit resolution and will follow-up on these issues in our next Data Act performance audit, scheduled to take place in FY 2019.

⁴ The DATA Act broker is a virtual data layer developed by the U.S. Department of Treasury that maps, ingests, transforms, validates and submits agency data into a format consistent with the DATA Act Schema (*i.e.*, data exchange standards). Problems with the DATA Act broker were common across the Federal government.

⁵ The System for Award Management (SAM) collects registration information from entities doing business with the Federal government.

⁶ The Federal Funding Accountability and Transparency Act Sub-award Reporting System is a tool operated by the General Services Administration and is used by prime awardees to capture and report subaward and executive compensation data.

Auditors Question \$4.6 Million of Costs under SIF Grant to the Mayor's Fund to Advance New York City. (Audit Report 18-07)

The Mayor's Fund to Advance New York City (Mayor's Fund) served as the intermediary (*i.e.*, the prime grantee) for a Social Innovation Fund (SIF) grant from CNCS totaling approximately \$28.5 million for the period August 1, 2010 to July 31, 2015. The Mayor's Fund divided its responsibilities among itself, the Center for Economic Opportunity and MDRC, a non-profit, nonpartisan social and education policy research firm. Ultimately, the Mayor's Fund awarded \$25.8 million in SIF funds to 19 subgrantees.

CNCS-OIG questioned more than \$4.6 million of the costs incurred between July 1, 2012 and June 30, 2015 by the Mayor's Fund and three of its subgrantees: The Children's Aid Society, the Henry Street Project and Madison Strategies Group (Madison). The majority of these questioned costs flow from two findings: (1) MDRC's failure to conduct criminal history checks for its 165 staff members who were paid with SIF funds; and (2) a decision by the Mayor's Fund to award a subgrant to Madison, which was not qualified for a subgrant and had a substantial conflict of interest. CNCS was apparently unaware of either of these problems, which we summarize below.

MDRC was a "partner," not a vendor, requiring that its staff paid with grant funds undergo criminal history checks.

By law, SIF intermediaries and their partners must perform specific criminal history checks on individuals whose salary is paid from SIF funds or from match funds. CNCS has reiterated this in guidance available to all grantees. By contrast, no criminal history check is required for a SIF contractor who performs collateral administrative services for a fee.

Without consulting CNCS, the Mayor's Fund decided to treat MDRC as a services contractor and elected not to conduct criminal history checks for the 165 MDRC staff members whose personnel costs were paid with SIF funds. Characterizing MDRC as a mere contractor, however, contradicts the promises and representations made by the Mayor's Fund to CNCS in applying for the grant and the fact that MDRC performed most of the intermediary's duties. MDRC is properly treated as a partner because:

- The grant application repeatedly described MDRC as a partner or "key collaborator" that would "jointly manage" the grant;
- CNCS relied on these representations in awarding the SIF grant. The grant application reviewers described MDRC as a "gold-plated partner," whose work would consume a significant share of the intermediary budget. They understood that, "[g]iven their expertise working nationally, MDRC is likely to play a leadership role throughout the

project (not limited to evaluation)." The reviewers considered MDRC's participation to be integral to the grant's success.

- The grant budget submitted by the Mayor's Fund, and approved by CNCS, allocated funds specifically for criminal history checks of multiple MDRC staff members.
- The nature and breadth of MDRC's responsibilities show that it functioned as a
 collaborative partner that performed numerous core intermediary responsibilities,
 which the Mayor's Fund itself lacked the resources to meet. The agreement between
 MDRC and the Mayor's Fund (Agreement) required MDRC to participate in all phases
 of the five-year SIF grant, from the competitive subaward process, to financial
 monitoring, oversight and technical assistance, to program evaluation and finally to
 grant closeout.
- The Agreement treated MDRC as a subrecipient of Federal funds (and thus subject to criminal history checks), rather than as a vendor. It expressly incorporated and obligated MDRC to comply with the same terms and conditions that applied to the Mayor's Fund as an awardee, including specified regulations and OMB Circulars (to include obtaining an annual audit under OMB Circular A-133) governing the administration of such grant funds. Vendors are not subject to these requirements.
- The Agreement expressly required MDRC staff to undergo the criminal history checks
 that apply to SIF intermediaries, their partners and other subrecipients of Federal
 funds: "[A]ny person directly compensated using SIF award funds will undergo a
 complete criminal history check, a national sex offender check, and potentially an FBI
 fingerprint check if required."
- MDRC's responsibilities were so extensive that it accounted for the lion's share of the labor costs associated with administering the SIF grant. During the three-year audit period, MDRC's personnel costs exceeded those of the Mayor's Fund by a factor of 17:1. Yet the Mayor's Fund contends that the party who contributed 94.2 percent of the labor was merely a contractor.
- Contracts funded through a grant must generally be awarded competitively. Grant
 administration rules for nonprofits require that "[a]II procurement transactions shall
 be conducted in a manner to provide, to the maximum extent practical, open and free

competition." 45 C.F.R. 2543.43, *Competition*. However, the Mayor's Fund entered into its Agreement with MDRC without competition or a sole source justification; and

 MDRC was reimbursed for its costs, including personnel costs, and was not paid a fee for its services.

The Mayor's Fund awarded a subgrant to an unqualified applicant with a conflict of interest.

Further, the Mayor's Fund awarded a subgrant to Madison, though it did not meet the requirements of prior experience or financial management capabilities. Grant Associates, which as a for-profit business was not eligible for a SIF grant, created Madison as a non-profit entity to apply for a SIF subaward. Madison entered into a non-competitive and non-arms' length consulting agreement with Grant, to manage and operate Madison.

During the subgrant competition, MDRC identified the conflicts of interest associated with this related-party transaction and made specific recommendations to the Mayor's Fund, to include making complete disclosure and seeking advance consent from CNCS before awarding funds to Madison. The Mayor's Fund disregarded those recommendations and awarded Madison the grant, relying on Grant's qualifications.

For the first year of the subaward, Madison was essentially a shell, with all of its activities conducted by Grant staff or consultants. Grant operated Madison's accounting system and had the ability to approve payments of its own invoices. Madison ultimately received more than \$1.6 million from a subaward that it was not qualified to obtain and would not have obtained absent its relationship with Grant.

Auditors found other irregularities in grant administration.

CNCS-OIG also found other weaknesses and improprieties in the administration of this SIF award and the costs charged under:

- Subgrantees incorrectly charged labor costs based on budget estimates;
- Subgrantees' financial management systems did not segregate Federal and match costs and had other defects;
- Two subgrantees issued debit cards to program beneficiaries without adequate internal controls to prevent misuse;
- Subgrantees could not fully support costs paid to contractors;

- The Mayor's Fund lacked adequate subgrantee termination policies and did not retain comprehensive financial records;
- One subgrantee claimed unsupported employee morale costs;
- Subgrantees claimed unallocable expenses that benefited other programs; and,
- One subgrantee claimed expenses not authorized by the approved budget.

Although Congress has discontinued funding for the SIF program, certain previously awarded SIF grants will continue for another two years. Our recommendations should improve grant management and oversight of those awards.

Auditors Find High-Risk Vulnerabilities in Web Applications. (Audit Report 18-09)

To onboard new personnel, CNCS relies heavily on three internal web applications and their associated infrastructures: the Employee On-boarding System; the Contractor On-boarding System; and the On-boarding Administration and Development System. The review discovered critical and high-risk security vulnerabilities, missing patches and unsupported software, incorrect documented external connection information (internet protocol address) and configuration weaknesses. These gaps jeopardize the security of CNCS applications and operations and could lead to security breaches. Some of these systems contain Personally Identifiable Information.

CNCS-OIG made five recommendations for improving patching effectiveness, updating unsupported software, fully remediating configuration weaknesses and noted vulnerabilities, practicing secure coding and updating its external connection documentation. CNCS concurred with all findings and recommendations and corrective action is underway.

\$850,000 Questioned and Compliance Deficiencies Identified by Agreed-Upon Procedures Review of AmeriCorps Grants Awarded to the Kentucky Commission on Community Volunteerism and Service. (Audit Report 18-08)

The Kentucky Commission on Community Volunteerism and Service (KCCVS) was responsible for the programmatic and financial oversight of approximating \$9.3 million of AmeriCorps funds awarded between January 2013 and September 2016. CNCS-OIG questioned more than \$850 thousand and found numerous grant compliance issues associated with the administration of

AmeriCorps funds by KCCVS and two of its subgrantees, Northern Kentucky University Research Foundation Kentucky Service Corps (NKURF) and ATEAM/AmeriCorps for Barren County School Board.⁷

The majority of the questioned costs result from deficiencies in the procedures used by KCCVS and its subgrantees to conduct criminal history checks for their staff and members. The statutorily mandated criminal history checks represent an important safeguard to protect people served by our programs. Failure to complete the checks could endanger the safety of communities. These deficiencies resulted in questioned costs of more than \$758,000.

CNCS-OIG also noted the following key compliance issues:

- KCCVS did not adequately monitor and/or document subgrantees' compliance with program requirements. KCCVS's program and fiscal monitoring site visits did not review important subgrantee monitoring elements, such as subgrantees' development of Federal Financial Reports, member eligibility, member contracts, resolution of deficiencies noted from subgrantee monitoring, accuracy of members' living allowance payments, subgrantee financial effectiveness, allowability of member services and subgrantees' Single Audit reports;
- KCCVS did not perform complete, timely and thoroughly documented criminal history searches for four grant-funded staff. Its subgrantees also had incomplete or insufficient member criminal history searches and National Sex Offender Public Website checks and supporting documentation;
- Both subgrantees allowed members to perform unapproved remote service. There were no supervisory approvals before members performed remote activities, and members did not provide supervisors with tangible output after completing their service. The subgrantees made no effort to prevent and had no way to detect time and attendance fraud and simply relied on the honor system;
- ATEAM had members perform administrative and clerical tasks outside the scope of the grant, which was to provide tutoring and mentoring assistance;
- ATEAM earned excess program income but did not apply more than \$76,000 back to the Federal program as required;

⁷ CNCS-OIG's contract auditors reviewed two out of eight of the AmeriCorps funded subgrants issued by KCCVS.

- ATEAM could not adequately support the value of in-kind contributions it treated as cost share (match) under the grant. CNCS-OIG could not compare the values of actual in-kind contributions to budgeted contributions or determine whether the actual contributions were allowable according to the grant cost requirements; and
- NKURF's financial management system did not provide for consistent account coding and tracking of actual costs to the budget that it reported to KCCVS on its Periodic Expense Reports.

KCCVS concurred with most of the compliance findings but not the amounts questioned. CNCS is in the process of reviewing and resolving the report findings and recommendations.

Audit Outreach Activity

The Audit Section continues to participate actively in events that keep CNCS staff and the grantee community informed about CNCS-OIG's initiatives and findings. In March, the Audit Section made a presentation at the North Central National Service Training Conference in Chicago, IL, where we discussed the audit process and common accountability findings, and highlighted key aspects of the Uniform Grant Guidance.

We offered practical advice on safeguarding Federal funds and conducted robust question-andanswer sessions to help grantees and subgrantees with current issues. These workshop sessions were well received, with representatives from AmeriCorps and Senior Corps grantees and subgrantees in attendance.

CNCS-OIG auditors continue to participate in the IG community's collective efforts to offer suggestions on various initiatives sponsored by the audit community and the Council of Inspectors General on Integrity and Efficiency (CIGIE). These initiatives include the DATA Act Working Group; Single Audit Roundtable to discuss grant issues and best practices among Federal government auditors; the Financial Statements Audit Network on emerging audit standards and practices of Federal financial statements audit; and the Financial Audit Manual revision workgroup which is currently reviewing GAO's government-wide guidance on Federal financial audits.



Audit Statistical and Summary Tables

The statistical and summary tables in this section are submitted in compliance with the requirements enumerated in the Inspector General Act.

I. Audit Reports Issued

Audit Reports Issued				
Report Number	October 1, 2017-March 31, Report Name	Dollars Questioned	Dollars Unsupported	Funds Put To Better Use
		(Dollars in thousands)		
18-01	Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	\$0	\$0	\$0
18-02	Audit of the Corporation for National and Community Service's Fiscal Year 2017 National Service Trust Fund Financial Statements	\$0	\$0	\$0
18-03	Fiscal Year 2017 Federal Information Security Modernization Act Evaluation of the Corporation for National and Community Service	\$0	\$0	\$0
18-05	Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	\$0	\$0	\$0
18-06	Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to Serve Washington	\$140	\$140	\$140
18-07	Audit of Corporation for National and Community Service Grants Awarded to Mayor's Fund to Advance New York City	\$4,606	\$5	\$0
18-08	Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to the Kentucky Commission on Community Service and Volunteerism	\$522	\$445	\$25
18-09	CNCS Web Application Vulnerability Assessment	\$0	\$0	\$0
	TOTAL	\$5,268	<u>\$590</u>	<u>\$165</u>

II. Reports with Questioned Costs

Audit Reports with Questioned or Unsupported Costs				
Report Category		Number of Reports	Questioned Federal Costs	Unsupported Federal Costs
			(Dollars in	thousands)
A.	Reports for which no management decision had been made by the commencement of the reporting period	3	\$1,325	\$689
В.	Reports issued during the reporting period	3	\$5,268	\$591
C.	Total Reports (A and B)	6	\$6,593	\$1,280
D.	Reports for which a management decision was made during the reporting period	3	\$1,325	\$689
	I. Value of disallowed costs		\$696	\$579
	II. Value of costs not disallowed	-	\$629	\$110
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	3	\$5,268	\$591
F.	Reports with questioned costs for which no management decision was made within six months of issuance	0	\$0	\$0

III. Summary of Audits with Funds Put to Better Use

	Funds Put to Better Use				
Report Category		Number of Reports	Dollar Value (In thousands)		
A.	Reports for which no management decision had been made by the commencement of the reporting period	1	\$48		
В.	Reports issued during the reporting period	2	\$165*		
C.	Total Reports (A and B)	3	\$213		
D.	Reports for which a management decision was made during the reporting period	1	\$48		
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	2	\$165*		
F.	Reports for which no management decision was made within six months of issuance	0	\$0		

^{*} These figures do not include potential recharacterization of funds as a result of the 2017 financial statement audit.

IV. Audits with Overdue Management Decisions

Overdue Management Decisions					
Report Number	Title	Federal Dollars Questioned	Mgmt. Decision Due	Status at End of Reporting Period 03/30/2018	
N/A	None	\$0	N/A	N/A	
	Total	\$0			

V. Reports Without Final Actions

Audits Without Final Action			
Report Number	Title	Date Issued	Final Action Due*
N/A	None	N/A	N/A

^{*}Under section 6009 of the Federal Acquisition Streamlining Act of 1994, as amended, a final management decision must be made within six months of the issuance of the final report and corrective actions must be completed within one year.

VI. Unimplemented Recommendations

One hundred thirty-three (133)⁸ CNCS-OIG recommendations issued since 2012 remain unimplemented or only partially implemented. A compendium of them appears on Table VI in Appendix A.

⁸ While reviewing the chart of unimplemented recommendations and considering the most efficient manner by which to address these with the Corporation, CNCS-OIG identified a need to clearly separate out each unique recommendation to make it easier for the Corporation to address and resolve. We applied this modified numbering approach to recommendations made in recent audit reports issued during this semiannual period.

In addition, CNCS-OIG recognized that some prior unimplemented recommendations had combined multiple unique recommendations into one, making it difficult for the Corporation to adequately address. We renumbered those for ease of resolution. This new numbering system added approximately seven unimplemented recommendations to the prior chart and resulted in additional unimplemented recommendations moving forward.



Investigations

The Investigation Section is responsible for the detection and investigation of fraud, waste and abuse in Corporation programs and operations. The Section probes allegations of serious—sometimes criminal—misconduct involving Corporation employees, contractors and grant recipients that threatens the integrity of Corporation service initiatives. Evidence of serious criminal or fraudulent conduct is referred to the appropriate U.S. Attorney or, in some instances, to a local district attorney for criminal or civil prosecution and monetary recovery. Other investigative results are referred to Corporation management for information or administrative action, to include government-wide suspension and debarment.

Overview

During the first half of FY 2018, the Investigation Section initiated 23 investigations, closed six actions and identified more than \$2.6 million in funds that could be put to better use. Our investigations identified more than \$344,000 in misused funds for recovery by CNCS. The 22 Hotline actions reviewed by investigators led to 12 investigations and five referrals to CNCS management or to State Commissions for further action.

We continue to see a high incidence of noncompliance with requirements to check the criminal histories of staff and members prior to beginning service, as well as recurring irregularities in recording service hours. In multiple cases, individuals and entities have fabricated, altered and/or backdated paperwork associated with these critical functions and produced those falsified records to the government.

These fraudulent acts violate Federal criminal and civil statutes, and CNCS-OIG refers such matters for prosecution. We will be enhancing our enforcement efforts, particularly in cases where grantees put the community at risk by falsely asserting that they conducted required criminal background checks, as well as in cases where CNCS grant recipiemts have defrauded CNCS by fabricating or altering timesheets and other records.

Investigative Activity

AmeriCorps Subgrantee Improperly Matched CNCS Grant with Head Start Funds, Directed AmeriCorps Members to Displace Staff and Perform Service Outside the Scope of the Grant; Members Submitted Fraudulent Timesheets.

An investigation determined that the Center for Family Services (CFS), Camden, New Jersey, misused AmeriCorps resources in the following ways:

 Assigned AmeriCorps members to perform service outside the scope of the grant, in violation of the grant terms and conditions. Based on the grant terms, the members were to provide academic and social support to individual or small groups of children and thereby foster early literacy and social skills. Instead, the subgrantee had them act as assistant teachers, rather than in a supplemental or supporting role;

- Requiring members to perform service activities that substantially duplicated those of
 a paid staff member, in violation of 45 C.F.R. § 2540.100 (e) (prohibiting AmeriCorps
 assignments that displace or duplicate the functions of paid staff). The subgrantee
 failed to distinguish between the duties of AmeriCorps members and those of paid
 classroom teachers or assistant teachers. Subgrantee staff, site supervisors and
 members confirmed that there was little or no difference between the duties assigned
 to assistant teachers and the service activities of AmeriCorps members. In fact,
 members were often assigned to substitute for an assistant teacher who was late or
 absent; and
- Applied funds from the Federal Head Start Program as cost matching funds against the CNCS grant, in violation of 45 C.F.R. § 2521.45, What are the limitations on the Federal Government's Share of Program Costs? Representatives of the Department of Health and Human Services, the sponsor of Head Start, confirmed that the use of Head Start funds to match a CNCS grant was unallowable.

In addition, two AmeriCorps members admitted to investigators that they falsified their timesheets to overstate their service hours, in order to obtain education awards that they had not earned.

Agency/Administrative Actions

CNCS management concurred with CNCS-OIG's recommendations and took the following actions: (1) disallowed \$140,885 and match funds, and (2) directed The New Jersey Commission to take appropriate corrective actions to prevent members from performing activities inconsistent with and outside the scope of the grant agreement. The New Jersey Commission removed both of the members who had inflated their reported hours, without enabling them to receive an education award, and placed the CFS 2017 grant on hold until CFS presented evidence of adequate match funding. Case ID: 2016-026 Closed: 2017-10-18

AmeriCorps Subgrantee Submitted False Claims, Improperly Charged Unallowable Match and Directed AmeriCorps Members to Displace Staff.

CNCS-OIG investigated an allegation that a senior official at the Center for People in Need (CFPIN), Lincoln, Nebraska, substantially mismanaged its AmeriCorps program. CFPIN is a subgrantee of the Nebraska Volunteer Service Commission (Commission).

An investigation conducted by CNCS-OIG in conjunction with the Commission found that the subgrantee improperly charged the AmeriCorps grant for salaries of program staff who could not quantify time spent on the AmeriCorps program versus time spent on non-AmeriCorps activities.

CFPIN also charged the AmeriCorps grant for employees who were not assigned to, and did not perform services for, the AmeriCorps program.

In addition, CNCS-OIG determined that CFPIN directed AmeriCorps members to perform work ordinarily performed by a paid employee, in violation of 45 C.F.R. § 2540.100, *Nondisplacement*. CFPIN operated an English as a Second Language (ESL) program with a grant from the U.S. Citizenship and Immigration Service (USCIS), including funding for paid instructors. When the instructors resigned, the subgrantee improperly assigned their ESL teaching duties to AmeriCorps members. CFPIN never hired replacement ESL instructors, nor did it notify the Commission or USCIS about the use of members to teach ESL.

Further, CFPIN provided AmeriCorps members with donated items (food, clothing and merchandise) intended to benefit the community and then improperly claimed the value of those items as part of the non-Federal match charged to the AmeriCorps grant, in violation of 2 C.F.R. § 200.306 (b), *Billing for Unallowable Match*.

Agency/Administrative Actions

CNCS management and CNCS-OIG concurred with the Commission's findings and recommendations. The Commission disallowed \$47,063.25 in education awards for AmeriCorps members who were not entitled to receive them. The Commission disallowed the unallowable match but found that CFPIN had sufficient allowable match costs to meet the minimum match requirements for the AmeriCorps grant. The Commission declined to renew CFPIN's AmeriCorps grants for subsequent years and reportedly terminated the senior official responsible. Case ID: 2016-027 Closed: 2017-10-30

AmeriCorps Subgrantee Submitted False Claims and Directed AmeriCorps Members to Displace Staff.

CNCS-OIG investigated an allegation that a senior official at Ashby House, Salina, KS, improperly managed the AmeriCorps program. Investigation by CNCS-OIG and the Kansas Volunteer Commission (Commission), Topeka, KS, determined that the official improperly assigned members to perform duties outside the scope of the subgrant. These duties included functions normally performed by paid employees of Ashby House, thus violating applicable regulations that prohibit displacement of staff or duplication of their functions. In addition, the subgrantee improperly used grant funds to buy computer equipment.

Agency/Administrative Actions

CNCS management and CNCS-OIG concurred with the Commission's findings and recommendations. The Commission immediately suspended Ashby House's AmeriCorps grant and subsequently conducted a comprehensive review of the program. The Commission disallowed \$7,656.66 for (1) expenses improperly charged to the grant, (2) displacement, (3) member service performed outside the scope of the grant, and (4) timesheet noncompliance.

Ashby House was allowed to complete its 2016-2017 grant under close supervision by the Commission. However, the Commission elected not to continue the grant for 2017-2018, which would have been its final year. Case ID: 2017-004 Closed: 2018-01-26

RSVP Grantee Failed to Complete Required Criminal History Checks, Deliberately Overstated the Number of Volunteers and Failed to Conduct Volunteer Station Assessments and Update the Volunteer Station Memorandum of Understanding.

CNCS-OIG investigated allegations that employees from the Retired Senior Volunteer Program (RSVP) of Tulsa, Tulsa, Oklahoma, intentionally submitted inaccurate time and attendance records and inflated the number of volunteers enrolled in RSVP on a Progress Report to CNCS.

While we found no evidence to support the allegation that employees falsified or submitted inaccurate time and attendance records, the investigation uncovered other serious mismanagement and noncompliance with safety requirements. RSVP of Tulsa:

- Failed to complete the required criminal history checks for a staff member, in violation of 45 C.F.R. § 2540.204. The organization did not search the correct information repository and failed to obtain authorization to deviate from the prescribed search procedures.
- Intentionally overstated the number of RSVP volunteers, in violation of 45 C.F.R. §
 2553.25(g). A senior official of RSVP Tulsa admitted to counting participants in a Tai
 Chi class as RSVP volunteers, even though they were not enrolled to, and did not,
 provide service to their community; and
- Failed to update Memoranda of Understanding (MOUs) with the sites at which volunteers were serving and did not conduct the required annual assessments of those volunteer stations, in violation of 45 C.F.R. § 2553.23. A senior official admitted that RSVP of Tulsa did not perform reliable verification of the volunteer service hours. In addition, 20 percent of the MOUs were expired.

Agency/Administrative Actions

CNCS management concurred with CNCS-OIG's findings and took the following actions: (1) imposed a nominal disallowance of \$1,500 for the improper criminal history checks in accordance with CNCS's enforcement matrix, token sanctions that CNCS-OIG believes are not commensurate with the importance of comprehensive background checks; (2) instructed RSVP of Tulsa regarding MOU requirements (Five MOUs have since been updated, and the remaining expired MOUs were transitioned to inactive status.); and (3) provided technical assistance related to enrollment of RSVP volunteers and appropriate service activities. RSVP of Tulsa was directed to revise the affected annual progress report and exclude participants of the Tai Chi class from its volunteer counts throughout the report. Case ID 2017-011 Closed: 2017-11-01

Foster Grandparents Program Grantee Required to Repay \$143,278 for Costs Improperly Charged.

CNCS-OIG investigated allegations that volunteers and staff of the Foster Grandparents Program (FGP) at Kansas Neurological Institute (KNI), Topeka, Kansas, falsified timesheets and performed duties outside the scope of the grant.

The investigation revealed the following misconduct:

- KNI allowed one of its officials to spend up to 70 percent of her time performing duties associated with her former non-FGP duties, while charging the grant for 100 percent of her time;
- KNI violated 45 C.F.R. § 2552.25, What are a sponsor's administrative responsibilities?, subsection (c), when it allowed its FGP former project director to concurrently serve as the volunteer treasurer for the National Association of Foster Grandparent Program Directors (NAFGPD) while supposedly working full-time as the director of KNI's FGP. This was contrary to FGP regulations and KNI's FGP grant agreement, which required the sponsor to employ a project director full-time, dedicating 100 percent of his/her time to managing the FGP grant;
- For the past five years, the KNI project director represented falsely on her timesheets that she spent 100 percent of her time working on FGP matters, when in fact she spent approximately 75 percent of her time performing non-FGP duties; and
- The former project director improperly authorized FGP volunteers to overstate the amount of time that they spent on in-service training and/or recognition

events, allowing them to receive stipend payments to which they were not entitled.

Agency/Administrative Actions

CNCS management concurred with CNCS-OIG's findings and recommendations, and required KNI to repay \$143,278.47 for costs improperly charged to the FGP grant. Case ID 2016-032 Closed 2018-01-31

Investigation Outreach Activities

Our investigators actively reach out to educate grantees, State Commission personnel and CNCS staff about preventing and detecting fraud, waste and abuse; developing strong internal controls and fraud indicators; and reporting instances of possible wrongdoing. Investigators use both social media messaging and on-site training, which included presentations at CNCS Regional Cluster meetings and with the Office of Field Liaison.

Investigations Table

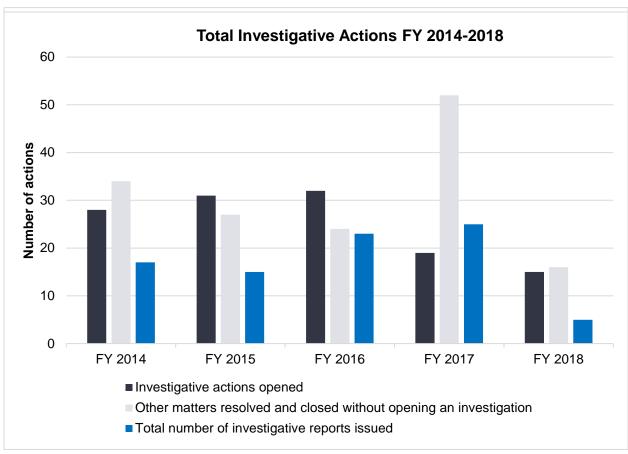
Inv	estigative \$	Statistical \$	Summary		
Activity	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Investigative actions opened	28	31	32	19	15
Other matters resolved and closed without opening an investigation	34	27	24	52	16
Total number of investigative reports issued	17	15	23	25	5
Number of persons referred to DOJ for criminal prosecution	0	3	9	6	3
Number of persons referred to state or local authorities for criminal prosecution	0	0	1	0	0
Number of criminal indictments and criminal information from the results of referrals	0	0	1	0	0
Investigative recoveries ^{1, 3}	\$429,554	\$4,240,133	\$812,035	\$900,629	\$344,293
Funds to be put to better use ²	\$371,048	\$139,800	\$1,200,560	\$100,000	\$2,667,144
Administrative or management action taken	18	10	14	21	5

¹ Includes money received by the CNCS or other government agencies as a result of OIG

investigations, including joint investigations with another OIG, Federal, or State investigative element.

² When OIG investigative action identifies a systemic practice that has subsequently been stopped or modified as a result of our work, clear and unmistakable savings to CNCS are reported here.

³ FY 2015 Reflects adjustments by CNCS.



Metrics for Investigative Statistics - An investigative action is an investigation or preliminary investigation that has been assigned a case number.

Other matters resolved without opening an investigation are Hotline reports or other matters that can be resolved or handled without initiating an investigation.

Total number of investigation reports issued are reports of investigation or closeout reports.

Investigation recoveries are funds that CNCS recovered or that management issued a debt letter for collection.



Peer Review

Offices of Inspectors General undergo periodic peer reviews to ensure their operations meet the professional standards of the IG community. The results of a peer review must be included in the Semiannual Report of the reviewed office, which must also identify any recommendations that have not been fully implemented. The OIG that conducts a peer review must likewise identify the outstanding and unimplemented recommendations pertaining to the office that it reviewed. The specific statutory requirements for this reporting are contained in Section 989C of Public Law 111-203, which amended Section 5 of the Inspector General Act of 1978.

Most Recent Peer Reviews of CNCS-OIG

Audit Section

A peer review conducted by the audit staff of the Library of Congress Office of the Inspector General concluded that our Audit Section met or exceeded applicable professional standards for Federal audit organizations. The peer review report, issued on March 30, 2016, stated that CNCS-OIG's system of quality control in effect for FY 2015 met applicable professional standards "in all material respects," was suitably designed and followed, and received a rating of "pass."

The next Peer Review for the Audit Section is scheduled to begin on September 30, 2018.

Investigation Section

In March 2015, a Peer Review Report was issued for the Investigation Section by the Peace Corps Office of the Inspector General. The reviewers determined that the internal safeguards and management procedures for investigative operations complied with the quality standards established by the CIGIE and Attorney General guidelines. In addition, after the close of this semiannual period, the Office of the Special Inspector General for Afghanistan Reconstruction conducted the next scheduled peer review of the Investigation Section and we look forward to sharing those positive results in our next semiannual report.

These positive peer reviews confirm the quality of CNCS-OIG's contribution to rigorous oversight, which ensures that the Corporation is accountable to the public.

Evaluations and Inspections

CIGIE recently initiated a new peer review program for inspections and evaluations (I&E). In June 2019, CNCS-OIG is scheduled to ondergo the first peer review of its I&E functions, to be conducted by the Peace Corps OIG and the Small Business Administration OIG.

Other Reportable Matters

Investigations Substantianting Misconduct by a Senior Gove	rnment
Employee	

None

Whistleblower Retaliation

None

Interference with IG Independence.

None

Undisclosed Audits, Investigations, Evaluations or Inspections.

None

Appendix A

		Open a	and Unimpleme	ented Rec	ommendations	
	Report No.	Report Title	Date Issued	Rec No.	Recommendation	Dollar Value of Aggregate Potential Cost Savings
1	OIG - 12-04	Audit of Earned Education Awards Resulting from Compelling Personal Circumstances	11/9/2011	3b	We recommend that the Corporation implement the text description functionality in the MyAmeriCorps Portal to allow grantee personnel and the Corporation (for NCCC) to document the Compelling Personal Circumstances justifications.	Not quantified
2				3c	We recommend that the Corporation implement monitoring controls requiring a secondary level of review of each approved partial education award.	\$448,926
3	OIG - 13-06	Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Edna McConnell Clark Foundation	6/6/2013	1 c	We recommend that the Corporation revise the Frequently Asked Questions for National Service Criminal History Checks to require searches to be conducted for employees with maiden, married or former married names.	Not quantified

4	OIG - 13-07	Inadequate Internal Controls Prevent the Corporation from Mitigating Significant Risks Inherent in the Fixed Amount Grants Program	9/30/2013	1	We recommend that the Corporation reduce vulnerabilities in its fixed amount grant program by identifying the risk drivers (to include member enrollment and retention, drawdowns and non-CNCS resources) and developing indicators by which to assess the associated risks.	Not quantified
5				3	We recommend that the Corporation obtain quarterly information from grantees on total program expenditures and/or development of non-CNCS funding for program support.	Not quantified
6				4	We recommend the Corporation establish monitoring priorities, plans and procedures based on grantee risk assessments that address specific fixed amount grant requirements, distinguishing between financial and programmatic risk.	Not quantified
7	OIG - 14-04	Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Arkansas Service Commission	11/14/2013	11d	We recommend that the Corporation recover the grant costs associated with the second service terms of AmeriCorps members who were ineligible because they had not been evaluated at the end of their first terms, as required by statute.	\$4,602

8	OIG - 14-09	Audit of Blanket Purchase Agreements for Professional Consulting Services	6/20/2014	2	We recommend that a central review committee (including a representative of the Office of Procurement Services) approve any consulting projects that exceed pre-established cost thresholds.	Difficult to quantify but likely in the millions
9				6	We recommend that the Corporation require meaningful review of contractor and subcontractor cost proposals, including adequate documentation of the review and its conclusions in the contract file. The Corporation should develop procedures to guide staff in determining the types and sources of information to be considered.	Difficult to quantify but likely in the millions
10				10	We recommend that the Corporation create a centralized tool to track all deliverables, to be reviewed periodically.	Not quantified

11				18	We recommend that the Corporation conduct a post-performance review of each consulting project to assess lessons learned; determine whether project objectives were met; and evaluate the impact of the deliverables and success of the project. This review should include a cost-benefit analysis. The results of the review should be used to maintain accountability and improve the procurement process.	Difficult to quantify but likely in the millions
12	OIG - 15-05	Audit of Corporation for National and Community Service Grants Awarded to Tufts University/Massachusetts Campus Compact	5/14/2015	6a	We recommend that the Corporation establish customized monitoring assessments and procedures based on the nature of programmatic and financial risk in all of its programs.	Difficult to quantify but likely in the millions
13				6b	We recommend that the Corporation develop a notification system that promptly communicates significant and/or critical information across all Corporation program and grant offices.	Not quantified

14	OIG - 15-06	Audit of Corporation for National and Community Service Cooperative Agreements Awarded to AFYA Incorporated and Education Northwest	6/25/2015	1	We recommend that the Corporation identify risk areas for training and technical assistance cooperative agreements and develop indicators to assess associated risks. Indicators could include special terms and conditions of the cooperative agreement, the status of a grantee's Negotiated Indirect Cost Rate Agreement, fraud risk indicators, deficiencies identified in prior OIG and non-OIG audits of the grantee, prior Corporation desk reviews and prior Corporation site visits of the grantee.	Difficult to quantify but likely in the millions
15				2	We recommend that the Corporation establish customized monitoring priorities, plans, and procedures based on programmatic and financial risk assessments developed in accordance with specific requirements of training and technical assistance cooperative agreements.	Not quantified

16	Various	Risk Management (multiple reports)	N/A	Various	We recommend that the Corporation develop a risk-based process for monitoring grants, to replace its one-size-fits-all approach that uses risk assessment criteria developed for traditional cost reimbursement grants for fixed amount grants and grants for technical training and assistance. This system understates and/or ignores risks inherent in those other grants.	Difficult to quantify but likely in the millions
17				Various	CNCS should validate its risk indicators for all grants against outcomes and use outcomes to identify other factors that could sharpen its analysis.	
18	OIG -16-04	Performance Audit of the Corporation for National and Community Service's Compliance with the Improper Payments Elimination and Recovery Act of 2010 for Fiscal Year 2015	5/13/2016	1	We recommend that CNCS implement internal controls and review procedures over the Improper Payments submission of AFR Section IV, Other Information, to ensure that it reports the required elements per OMB Circular No. A-136 and includes complete and accurate information.	Not quantified

19		2	We recommend that CNCS improve the IPERA risk assessment process to ensure that it provides a complete, accurate and systematic method for assessing the improper payment risks of each program. CNCS lacks adequate procedures to ensure that the statistical methodology used to extrapolate the improper payment amount results in a complete and accurate estimate, particularly with respect to the Senior Companion Program and the Social Innovation Fund.	Difficult to quantify but likely in the millions
20		3a	We recommend that CNCS work with a qualified statistician to implement a straightforward sampling methodology that is statistically valid and realistic to execute.	Not quantified
21		3b	CNCS should ensure that it has allocated and committed sufficient resources to complete the sampling process and associated testing within the timeframe required to meet IPERA reporting requirements in the AFR.	Not quantified

22		3c	CNCS should implement procedures to hold grantees accountable for failing to respond to requests for documentation required to support the improper payments assessment.	Not quantified
23		4	We recommend that CNCS work with a qualified statistician to implement a statistically valid extrapolation methodology and provide oversight throughout the planning and estimation process to ensure that the agency is in compliance with IPERA.	Not quantified
24		5	We recommend that CNCS develop a comprehensive testing methodology and consistently apply that methodology to selected sample items. This includes updating its test plan evaluation sheets to address allowability and eligibility criteria applicable to CNCS-sponsored payments per relevant sections of the CFR, as well as updating the mandatory training for reviewers to ensure consistent testing and document retention.	Not quantified

25		6	We recommend that CNCS take appropriate programmatic corrective actions to address the root cause of improper payments identified in the AmeriCorps State and National Grant Program, to include realistic reduction targets for subsequent fiscal years, together with a rationale for the target, as part of the improper payments reporting in the Agency Financial Report (AFR).	Difficult to quantify but likely in the millions
26		8	We recommend that CNCS assess whether payment recapture audits or other recovery activities are costeffective for programs that expend \$1 million or more annually, and that it retains adequate supporting documentation of the analysis performed.	Not quantified

27				9	We recommend that CNCS take appropriate action to meet the reporting requirements for agencies that have been unable to comply with IPERA for three consecutive fiscal years, including submitting a plan to OMB and Congress that outlines the milestones for achieving compliance; designates a senior agency official accountable for achieving compliance; and assesses whether additional funding, program reauthorization or statutory changes would help bring CNCS into compliance with IPERA.	Not quantified
28	OIG - 16-05	Audit of Corporation for National & Community Service Grants Awarded to Hoopa Valley Tribe	11/13/2015	1 a	In lieu of the nominal matrix-dictated penalties, establish penalties for criminal history check (CHC) violations that are high enough to command attention from grantee leaders and not create perverse incentives.	Difficult to quantify but likely in the millions
				1b	We recommend that the CHC enforcement regime be revised to apply risk concepts correctly (prospectively, not retrospectively) and to incentivize strong risk management.	Not quantified

				1c	We recommend stronger sanctions for CHC violations to match the high risk and high stakes that CHC failures may pose for CNCS and grantees.	Not quantified
				1d	We recommend that the Corporation's approach to CHC consider deterrence, which should be a key feature of any sanctions program.	Difficult to quantify but likely in the millions
				1e	We recommend that CNCS correct the other specific flaws identified in the sanctions approach.	Not quantified
29	Various	Criminal History Checks (multiple reports)	N/A	Various	We recommend that CNCS sustain questioned costs for grantees that failed to conduct proper and timely checks of staff and member/volunteers' criminal histories. CNCS should not reward noncompliance by retroactively approving an Alternative Search Protocol (ASP), covering both late checks of the National Sex Offender Public Website and state criminal history checks performed by unapproved contractors.	61,400,000 see footnote ¹

¹ Aggregate potential savings based on CNCS's projections of CHC-related improper payments reported in FY 2015 Annual Financial Report (AFR) for AmeriCorps State and National and FY 2016 AFR for Senior Corps programs. This is both a critical safety precaution and a means to reduce the improper payments described in IPERA assessments.

30	OIG - 17-01	Audit for the Corporation for National and Community Service's Fiscal Year 2016 Financial Statements	11/14/2016	1	Senior leadership should engage actively and comply with the operating guidelines for the Risk Management Council (RMC) and the Risk and Assessment Committee (RAC) in order to ensure comprehensive consideration and analysis of risks, proper attention to obstacles (e.g., resources and staff turnover), identification of deficiencies and active monitoring of and accountability for corrective actions.	Difficult to quantify but likely in the millions
31				2a	We recommend that CNCS engage the RMC, RAC and program and financial managers in continuing efforts to build a comprehensive enterprise-wide risk assessment and monitoring process.	Difficult to quantify but likely in the millions
32				2b	The OCRO, along with other CNCS programs and offices, should utilize the results received thus far in its initial ELC assessment report established in July 2016 and further develop its responses to the risks identified.	Not quantified

33				2c	To further the agency's risk assessment and monitoring process at the transaction level, CNCS should fully develop internal control tests of design and tests of effectiveness to properly identify and respond to risks, as well as perform monitoring activities on a routine basis.	Not quantified
34				3	The Office of Chief Risk Officer (OCRO) should align its internal control testing to management's responsibilities related to financial management (with an emphasis on grants management), Federal Information Security Modernization Act /information technology, Improper Payments Elimination and Recovery Act compliance and resolution of flaws identified in OIG audits.	Not quantified
35-41	OIG - 17-05	Evaluation of the National Civilian Community Corps (NCCC) Program	12/5/2016	1	Reevaluate the appropriate balance between NCCC and other programs that cost taxpayers substantially less for comparable service activities. (7 Recommendations)	\$60,000,000
42-57				2	Developed a comprehensive and independent recruitment and retention program. (16 Recommendations)	Not quantified

58-60				3	Objectively assess the programmatic performance of campuses. (3 Recommendations)	Not quantified
61-63				4	Promote accountability and strategic collaboration. (3 Recommendations)	Not quantified
64-65				5	Improve member outcomes through additional efforts. (2 Recommendations)	Not quantified
66	OIG Management Challenges	Modernizing Information Technology	12/7/2016	4	CNCS must ensure careful management and close oversight by senior executives of the \$43 million Grants and Member Management Modernization program, particularly because of the high-risk nature of this venture; the CNCS Office of Information Technology's lack of experience managing projects of this complexity and magnitude; the urgent need for better IT to support grant management; the amounts at risk; the lengthy delays already incurred; the expenditure of one-third of the total estimated cost long before completing Phase 1; and the lack of any planned delivery dates for Phases 2 and 3.	\$24 million incurred to date

67	OIG Management Alert	NACHC CNCS Missed Opportunities	11/3/2016	2	We recommend that CNCS identify all grantees and subgrantees whose service activities involve providing healthcare to women and girls of childbearing age, as well as those with service activities directed at education or mentoring of girls and young women middle schoolaged and above and determine whether they have engaged in abortion-related prohibited activities within a predetermined period.	Not quantified
68				3	We recommend the Corporation conduct similar risk assessments, identification of at-risk grantees, communications and targeted monitoring for other prohibited activities.	Not quantified
69				4	We recommend CNCS identify any other factors that may increase the risk of individual prohibited activities and use that information for targeted education, training and monitoring as appropriate.	Not quantified

70		6	We recommend that CNCS enhance the capacity of eGrants to store and search critical emails; institutionalize policies and procedures to allow POs and GOs to capture key emails in eGrants; and develop criteria for identifying emails to be captured.	N/A
71		7	We recommend that CNCS's to-bedeveloped Enterprise Risk Management strategy and planning include a component for specific prohibited activities, commensurate with magnitude of the risk, including the reputational and political risk to CNCS.	N/A
72		8	We recommend that the Corporation accelerate the development of a more focused, targeted and risk-based model and approach to all grant monitoring including continuous assessment of the effectiveness of CNCS'S grant risk assessments and monitoring.	Not quantified

73		9	Without waiting for the development of a comprehensive risk-based monitoring strategy, we recommend that CNCS develop and implement monitoring strategies for specific prohibited activities that can be conducted frequently, do not depend on site visits and provide a meaningful opportunity for prompt detection of violations or red flags, including searches of social media sites and surveys of members in accessible language, using the MyAmeriCorps Portal.	Not quantified
74		10	We recommend that CNCS assess during the grant application process whether an applicant is at particular risk for one or more specific prohibited activities. If so, CNCS should require that the grantee develop customized ways to address compliance with that prohibition, including detection controls. We also recommend that the Corporation incorporate the resulting information into the monitoring plan and target CNCS monitoring activities accordingly and assess the effectiveness of the measures taken by the grantee.	Not quantified

75-79	OIG - 17-03	Fiscal Year 2016 Federal Information Security Modernization Act Evaluation of the Corporation for National and Community Service	12/22/2016	Various	A total of five recommendations, including many beginning in FY 2014, remained open from our prior year FISMA evaluations. These open recommendations address weaknesses noted in a variety of areas, including the following: • Multiple Weaknesses with Vulnerability Scanning and Remediation (FY 14 - FISMA - NFR 2) • Inadequate Enterprise-Wide Risk Management Policies and Practices (FY 14 - FISMA - NFR 9) • Inadequate Disaster Recovery Plan Documentation and Planning (FY 14 - FISMA - NFR 14) • Secure Configuration Management Policies, Procedures, and Practices Need Improvement (FY 16 -FISMA - NFR 1) • Insufficient Monitoring and Remediation of Server Backup Failures (FY 16 - FISMA - NFR 2)	Remediation expenses could exceed \$5 million
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80-88	OIG - 18-01 and 18-02	Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	11/15/2017	1	With respect to financial reporting, we recommended that CNCS take the following nine actions: 1. Prepare a complete set of financial statements and related notes at the interim periods; 2. Decide on the accounting standards (FASB or FASAB) to be followed in preparing the financial statements; 3. Ensure that information presented in the Statement of Budgetary Resources and notes is in accordance with OMB Circular A-136 guidance; 4. Automate the financial statement preparation process insofar as possible to reduce the potential for human error in the financial statement template; 5. Develop detailed policies and procedures to reflect the financial statement preparation process; 6. Review and research discontinued document types to determine whether unliquidated order balances are still valid; 7. Update the Financial Reporting Cost Allocation process memorandum; 8. Identify and remediate the causes that give rise to the recurring needs for Standard Vouchers and user functionality issues; and, 9. Continue its efforts to be fully compliant with the object class reporting requirements.	Not quantified
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89-92				2	With respect to the unpaid obligations of the National Service Trust, we recommend that CNCS take the following four actions: 1. Document the authority that allows for the automatic obligation of interest and its compliance with the budget execution guidance in OMB Circular A-11, or modify its practices with respect to the treatment of interest revenue; 2. Implement policies and procedures to address Trust Fund unpaid obligations issues; 3. Perform a documented assessment to validate the transactions currently included in the unpaid obligations balance; and, 4. Coordinate with the CNCS Office of Grants Management to implement a process to correctly account for the unpaid obligation balances at the grant transaction level. Promptly remove unused education awards from the unpaid obligations balance.	Not quantified
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93-98			3	With respect to the National Service Trust's service award liability (TSAL) model, we recommended that CNCS take the following six actions: 1. Implement the CNCS consulting firm's recommendation to correct the erroneous member record types; 2. Develop or update the TSAL model documentation, document modelling assumptions, SOPs, and business process narratives; 3. Protect cells within the TSAL model (Excel spreadsheet); 4. Conduct a detailed study to determine the historical awards granted to members by duration and by program year. Use the results of that study to adjust the calculation of the Education Awards Earning Percentage; 5. Assess the need and document management's position regarding the discounting factors for the model per FASAB standards; and, 6. Cross-train staff and develop a succession plan to ensure the required expertise is available.	Difficult to quantify but likely to exceed \$250 million
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99-101			4	With respect to grants accrual payable and advances, we recommended that CNCS take the following three actions: 1. Revise the grant accrual methodology so that it is based on historically reported expenses; all sources of information and calculations are clearly identified and the sources disclosed; the method for calculating the IBNR costs for the accrual is separately calculated and identified; a validation process is established to verify the accuracy of the grant accrual; and it addresses how the calculations are used to arrive at the Grants Payable and Advances to Other line items; 2. Develop a process to validate grant advances, IBNR and payable estimates; and, 3. Coordinate with the program and grant officers to gather and analyze its key grant programs' historical data and the grantees' spending patterns to develop various key factors.	Not quantified
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102-105				5	With respect to information technology security controls, we recommend that CNCS take the following four actions: 1. Enforce the agency-wide information security program across the enterprise and improve performance monitoring to ensure controls are operating as intended at all facilities; 2. Strengthen and refine the process for communicating CNCS facility-specific control deficiencies to CNCS facility personnel, and coordinate remediation of the control deficiencies; 3. Strengthen and refine the process for holding system owners and information system security officers accountable for remediation of control deficiencies and ensuring that the appropriate security posture is maintained for CNCS information systems; 4. Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in CNCS information systems; and, Note - Implement the 34 detailed recommendations in the FY 2017 FISMA Evaluation report.	See lines 75-79 above
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106-119	OIG - 18-03	Fiscal Year 2017 Federal Information Security Modernization Act Evaluation of the Corporation for National and Community Service	12/18/2017	Various	To address information security weaknesses, we recommended 34 actions that CNCS take in the following 14 areas: 1. Strengthen agency's organization-wide information security program; (7 Recommendations) 2. Improve agency's configuration management controls; (2 Recommendations) 3. Strengthen account management controls; (4 Recommendations) 4. Implement multifactor authentication for privileged and non-privileged accounts; (2 Recommendations) 5. Enhance review and analysis of Momentum audit logs; (2 Recommendations) 6. Enhance the personnel screening process; (2 Recommendations) 7. Strengthen contingency planning controls; (3 Recommendations) 8. Enforce an agency-wide information security program across the enterprise; (1 Recommendation) 9. Improve agency's vulnerability and patch management controls; (1 Recommendation) 10. Strengthen access controls for mobile devices; (3 Recommendations) 11. Strengthen monitoring of wireless access connections; (2 Recommendations) 12. Strengthen the protection of	See lines 75-79 above
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	personally identifiable information; (1 Recommendation) 13. Improve the information technology asset inventory management process; (1 Recommendation) and, 14. Improve physical and environmental protection controls. (3 Recommendations)	

120	OIG 18-05	Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	11/8/2017	1	We recommend that CNCS ensure the detail level requirements for meeting the DATA Act will be captured when transactions occur. This can be done by working with CNCS's shared service provider CGI Federal, Inc., to update transaction processing in Momentum ensuring current and upcoming DATA ACT requirements are incorporated.	Not quantified
121				2	We recommend that CNCS validate the required Program Activity Name, Program Activity Code, and Object Class data fields against the source system prior to its submission to the DATA broker for proper and accurate reporting.	Not quantified
122				3	We recommend that CNCS focus on reducing the amount of Standard Vouchers (SVs) by fixing the root causes. SV's should be limited to those related to accrual adjustments or one-time, unusual transactions only.	Not quantified
123				4	We recommend that CNCS validate the SVs to address errors and invalid balances carried forward from prior years and correct the data submissions.	Not quantified

124		5	5	We recommend that CNCS research and resolve warnings identified by the DATA broker before the DATA Act files submission. Document the actions taken to resolve the warnings so future errors can be avoided.	Not quantified
125		6	6	We recommend that CNCS capture institutional knowledge and mitigate the effects of employee turnover by documenting CNCS's DATA Act compliance processes and keeping them up to date. In addition, develop a succession plan to ensure that CNCS retains required expertise and capabilities.	Not quantified
126		7	7	We recommend that CNCS develop policies and procedures to ensure that reconciliations between internal files are completed prior to submission to the DATA broker.	Not quantified
127		8	8	We recommend that CNCS obtain DATA Act training for CNCS staff on the use and functionalities of the Award Submission Portal.	Not quantified
128		9	9	We recommend that CNCS ensure that accurate and complete data is presented to the general public by reviewing the CNCS information from residing external systems and reconciling the external site information to the CNCS source systems.	Not quantified

129	OIG 18-09	Website Vulnerability Assessment	11/30/2017	1	We recommend that CNCS improve the effectiveness of patching all web servers.	Not quantified
130				2	We recommend that CNCS update unsupported software to supported versions.	Not quantified
131				3	We recommend that CNCS address configuration changes required to fully address vulnerability remediation.	Not quantified
132				4	We recommend that CNCS evaluate secure coding practices and remediate Structured Query Language (SQL) Injection and Cross-Site Scripting weaknesses.	Not quantified
133				5	We recommend that CNCS update the contracted IT Service provider Interconnection Security Agreement to reflect the correct connection information.	Not quantified



Agency Response to the Office of the Inspector General's Semiannual Report to Congress

October 1, 2017 - March 31, 2018

Fiscal Year 2018 Semiannual Report No. I

Corporation for National and Community Service Response to the OIG Semiannual Report and Report on Final Action

The Corporation for National and Community Service (CNCS) appreciates the Office of Inspector General's (OIG's) warm welcome to the agency's new Chief Executive Officer (CEO), Ms. Barbara Stewart. CNCS looks forward to continuing its collaborative working relationship with the OIG to identify areas of concern and develop cost effective solutions by maximizing available resources.

Since Ms. Stewart was appointed as CEO, she has met with AmeriCorps members and Senior Corps volunteers as well as the individuals they serve. She's witnessed firsthand the impact of service on the lives of Americans young and old. She has also met with a wide range of stakeholders and learned about the opportunities and challenges our grantees face. She has become well acquainted with the operational challenges CNCS is working to correct. She shares the OIG's concerns and is committed to making meaningful changes to improve CNCS operations. As she told the Subcommittee on Education and the Workforce on April 17, 2018 "Our responsibility is too great and our mission is too important not to make the improvements necessary to produce the lasting change we all desire."

CNCS continues to address several of the Inspector General's concerns:

1. Reducing Improper Payments

National Service Criminal History Checks (NSCHC) is still the major cause of noncompliance and is in the process of taking significant steps to help grantees comply with the requirements of NSCHC (see below).

2. Strengthening National Service Criminal History Checks

Building on the success of the FBI approved channeler that has helped grantees obtain timely and accurate checks, CNCS is in the process of selecting a vendor that can provide compliant National Sex Offender Public Website and certain state repository checks for grantees.

3. Modernizing Information Technology (IT)

The agency has hired a new Chief Information Officer who has presented a plan on how to move forward with IT Modernization and the development of our Grants and Member Management Program for business stakeholders, OIT, and the vendor.

CNCS appreciates the Inspector General's acknowledgment that the Fiscal Year (FY) 2017 Federal Information Security Modernization Act Evaluation shows that meaningful progress has been made on the agency's cybersecurity. CNCS continues to work on improving its information security.

The agency is carefully analyzing the FY 2017 Financial Statements audit recommendations regarding current accounting procedures and internal controls. CNCS has been working with the Office of Management and Budget (OMB), the Department of the Treasury (Treasury) and the

Federal Accounting Standards Advisory Board to resolve the most material issues raised by the auditors - those dealing with the liabilities and operations of the National Service Trust. Notably, some of the issues raised by the auditors could only be resolved by changes to government-wide accounting guidance, some of which took effect in March, 2018 (well after the close of the FY 2017 Audit), and other changes that will be made specifically as a result of CNCS's discussions with OMB and Treasury.

The agency has committed to review and determine the final status on all unimplemented recommendations in the OIG's FY 2017 Semiannual Reports (SAR). This review is underway. Its purpose is to ensure more updated information is included about the current status of each recommendation and determine which require further action.

The inclusion of some of the recommendations in this SAR does not appear to fully reflect the agency's response or willingness to implement the OIG's recommendations. The agency looks forward to continuing to work with the OIG to reduce the list of unimplemented recommendations.

CNCS appreciates the OIG's commitment to review each of the unimplemented recommendations prior to the next SAR reporting period to ensure future reports provide a complete picture of the agency and the OIG's efforts to reach a resolution on these recommendations wherever possible. Eight of the OIG's recommendations (highlighted in red on the chart) require legislative action and will remain unimplemented despite CNCS's interest in seriously considering OIG recommendations.

Numbers 35 - 65 of the OIG's unimplemented recommendations resulted from the OIG's evaluation of AmeriCorps National Civilian Conservation Corps (NCCC). These include the OIG's recommendation for AmeriCorps NCCC to engage Senior Corps Foster Grandparents to serve as mentors for NCCC members to improve retention. To use its resources to support a program conducted by CNCS would be contrary to the DVSA, the NCSA and appropriations law. Moreover, NCCC members are age 18 - 24, by statute, and Foster Grandparents are limited by statute to only serve as mentors to individuals under the age of 18. Mentoring AmeriCorps NCCC members would be an unallowable program cost. The agency looks forward to removing recommendations like this example from future SARs.

CNCS continues to improve compliance in implementation of the Improper Payments Elimination and Recovery and Improvement Act (IPERIA) and strengthen its overall approach to the annual IPERIA assessment. The agency has strengthened its reporting and recovery processes by implementing guidance for disallowing costs related to improper payments. The agency has also committed additional resources to support the IPERIA team as it strives to improve the improper payments testing and reporting processes and address the root causes related to grantee noncompliance. CNCS is proud of the progress made to date but recognizes more needs to be done to address this issue.

CNCS looks forward to continuing to work with the OIG to strengthen the agency's programs, operations, and oversight of its grantees.

TABLE I

${\bf FINAL\ ACTION\ TAKEN\ ON\ AUDIT,\ INSPECTION,\ AND\ EVALUATION\ REPORTS}$

(For the Period October 1, 2017 through March 31, 2018)

		Number of <u>Reports</u>	Disallowed Costs
A.	Reports for which final action had not been taken by the commencement of the reporting period	3	-
B.	Reports for which management decisions were made during the reporting period	3	\$696,611
C.	Reports for which final action was taken during the reporting period	2	\$1,513
	 Recovery of disallowed costs:¹ (a) Collections and offsets (b) Property in lieu of cash (c) Other (reduction of questioned costs) 		\$219,624 - -
	2. Write-offs		-
D.	Reports for which final action was not taken by the end of the reporting period	4	-

¹ Recoveries can include audits for which final action was taken in prior reporting periods.

TABLE II

FINAL ACTION TAKEN ON AUDIT, INSPECTION, AND EVALUATION REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

(For the Period October 1, 2017 through March 31, 2018)

		Number of <u>Audit Reports</u>	Dollar <u>Value</u>
A.	Reports for which final action had not been taken by the commencement of the reporting period	1	-
B.	Reports for which management decisions were made during the reporting period	1	-
C.	Reports for which final action was taken during the reporting period	0	-
	i. Dollar value of recommendations completed		-
	ii. Dollar value of recommendations that management has concluded should not or could not be implemented or completed		-
D.	Reports for which no final action had been taken by the end of the reporting period.	3	-

Table III

AUDIT REPORTS ON WHICH MANAGEMENT HAS MADE A DECISION BUT FINAL ACTION HAS NOT BEEN TAKEN (OTHER THAN MANAGEMENT DECISIONS MADE WITHIN THE PRECEDING YEAR)

(For the Period October 1, 2017 through March 31, 2018)

The agency is not overdue on any reports, where action has been taken but not completed.

Report No. and Title	OIG Recommendations	CNCS Response
OIG 12-04 Audit of Earned Education Awards Resulting from Compelling Personal Circumstances	3b. We recommend that the Corporation implement the text description functionality in the MyAmeriCorps Portal to allow grantee personnel and the Corporation (for NCCC) to document the Compelling Personal Circumstances justifications. 3c. We recommend that the Corporation implement monitoring controls requiring a secondary level of review of each approved partial	CNCS submitted its management decision to the OIG on August 24, 2016. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
OIG 13-06 Agreed-Upon Procedures for CNCS Grants Awarded to Edna McConnell Clark Foundation	education award. 1c. We recommend that the Corporation revise the Frequently Asked Questions for National Service Criminal History Checks to require searches to be conducted for employees with maiden, married or former married names.	CNCS submitted its management decision to the OIG on February 20, 2015. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
OIG 13-07 Inadequate Internal Controls Prevent CNCS from Mitigating Significant Risks Inherent in the Fixed Amount Grants Program	1. We recommend that the Corporation reduce vulnerabilities in its fixed amount grant program by identifying the risk drivers (to include member enrollment and retention, drawdowns and non-CNCS resources) and developing indicators by which to assess the associated risks. 3. We recommend that the Corporation obtain quarterly information from grantees on total program expenditures and/or development of non-CNCS funding for program support.	CNCS submitted its management decision to the OIG on September 25, 2014. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	4. We recommend that the Corporation establish monitoring priorities, plans and procedures based on grantee risk assessments that address specific fixed amount grant requirements, distinguishing between financial and programmatic risk.	
OIG 14-04 Agreed-Upon Procedures for CNCS Grants Awarded to Arkansas Service Commission	11d. We recommend that the Corporation recover the grant costs associated with the second service terms of AmeriCorps members who were ineligible because they had not been evaluated at the end of their first terms, as required by statute.	CNCS responded to this management decision on March 11, 2015. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.

OIG 14-09 Audit of Blanket Purchase Agreements for Professional Consulting Services	 We recommend that a central review committee (including a representative of the Office of Procurement Services) approve any consulting projects that exceed pre-established cost thresholds. We recommend that the Corporation require meaningful review of contractor and subcontractor cost proposals, including adequate documentation of the review and its conclusions in the contract file. The Corporation should develop procedures to guide staff in determining the types and sources of information to be considered. We recommend that the Corporation create a centralized tool to track deliverables, to be reviewed periodically. We recommend that the Corporation conduct a post-performance review of each consulting project to assess lessons learned; determine whether project objectives were met; and evaluate the impact of the deliverables and success of the project. This review should include a cost-benefit analysis. The results of the review should be used to maintain accountability and improve the procurement process. 	CNCS responded to this management decision on September 29, 2016. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
OIG 15-05 Audit of CNCS Grants Awarded to Tufts University/Massachusetts Campus Compact	 6a. We recommend that the Corporation establish customized monitoring assessments and procedures based on the nature of programmatic and financial risk in all of its programs. 6b. We recommend that the Corporation develop a notification system that promptly communicates significant and/or critical information across all Corporation program and grant offices. 	CNCS submitted its management decision to the OIG on June 22, 2016. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.

OIG 15-06 Audit of CNCS Cooperative Agreements Awarded to AFYA Incorporated and Education Northwest	1. We recommend that the Corporation identify risk areas for training and technical assistance cooperative agreements and develop indicators to assess associated risks. Indicators could include special terms and conditions of the cooperative agreement, the status of a grantee's Negotiated Indirect Cost Rate Agreement, fraud risk indicators, deficiencies identified in prior OIG and non-OIG audits of the grantee, prior Corporation desk reviews and prior Corporation site visits of the grantee.	CNCS submitted its management decision to the OIG on July 25, 2016. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	2. We recommend that the Corporation establish customized monitoring priorities, plans, and procedures based on programmatic and financial risk assessments developed in accordance with specific requirements of training and technical assistance cooperative agreements.	
Risk Management (multiple reports)	N/A. We recommend that the Corporation develop a risk-based process for monitoring grants, to replace its one-size-fits-all approach that uses risk assessment criteria developed for traditional cost reimbursement grants for fixed amount grants and grants for technical training and assistance. This system understates and/or ignores risks inherent in those other grants.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	N/A. CNCS should validate its risk indicators for all grants against outcomes and use outcomes to identify other factors that could sharpen its analysis.	
	1. We recommend that CNCS implement internal controls and review procedures over the Improper Payments submission of AFR section IV, Other Information, to ensure that it reports the required elements per OMB Circular No. A-136 and includes complete and accurate information.	

- 2. We recommend that CNCS improve the IPERA risk assessment process to ensure that it provides a complete, accurate and systematic method for assessing the improper payment risks of each program. CNCS lacks adequate procedures to ensure that the statistical methodology used to extrapolate the improper payment amount results in a complete and accurate estimate, particularly with respect to the Senior Companion Program and the Social Innovation Fund.
- 3a. We recommend that CNCS work with a qualified statistician to implement a straightforward sampling methodology that is statistically valid and realistic to execute.
- 3b. CNCS should ensure that it has allocated and committed sufficient resources to complete the sampling process and associated testing within the timeframe required to meet IPERA reporting requirements in the AFR.
- 3c. CNCS should implement procedures to hold grantees accountable for failing to respond to requests for documentation required to support the improper payments assessment.
- 4. We recommend that CNCS work with a qualified statistician to implement a statistically valid extrapolation methodology and provide oversight throughout the planning and estimation process to ensure
- 5. We recommend that CNCS develop a comprehensive testing methodology and consistently apply that methodology to selected sample items. This includes updating its test plan evaluation sheets to address allowability and eligibility criteria applicable to CNCSsponsored payments per relevant sections of the CFR, as well as updating the mandatory training for reviewers to ensure consistent testing and document retention.

On May 9, 2016, CNCS submitted to the OIG its response to this audit. The agency is currently conducting a comprehensive review of the OIG 16-04 Performance Audit of that the agency is in compliance with IPERA. recommendations in this chart and will be meeting with the OIG to CNCS's Compliance with the IPERIA determine the final status of each. Act of 2010 for Fiscal Year 2015

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	6. We recommend that CNCS take appropriate programmatic corrective actions to address the root cause of improper payments identified in the AmeriCorps State and National Grant Program, to include realistic reduction targets for subsequent fiscal years, together with a rationale for the target, as part of the improper payments reporting in the Agency Financial Report (AFR).	
	8. We recommend that CNCS assess whether payment recapture audits or other recovery activities are cost-effective for programs that expend \$1 million or more annually, and that it retains adequate supporting documentation of the analysis performed.	
	9. We recommend that CNCS take appropriate action to meet the reporting requirements for agencies that have been unable to comply with IPERA for three consecutive fiscal years, including submitting a plan to OMB and Congress that outlines the milestones for achieving compliance; designates a senior agency official accountable for achieving compliance; and assesses whether additional funding, program reauthorization or statutory changes would help bring CNCS into compliance with IPERA.	
OIG 16-05 Audit of CNCS Grants Awarded to Hoopa Valley Tribe	 1a. In lieu of the nominal matrix-dictated penalties, establish penalties for criminal history check (CHC) violations that are high enough to command attention from grantee leaders and not create perverse incentives. 1b. We recommend that the CHC enforcement regime be revised to apply risk concepts correctly (prospectively, not retrospectively) and to incentivize strong risk management. 1c. We recommend stronger sanctions for CHC violations to match the high risk and high stakes that CHC failures may pose for CNCS and grantees. 	CNCS submitted its management decision to the OIG on June 13, 2016. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	1d. We recommend that the Corporation's approach to CHC consider deterrence, which should be a key feature of any sanctions program.1e. We recommend that CNCS correct the other specific flaws identified in the sanctions approach.	

Various - Criminal History Checks (multiple reports)	We recommend that CNCS sustain questioned costs for grantees that failed to conduct proper and timely checks of staff and member/volunteers' criminal histories. CNCS should not reward noncompliance by retroactively approving an Alternative Search Protocol (ASP), covering both late checks of the National Sex Offender Public Website and state criminal history checks performed by unapproved contractors.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
OIG 17-01 Audit for CNCS's Fiscal Year 2016 Financial Statements	1. Senior leadership should engage actively and comply with the operating guidelines for the Risk Management Council (RMC) and the Risk and Assessment Committee (RAC) in order to ensure comprehensive consideration and analysis of risks, proper attention to obstacles (e.g., resources and staff turnover), identification of deficiencies and active monitoring of and accountability for corrective actions. 2a. We recommend that CNCS engage the RMC, RAC and program and financial managers in continuing efforts to build a comprehensive enterprise-wide risk assessment and monitoring process. 2b. The OCRO, along with other CNCS programs and offices, should utilize the results received thus far in its initial ELC assessment report established in July 2016 and further develop its responses to the risks identified. 2c. To further the agency's risk assessment and monitoring process at the transaction level, CNCS should fully develop internal control tests of design and tests of effectiveness to properly identify and respond to risks, as well as perform monitoring activities on a routine basis. 3. The Office of the Chief Risk Officer (OCRO) should align its internal control testing to management's responsibilities related to financial management (with an emphasis on grants management), Federal Information Security Modernization Act/information technology, Improper Payments Elimination and Recovery Act compliance and resolution of flaws identified in OIG audits.	CNCS submitted its response to the OIG on November 14, 2016. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.

1. Reevaluate the appropriate balance between NCCC and other programs that cost the taxpayers substantially less for comparable service activities.	CNCS has reevaluated the balance within the past month and believes the balance is appropriate at this time. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
1a. Increase the impact of national service on communities and participants, by targeting Corporation resources in a manner that maximizes the cost-effectiveness of CNCS programs and activities. NCCC should be scaled back, in favor of scaling up other, less expensive CNCS programs that perform many of the same activities.	Congress determines the agency's funding levels for CNCS's programs. To implement this would require congressional approval.
1b. Determine the optimal size of NCCC based on the factors stated in this report, eliminating to the maximum extent practicable projects of the kind performed by ASN, VISTA and Senior Corps, and right-size NCCC accordingly, thereby reducing the excess overhead and permember costs associated with those projects.	This is NCCC's standard business practice. NCCC evaluates operations for maximum effectiveness. In order to optimize federal resources and achieve cost savings, NCCC has closed the campus in Baltimore, realigned members, and redefined the regional coverage. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
1c. Work with Congress to reprogram the funds and responsibilities to expand ASN, VISTA and Senior Corps, thereby multiplying four to eight times the services provided to communities and the number of individuals who can participate in national and community service.	CNCS does not concur with this recommendation. Further, it would require congressional approval and possibly a change in legislation.

1d. Enhance the capabilities of A-DRTs to deploy rapidly for disaster response, in advance of FEMA mission assignments.	This is NCCC's standard business practice. NCCC enhances the capabilities of all National Service Partners and programs for disaster response that are critical; inclusive of ADRTS, Senior Corps, VISTA and State Commissions, to name a few. NCCC teams make up the largest ADRT. Unlike grantee ADRTs, NCCC may deploy without delay, with or without a FEMA Mission Assignment (MA), because it operates off of 100% Federal Resources. Most ADRTS, as grantees, require a match or local funding and partners to meet the obligations of their grant
1e. Limit the types of projects that NCCC campuses can undertake to minimize use of NCCC members for activities that can be undertaken by other CNCS programs. Track the time devoted by each campus to such activities.	requirements. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each. NCCC projects are developed in collaboration with National Service Partners to meet the most critical state and community needs. Issue areas are statutorily determined and priorities are determined based of critical needs and Administration Priorities and the agency's strategic plan. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
1f. Cultivate the expansion of and creation of A-DRTs, to increase disaster response and recovery capabilities throughout the United States and to expand opportunities for rigorous team-based training and service, without the costs of the full-time residential model now used by NCCC.	The agency plans to implement the NCCC program as authorized and appropriated by Congress. The agency will explore growing the ADRT programs while assessing short term direct response needs and longer term recovery needs. The ADRT Framework limits the grantee ADRTS to response efforts typically on 30 day deployments. Most of the disaster work of grantee ADRTS is in addition to their required grant priority areas such as conservation. Nonetheless, this will be part of the agency's comprehensive review of the recommendations in this chart to determine the final status of each.

1g. Create peer-to-peer education and mentoring for new A-DRTs to help them scale up quickly.	This is CNCS's standard business practice for Disaster Services Unit. CNCS and NCCC provide extensive training for new ADRTS. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
2. Developed a comprehensive and independent recruitment and retention program.	The agency is currently addressing this recommendation.
2a. Treat NCCC FEMA and traditional NCCC separately for purposes of achieving the goal of 50 percent participation by individuals from disadvantaged circumstances.	The statutory requirement is for the entire NCCC program inclusive of FEMA Corps. This recommendation requires congressional approval and possibly a change in legislation. Nonetheless, this will be part of the agency's comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
2b. Develop a comprehensive, risk-based enrollment and retention strategy that includes the features outlined in this report. This includes but is not limited to identifying the characteristics of individuals, including those from disadvantaged circumstances, who are most likely to succeed in NCCC and developing interview techniques and application questions to identify applicants likely to complete their service terms successfully.	The agency is currently addressing this recommendation.
2c. Establish enrollment and retention goals each fiscal year.	This is NCCC's standard business practice. The agency believes this recommendation has been implemented. Enrollment goals are established each year and retention is evaluated annually.
2d. Track enrollment and retention data to ensure that goals are met and/or to identify causes for failure to meet goals and implement corrective actions. Identify systemic issues and/or patterns.	This is part of NCCC's standard business practice. The agency is in the process of identifying systemic issues and/or patterns. Data is tracked and NCCC is planning for a retention study to improve retention rates.
2e. During the recruiting and the application processes, use a clear and consistent statement of behavioral expectations that highlights features of the program that cause individuals not to complete their service terms. Make clear what sorts of individuals will not be happy or successful in NCCC. Use the same behavioral expectations during the program.	This is NCCC's standard business practice. The agency believes this recommendation has been implemented.

	2f. Gather and maintain better data on which NCCC members come from disadvantaged circumstances, for example by looking at the member's zip code of residence, tracking whether 22 the member or the member's family has received public assistance in the last five years, and any other indicators that NCCC may develop.	NCCC plans to explore this recommendation further. There are statutory definitions of disadvantaged youth and economically disadvantaged in section 101; (13 and 14) of the NCSA.
OIG 17-05 Evaluation of the National Civilian Community Corps (NCCC)	2g. Reduce reliance on existing recruitment partners and develop better screening of their referrals.	The agency is currently addressing this recommendation by working on expanding the recruitment partnerships with new organizations.
Program	2h. Inform recruiting partners of the attrition rate of their referrals so that they may implement action as they deem appropriate.	The agency believes this recommendation has been implemented. NCCC is in regular communications with the existing recruitment partners.
		The agency is unable to implement this recommendation without a change in its legislation. As currently written, the statement conflicts with statutory requirements.
	2j. Identify community organizations and activities likely to engage highly motivated youths and families, including faith-based, immigrant, after-school programs, athletic programs, etc., and recruit from those. Explore a pilot program with the Catholic Archdiocese of Baltimore and/or charter schools that serve target populations.	This is NCCC's standard business practice. NCCC recruitment efforts target a diverse variety of leads for application to the program. Some targeted relationships exist with disaster programs and universities, non governmental programs, civic and faith-based organizations. CNCS is unable to explore a pilot program with the Catholic Archdiocese of Baltimore because NCCC's Baltimore campus has closed.
	2k. Test whether structured interviews to assess specific traits and characteristics would improve selection and retention.	The agency is currently exploring this recommendation. NCCC will explore changes to the selection and placement process with great consideration to the expense and staffing structure required to execute the recommendations. NCCC is evaluating the pilot focused on prearrival retention of members.
	Igroups to provide support	To the extent not barred by current legislation, NCCC will explore and test community engagement strategies to improve retention. However, Foster Grandparents are statutorily prohibited from providing support to NCCC.

2m. Identify those campuses and staffs with consistently high and low attrition. Share effective strategies.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
2n. Set program-wide and campus-wide performance goals for campus leaders and staff that tie together recruitment and retention.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
20. Enhance the existing interviews of exiting members and conduct interviews of their peers, sponsors, and campus leaders to determine the root causes of attrition. Develop and maintain more granular information regarding the reasons for attrition. Use the resulting information to inform recruiting, selection and support.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
2p. Once NCCC is right-sized as recommended, defer any increase in the program's size until the program consistently achieves full enrollment and a retention rate above a predetermined threshold.	NCCC is optimizing the geographic footprint of the program operations. Inflationary costs continue to exist and the agency does not concur with the recommendation to reduce funding. NCCC operates accordingly under the authorization and appropriations of Congress. Nonetheless, this will be part of the agency's comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
3. Objectively assess the programmatic performance of campuses.	For many years NCCC has conducted In Progress Reviews for each campus and will continue to do so to assess performance. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
3a. Collect timely, objective, substantive feedback from sponsors, measured against objective outcomes, with the results broken out by campus.	Sponsor Surveys and periodic summary of results are broken out by campus. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
3b. Compare sponsor feedback to the team leaders' assessments of each project.	This is NCCC's standard business practice and the agency believes this recommendation has been implemented. Team leader's feedback is used in project evaluation in conjunction with NCCC staff.

3c. Use the results for performance management of campus leaders and peer-to-peer training to leverage the strategies of high-performing campuses, as well as to identify where corrective actions are needed.	This is NCCC's standard business practice and the agency believes this recommendation has been implemented.
4. Promote accountability and strategic collaboration.	This is NCCC's standard business practice. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
4a. NCCC should establish policies and procedures to place greater weight on cost-effectiveness, including proximity and transportation costs, when determining which teams should be deployed for a particular disaster relief project.	This is NCCC's standard business practice. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
4b. NCCC should operate under a presumption that the nearest teams will respond to a disaster, and that disaster response projects take priority over other assignments, where practicable.	This is NCCC's standard business practice. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
4c. To provide quality, professional supervision comparable to that of the A-DRTs, an experienced NCCC staff member should be on-site to oversee disaster-related spikes.	This is NCCC's standard business practice and the agency believes this recommendation has been implemented.
5. Improve member outcomes through additional efforts.	This is NCCC's standard business practice. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
5a. Given the substantial investment in training NCCC members, CNCS should leverage its relationships with Federal agencies and state and local governments to promote more pathways to public employment positions for which NCCC members developed skills and familiarity.	This is NCCC's standard business practice. This is achieved through 'Life after AmeriCorps' planning, career fair days on campus, and Employers of National Service. NCCC has pursued non-competitive eligibility (which requires legislation) unsuccessfully. FEMA has introduced a fast-track hiring procedure which has resulted in approximately 25-30% hiring of FEMA Corps graduates. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.

	5b. CNCS should leverage its State Offices and State Commissions to connect NCCC alumni with nonprofits in their local communities with missions aligned to their skills, such as the Red Cross, Habitat for Humanity and volunteer fire and rescue squads and other similar organizations.	This is NCCC's standard business practice. The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to resolve them. The agency does need to avoid any wrong perceptions that it is actually requiring State Commissions (CNCS grantees) to assist it in this endeavor.
OIG Management Challenges Modernizing Information Technology	4. CNCS must ensure careful management and close oversight by senior executives of the \$43 million Grants and Member Management Modernization program, particularly because of the high-risk nature of this venture; the CNCS Office of Information Technology's lack of experience managing projects of this complexity and magnitude; the urgent need for better IT to support grant management; the amounts at risk; the lengthy delays already incurred; the expenditure of one-third of the total estimated cost long before completing Phase 1; and the lack of any planned delivery dates for Phases 2 and 3.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	2. We recommend that CNCS identify all grantees and subgrantees whose service activities involve providing healthcare to women and girls of childbearing age, as well as those with service activities directed at education or mentoring of girls and young women middle school-aged and above and determine whether they have engaged in in abortion-related prohibited activities within a pre-determined period.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	3. We recommend the Corporation conduct similar risk assessments, identification of at-risk grantees, communications and targeted monitoring for other prohibited activities.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	4. Identify any other factors that may increase the risk of individual prohibited activities and use that information for targeted education, training and monitoring as appropriate.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.

NACHC CNCS Missed Opportunities	6. We recommend that CNCS enhance the capacity of eGrants to store and search critical emails; institutionalize policies and procedures to allow POs and GOs to capture key emails in eGrants; and develop criteria for identifying emails to be captured.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	7. We recommend that CNCS's to-be-developed Enterprise Risk Management strategy and planning include a component for specific prohibited activities, commensurate with magnitude of the risk, including the reputational and political risk to CNCS.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	8. We recommend that the Corporation accelerate the development of a more focused, targeted and risk-based model and approach to all grant monitoring including continuous assessment of the effectiveness of CNCS's grant risk assessments and monitoring.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	9. Without waiting for the development of a comprehensive risk-based monitoring strategy, we recommend that CNCS develop and implement monitoring strategies for specific prohibited activities that can be conducted frequently, do not depend on site visits and provide a meaningful opportunity for prompt detection of violations or red flags, including searches of social media sites and surveys of members in accessible language, using the MyAmeriCorps Portal.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	10. We recommend that CNCS assess during the grant application process whether an applicant is at particular risk for one or more specific prohibited activities. If so, CNCS should require that the grantee develop customized ways to address compliance with that prohibition, including detection controls. We also recommend that the Corporation incorporate the resulting information into the monitoring plan and target CNCS monitoring activities accordingly and assess the effectiveness of the measures taken by the grantee.	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.

OIG 17-03 Fiscal Year 2016 Federal Information Security Modernization Act Evaluation of CNCS	A total of five recommendations, including many beginning in FY 2014, remained open from our prior year FISMA evaluations. These open recommendations address weaknesses noted in a variety of areas, including the following: • Multiple Weaknesses with Vulnerability Scanning and Remediation (FY 14-FISMA-NFR 2) • Inadequate Enterprise-Wide Risk Management Policies and Practices (FY 14-FISMA-NFR 9) • Inadequate Disaster Recovery Plan Documentation and Planning (FY 14-FISMA-NFR 14) • Secure Configuration Management Policies, Procedures, and Practices Need Improvement (FY 16-FISMA-NFR 1) • Insufficient Monitoring and Remediation of Server Backup Failures (FY 16-FISMA-NFR 2)	CNCS has provided documentation to the OIG related to a number of NFRs that we previously open. CNCS is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	With respect to financial reporting, we recommended that CNCS take the following nine actions: 1. Prepare a complete set of financial statements and related notes at the interim periods; 2. Decide on the accounting standards (FASB or FASAB) to be followed in preparing the financial statements; 3. Ensure that information presented in the Statement of Budgetary Resources and notes is in accordance with OMB Circular A-136 guidance; 4. Automate the financial statement preparation process insofar as possible to reduce the potential for human error in the financial statement template; 5. Develop detailed policies and procedures to reflect the financial statement preparation process; 6. Review and research discontinued document types to determine whether unliquidated order balances are still valid; 7. Update the Financial Reporting Cost Allocation process memorandum; 8. Identify and remediate the causes that give rise to the recurring needs for Standard Vouchers and user functionality issues; and, 9. Continue its efforts to be fully compliant with the object class reporting requirements.	

With respect to the unpaid obligations of the National Service Trust, we recommend that CNCS take the following four actions: 1. Document the authority that allows for the automatic obligation of interest and its compliance with the budget execution guidance in OMB Circular A-11, or modify its practices with respect to the treatment of interest revenue; 2. Implement policies and procedures to address Trust Fund unpaid obligations issues; 3. Perform a documented assessment to validate the transactions currently included in the unpaid obligations balance; and, 4. Coordinate with the CNCS Office of Grants Management to implement a process to correctly account for the unpaid obligation balances at the grant transaction level. Promptly remove unused education awards from the unpaid obligations balance.

OIG 18-01 and 18-02 Audit of CNCS's Statements

With respect to the National Service Trust's service award liability (TSAL) model, we recommended that CNCS take the following six actions: 1. Implement the CNCS consulting firm's recommendation to correct the erroneous member record types; 2. Develop or update the TSAL model documentation, document modelling assumptions, SOPs, and business process narratives; 3. Protect cells within the TSAL model (Excel spreadsheet); 4. Fiscal Year 2017 Consolidated Financial Conduct a detailed study to determine the historical awards granted to members by duration and by program year. Use the results of that study to adjust the calculation of the Education Awards Earning Percentage; 5. Assess the need and document management's position regarding the discounting factors for the model per FASAB standards; and, 6. Cross-train staff and develop a succession plan to ensure the required expertise is available.

The agency is carefully analyzing the FY 2017 Financial Statements audit recommendations regarding current accounting procedures and internal controls. CNCS will continue to work with the OIG, Office of Management and Budget, the Department of the Treasury and the Federal Accounting Standards Advisory Board to address these recommendations.

With respect to grants accrual payable and advances, we recommended that CNCS take the following three actions: 1. Revise the grant accrual methodology so that it is based on historically reported expenses; all sources of information and calculations are clearly identified and the sources disclosed; the method for calculating the IBNR costs for the accrual is separately calculated and identified; a validation process is established to verify the accuracy of the grant accrual; and it addresses how the calculations are used to arrive at the Grants Payable and Advances to Other line items; 2. Develop a process to validate grant advances, IBNR and payable estimates; and, 3. Coordinate with the program and grant officers to gather and analyze its key grant programs' historical data and the grantees' spending patterns to develop various key factors.

With respect to information technology security controls, we recommend that CNCS take the following five actions: 1. Enforce the agency-wide information security program across the enterprise and improve performance monitoring to ensure controls are operating as intended at all facilities; 2. Strengthen and refine the process for communicating CNCS facility-specific control deficiencies to CNCS facility personnel, and coordinate remediation of the control deficiencies; 3. Strengthen and refine the process for holding system owners and information system security officers accountable for remediation of control deficiencies and ensuring that the appropriate security posture is maintained for CNCS information systems; 4. Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in CNCS information systems; and, Note - Implement the 34 detailed recommendations in the FY 2017 FISMA Evaluation report.

OIG 18-03 Fiscal Year 2017 Federal Information Security Modernization Act Evaluation of CNCS	To address information security weaknesses, we recommended 34 actions that CNCS take in the following 14 areas: 1. Strengthen agency's organization-wide information security program; (7 Recommendations) 2. Improve agency's configuration management controls; (2 Recommendations) 3. Strengthen account management controls; (3 Recommendations) 4. Implement multifactor authentication for privileged and non-privileged accounts; (2 Recommendations) 5. Enhance review and analysis of Momentum audit logs; (2 Recommendations) 6. Enhance the personnel screening process; (2 Recommendations) 7. Strengthen contingency planning controls; (3 Recommendations) 8. Enforce an agency-wide information security program across the enterprise; (1 Recommendation) 9. Improve agency's vulnerability and patch management controls; (1 Recommendation) 10. Strengthen access controls for mobile devices; (3 Recommendations) 11. Strengthen monitoring of wireless access connections; (2 Recommendations) 12. Strengthen the protection of personally identifiable information; (1 Recommendation) 13. Improve the information technology asset inventory management process; (1 Recommendation) and, 14. Improve physical and environmental protection controls. (3 Recommendations)	The agency is currently conducting a comprehensive review of the recommendations in this chart and will be meeting with the OIG to determine the final status of each.
	 We recommend that CNCS ensure the detail level requirements for meeting the DATA Act will be captured when transactions occur. This can be done by working with CNCS's shared service provider CGI Federal, Inc., to update transaction processing in Momentum ensuring current and upcoming DATA Act requirements are incorporated. We recommend that CNCS validate the required Program Activity Name, Program Activity Code, and Object Class data fields against the source system prior to its submission to the DATA broker for proper and accurate reporting. We recommend that CNCS focus on reducing the amount of Standard Vouchers (SVs) by fixing the root causes. SV's should be limited to those related to accrual adjustments or one-time, unusual transactions only. 	

OIG 18-05 Performance Audit of CNCS's Compliance with the Digital Accountability and Transparency Act of 2014	 We recommend that CNCS validate the SVs to address errors and invalid balances carried forward from prior years and correct the data submissions. We recommend that CNCS research and resolve warnings identified by the DATA broker before the DATA Act files submission. Document the actions taken to resolve the warnings so future errors can be avoided. We recommend that CNCS capture institutional knowledge and mitigate the effects of employee turnover by documenting CNCS's DATA Act compliance processes and keeping them up to date. In addition, develop a succession plan to ensure that CNCS retains required expertise and capabilities. We recommend that CNCS develop policies and procedures to ensure that reconciliations between internal files are completed prior to submission to the DATA broker. We recommend that CNCS obtain DATA Act training for CNCS staff on the use and functionalities of the Award Submission Portal. We recommend that CNCS ensure that accurate and complete data is presented to the general public by reviewing the CNCS information from residing external systems and reconciling the external site information to the CNCS source systems. 	The OIG concurred on 4/27/18 with CNCS's response and corrective action plans (CAPs). Per the audit resolution process, the agency has until 11/8/18 to implement all CAPs and looks forward to working with the OIG to determine the final status of each.
OIG 18-09 Website Vulnerability Assessment	 We recommend that CNCS improve the effectiveness of patching all web servers. We recommend that CNCS update unsupported software to supported versions. We recommend that CNCS address configuration changes required to fully address vulnerability remediation. We recommend that CNCS evaluate secure coding practices and remediate Structured Query Language (SQL) Injection and Cross-Site Scripting weaknesses. We recommend that CNCS update the contracted IT Service provider Interconnection Security Agreement to reflect the correct connection information. 	The OIG concurred on 3/20/18 with CNCS's response and corrective action plans (CAPs). Per the audit resolution process, the agency has until 11/30/18 to implement all CAPs and looks forward to working with the OIG to determine the final status of each.

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