



CORPORATION FOR NATIONAL & COMMUNITY SERVICE

OFFICE OF INSPECTOR GENERAL



Protecting the Integrity of National Service

Semiannual Report To Congress

October 1, 2018 - March 31, 2019

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 2019, the Corporation has invested over \$786 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), 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 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) 2019. 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

The first half of FY 2019 has been both notable and eventful for the Corporation for National and Community Service (CNCS) and for the Office of Inspector General (CNCS-OIG). I am therefore pleased to submit this Semiannual Report for the period October 2018 – March 2019, highlighting key developments.

First, CNCS rolled out a long-awaited vendor solution by which grantees can complete the criminal history checks required for grant-funded staff and national service members. These checks are the principal means of preventing convicted murderers and sex offenders from using national service to prey on at-risk communities. Audits and investigations conducted by CNCS-OIG and studies by CNCS's Chief Risk Officer have repeatedly demonstrated a high rate of failure to perform timely and complete criminal history checks. With our strong support, CNCS has now engaged vendors capable of conducting the checks quickly, enabling grantees to outsource a responsibility that many found difficult to fulfill. To encourage grantees to take advantage of this opportunity, CNCS provided funding for the initial round of checks to any grantee who sought it. Although the rollout faced some challenges, this uniform vendor solution offers the best possibility to resolve the risks of persistent noncompliance with this critical safety requirement. Moreover, by the time this report is published, CNCS will have issued a new enforcement policy that will disallow the costs incurred by a grantee during the period of noncompliance for any individual who has not undergone a timely and complete criminal history check. Congressional support has been integral in establishing this as a priority for CNCS's leadership.

Second, CNCS has embarked upon a Transformation and Sustainability Plan that will reorganize the administration of grants and alter the Corporation's core business processes. The Plan has consumed much of the attention of CNCS's leadership and has attracted interest from the grantee community and from Congress. The leadership believes that successful implementation of the Plan by June 2020 is essential to the agency's future success.

In our view, the Plan carries substantial risks, and its aggressive timetable likely exceeds CNCS's organizational capacities. CNCS has still not resolved serious deficiencies identified by both our Office and the Government Accountability Office in key infrastructure components necessary to ensure the success of this Plan: financial management and reporting, risk-based grant making and grant management, and the critical support of sufficient information technology and information security systems. CNCS-OIG's comment to the President's proposed budget for FY 2020, [OIG Comment to CBJ FY 2020](#), summarizes our concerns, emphasizing the need for far more oversight during and after the implementation of the Plan. Before publication of this Semiannual Report, CNCS-OIG expects to publish an expanded explanation of our reservations.

Third, in part because of the proposed Plan, CNCS-OIG has experienced an increase in internal whistleblower complaints at all levels (together with external complaints) raising issues of waste, mismanagement and potential violations of law. We take these matters very seriously. Our disquiet was heightened by reports that senior CNCS officials have attempted to identify the source(s) of information obtained by this Office, chastised or criticized individuals for communicating directly and confidentially with us about sensitive matters and made other statements likely to discourage Corporation personnel from communicating openly with CNCS-OIG. Any such actions are contrary to longstanding CNCS policy, which has encouraged free and open communications with this Office, including by whistleblowers.

We have notified CNCS senior leadership of our concerns. CNCS-OIG's Whistleblower Protection Coordinator has emphasized that all individuals must have an absolute right to communicate with CNCS-OIG at their discretion, in confidence and without interference, scrutiny or reprisal, and without any requirement, obligation or expectation that CNCS personnel notify or request permission from their superiors regarding communications with this Office. On April 30, 2019 (after the close of this reporting period), CEO Barbara Stewart reissued her original message of support, encouraging all employees to communicate directly and openly with CNCS-OIG and assuring them of their right to do so without notifying or seeking permission from their superiors and without any retaliation. We greatly appreciate her support and the tone set by her message. CNCS-OIG is strongly committed to the protection of whistleblowers, who can be valuable sources of information that would otherwise be unavailable. We will continue to work with CNCS's leadership on this important issue.

Finally, CNCS-OIG is seeing an increase in the number of cases in which grantees became aware of potentially criminal conduct but failed to report it to CNCS-OIG as required by the grant terms and conditions. When this occurs, CNCS may not be made whole for losses and may continue to award grants to untrustworthy organizations, and the Federal government may lose the opportunity to hold violators accountable through civil and criminal enforcement actions. We will be emphasizing the reporting requirements in our grantee outreach and will recommend enforcement measures in appropriate cases.

Our auditors and investigators continue to focus on a variety of increasingly complex matters, working with their CNCS counterparts to strengthen the integrity of national service. We look forward to helping CNCS identify strategies, efficiencies and controls necessary to meet its core mission - improving the lives of people in at-risk communities, today and into the future.

Respectfully,

A handwritten signature in black ink, reading "Deborah J. Jeffrey". The signature is fluid and cursive, with a long horizontal stroke extending to the right.



Audit Section

The CNCS-OIG Audit Section oversees the financial and programmatic operations of the Corporation. Its responsibilities include supervising the annual audits mandated by statute, including the audit of the annual financial statements, the review of improper payments (IPERA), and compliance with the Data Act and cybersecurity. The Audit Section also audits individual grants, contracts and cooperative agreements funded by the Corporation, assesses management controls, reviews agency operations and internal business processes of CNCS, identifies emerging issues and provides outreach to educate CNCS stakeholders concerning recurring issues.

In late 2018, CNCS-OIG welcomed a new Assistant Inspector General for Audit, Monique Colter, who brings over 30 years of Federal auditing experience. Monique leads a dedicated staff committed to the CNCS-OIG mission and the goal of strengthening CNCS programs and operations.

During this reporting period, the Audit Section issued reports pertaining to the Corporation's FY 2018 financial statements, cybersecurity and various grantees. The Section also began work on the FY 2019 audit of CNCS's financial statement and that of the National Service Trust and the FY 2019 evaluation of cybersecurity. Currently, it has eight ongoing grantee audits and/or agreed-upon procedures engagements.

The Audit Section continues to work with CNCS management, including the Chief Financial Officer and Chief Risk Officer, to address unimplemented recommendations from previous reports, with a focus on the weaknesses that led to the 2017 and 2018 Financial Statement disclaimers of audit opinion. We have also worked to ensure that CNCS specifies in its responses to audits, including grant audits, whether the Corporation agrees or disagrees with our recommendations, rather than leaving this decision to a future date.

Highlights of audit work completed during this reporting period

Ten Material Weaknesses and Two Significant Deficiencies Require Auditors to Disclaim Opinion on FY 2019 Financial Statements of CNCS and National Service Trust (Report 19-01 and 19-02)

Executive Summary

CNCS's financial reporting to Congress and the public remains unreliable. For the second year in a row, 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 2018 annual report to Congress. The financial statement auditors again issued a disclaimer of opinion, the worst possible outcome of a financial statement audit.

The auditors identified "pervasive material weaknesses" in CNCS's critical internal controls. In addition to the four uncorrected material weaknesses and one significant deficiency identified in FY 2017, they discovered six new material weaknesses and one additional significant deficiency, all of which CNCS failed to prevent, detect or correct.

Background

Federal agencies account for their use of public funds by producing annual financial reports for the taxpayers, just as a corporation prepares an annual report for its shareholders. To ensure that an agency has presented a fair view of its finances, the agency's Office of Inspector General must conduct

an independent audit to verify the reported information and to validate the method by which it was produced. The auditors issue a written opinion, and their report is published with the financial statements in the agency's annual report.

If the agency cannot produce sufficient evidence to support the information in its financial statements, professional standards require the auditors to issue a "disclaimer of opinion." A disclaimer of opinion means that there are likely to be material and pervasive errors in the agency's financial statements.

In addition to opining on the financial statements, the auditors also assess the internal controls that bear on financial reporting. Defects in internal controls are categorized based on the likelihood that they will affect the financial statements. The most serious is a material weakness, an internal control deficiency that gives rise to a reasonable possibility that a material misstatement of the financial statements will not be prevented or timely detected and corrected. The audit report makes findings regarding any material weaknesses, as well as findings regarding significant deficiencies, which are less severe internal control defects warranting attention from the highest governing authorities.

I. CNCS's Audit History

CNCS produces two annual financial statements, one for the Corporation itself and one for the National Service Trust Fund (the "Trust"), which holds the funds to pay the education awards that AmeriCorps members earn through their service. These reports are issued annually in mid-November as part of CNCS's Annual Management Report.

For more than eight years, auditors warned of deficiencies in CNCS's internal controls over financial reporting and an insufficient number of trained staff, and they specified areas particularly in need of improvement. Nevertheless, financial management continued to deteriorate.

In FY 2017, the independent financial statement auditors disclaimed any opinion on the financial statements, due primarily to material weaknesses related to the Trust, grant accrual payables and advances, and financial reporting, as well as a significant deficiency in cybersecurity. CNCS responded by asserting publicly that the auditors' conclusions, especially about the Trust, were incorrect.¹ Since that time, however, CNCS senior leadership, including its Chief Financial Officer, have acknowledged the need for corrective actions and agreed in principle to implement the numerous recommendations issued by the independent auditors. To speed that process, CNCS-OIG took the unusual step of

¹ See CNCS's response to the FY 2017 Financial Statement Audit Report, available at [Audit of CNCS's FY 2017 National Service Trust Fund Financial Statements](#), page 31 of 32 (asserting that the auditors misapplied the governing legal authorities and calling the audit results "an unnecessary and unwarranted cloud over CNCS's stewardship of federal funds").

redirecting funds so that the independent auditors could be available to advise CNCS on the open issues, with the goal of resolving them before beginning work on the FY 2018 audit.

Regrettably, CNCS was unable to resolve these issues before or during the FY 2018 financial statement audit. CNCS did not resource these priorities appropriately. The Corporation left the position of Director of Accounting and Financial Management Services vacant until September 2018, and did not promptly fill the vacancies created when key accounting staff left during the year. Further, the time and effort that CNCS reportedly devoted to the Trust obligation and liability issues did not produce auditable results; while CNCS asserted that it made significant progress in these areas, the auditors were unable to verify those claims.

II. Results of the FY 2018 Financial Statement Audit

The detailed description of material weaknesses and significant deficiencies occupies 25 pages of the FY 2018 audit report (see [Audit of CNCS's FY 2018 Consolidated Financial Statements](#)). They are summarized as follows:

Material Weaknesses (four repeat uncorrected conditions noted below)

- *Internal Controls Program*: The system of internal controls failed to identify numerous and pervasive material weaknesses that the auditors found in financial reporting and in specific material line items on the financial statements;
- *Financial System and Reporting (repeat uncorrected condition)*: CNCS's financial reporting was hindered by limitations in its financial system and the timing and difficulties arising from a system upgrade, insufficient accounting staff and inadequate internal controls;
- *Trust Fund Unpaid Obligations (repeat uncorrected condition)*: CNCS significantly overstated the amounts needed to pay current and future education award liabilities and obligated substantially more than was really required. CNCS did not de-obligate funds associated with expired education awards, some of which were more than 20 years old. CNCS also obligated all interest earned by the Trust upon deposit without justification. The result is that CNCS sought appropriations for the Trust while understating to Congress the amounts available to pay future education awards;
- *Trust Service Award Liability (repeat uncorrected condition)*: The model used to establish CNCS's largest liability included calculation errors, was methodologically unsound and lacked quality controls, which impairs significantly the accuracy of the reported liability. CNCS also failed to reduce the liability for expired awards that were no longer enforceable;
- *Grants Accrual Payable and Advances (repeat uncorrected condition)*: Key assumptions underlying this estimate were not validated and properly documented based on historical data analysis and grantees' actual spending patterns;

- *Undelivered Orders and Accounts Payable – Procurement*: CNCS did not have adequate internal controls to ensure the accuracy of obligated balances and to de-obligate funds for stale and invalid contracts and purchase orders;
- *Property and Equipment*: CNCS did not timely capitalize its internal-use software at interim financial reporting periods;
- *Undelivered Orders – Grants*: There were unexplained disparities between various grant and financial management systems within CNCS regarding grant expenditures and grant award amounts; grants were not timely closed out;
- *Recoveries of Prior Year Obligations*: CNCS was unable to provide any documentation to support about one-third of the sampled transactions; and
- *Other Liabilities*: CNCS was unable to provide any supporting documentation for approximately \$14 million of the \$20 million balance reported as of June 30, 2018.

Significant Deficiencies (one repeat uncorrected condition noted below)

- *Information Technology Security Controls (repeat uncorrected condition)*: New and continued control weaknesses in the information security program need to be addressed in the areas of configuration management, access control and security management. These weaknesses increase the risk of unauthorized access to CNCS systems that capture, process and report financial information, as well as personally identifiable information;² and
- *Accounts Receivable and Allowance for Doubtful Accounts*: CNCS did not follow its Debt Management Policy by writing off Accounts Receivable items delinquent for two years or more.

CNCS responded to the audit report with a short statement that it “does not entirely concur” with the findings and recommendations but did not specify its disagreements or the basis for them. CNCS provided various reasons and explanations for the difficulties that it encountered, but the auditors could not validate these explanations.

III. Future Outlook

We reiterate our message from the prior Semi-Annual Report³ and discussions with CNCS management throughout the year that CNCS must take immediate action and implement all of the

² For additional information about information security at CNCS, see [CNCS-OIG Report 18-03, Fiscal Year 2017 Federal Information Security Modernization Act \(FISMA\) Evaluation of the Corporation for National and Community Service](#).

³ [CNCS-OIG Semi-Annual Report 18-01](#).

independent auditors' recommendations, whether they are new or unresolved, and must reassess its operational priorities, if necessary to regain a "clean" audit opinion.

Besides the significant financial management issues reported by the independent auditors, CNCS currently faces management challenges across the spectrum of its programs and operations. The Corporation's inability to resolve the profound financial management issues identified last year, the discovery of new material weaknesses this year and the tenor of its audit responses raise serious concerns about the organization's financial management.

CNCS Continues to Lack Effective Cybersecurity (Report 19-03)

CNCS-OIG once again determined CNCS's information security program was **not effective** in FY 2018. The Corporation made small gains in a few components of the Inspector General (IG) Federal Information Security Modernization Act (FISMA) Metrics maturity model and its overall security program. However, its limited progress was not significant enough to move CNCS's information security program substantially closer to an effective level as a whole, especially relative to the resources invested.

We continued to find severe vulnerabilities on the network, and CNCS has not fully implemented baseline security configuration settings specific to the existing information technology environment. Further, CNCS has still not implemented multifactor authentication for information system users and administrators. These gaps limit the protection of CNCS systems and data and may expose sensitive information, including Personally Identifiable Information, to inappropriate or unauthorized access and use. Our evaluation also identified weaknesses in organization-wide and information system risk management, security authorization documentation, system change controls, account management, personnel screening, physical access controls, and logging and monitoring controls.

CNCS's information security program remains objectively far from achieving mature and effective status. Across the Federal government, Offices of Inspectors General employ the objective metrics prescribed by the Department of Homeland Security to grade cybersecurity programs on a five-point scale from Level 1 (*Ad Hoc*) to Level 5 (*Optimized*). A cybersecurity function area must achieve a rating of Level 4 (*Managed and Measurable*) to be considered effective. CNCS's five security functions and most domains remained below this threshold and demonstrated only limited progress during FY 2018. The table below summarizes these results.

Security Function ⁴	Maturity Level by Function FY 2018	Improved Since FY 2017?	IG FISMA Metric Domains ⁵	Maturity Level by Domain FY 2018	Improved Since FY 2017?
Identify	Defined (Level 2)	✗	Risk Management	Defined (Level 2)	✗
Protect	Defined (Level 2)	✗	Configuration Management	Defined (Level 2)	✗
			Identity and Access Management	Defined (Level 2)	✗
			Data Protection and Privacy	Consistently Implemented (Level 3)	Domain Not Included in FY 2017
			Security Training	Managed and Measurable (Level 4)	✓
Detect	Defined (Level 2)	✗	Information Security Continuous Monitoring	Defined (Level 2)	✗
Respond	Consistently Implemented (Level 3)	✗	Incident Response	Consistently Implemented (Level 3)	✗
Recover	Consistently Implemented (Level 3)	✓	Contingency Planning	Consistently Implemented (Level 3)	✓

⁴ National Institute of Standards and Technology's *Framework for Improving Critical Infrastructure Cybersecurity* (Cybersecurity Framework), version 1.0 defines five security functions. They provide Federal agencies with a common structure for identifying and managing cybersecurity agency-wide risks across the enterprise IT and provides IGs with a method for assessing the maturity of controls to address those risks.

⁵ The IG FISMA Metrics prescribed for assessing the effectiveness of information security programs across the Federal government consists of 67 objective questions divided into eight "domains," which correspond to five security functions. Based on the answers, a weighted algorithm contained in a system calculates a maturity score for each domain and security function, and then further rates the maturity of an agency's information security program as a whole.

Evaluators offered 25 new and updated recommendations to assist CNCS in strengthening its information security program. Most importantly, we recommended that CNCS use the IG FISMA Metrics to develop a strategic plan designed to accomplish steady and measurable progress towards an effective level in each of the five functional cybersecurity areas. Addressing the effectiveness of the information security program requires a comprehensive strategy and solution that integrates people, processes and technology. Implementing such a plan will require CNCS to allocate sufficient resources, including staffing, and to be accountable for interim milestones, in order to reach an overall effective rating within a reasonable period to be specified by management.

CNCS concurred with most of our findings and all but two of our recommendations: (1) To ensure that CNCS develops and documents a comprehensive risk register at the mission and business process level; and (2) monitoring information technology security at an NCCC campus through camera feeds. CNCS did not provide the IT risk register in sufficient time for inclusion in the FY 2018 evaluation; we will review it in connection with assessing the agency's corrective actions during the FY 2019 FISMA evaluation. CNCS's subsequent actions addressed intent of our recommendation for the information technology security risks at the NCCC campus.

Agreed-Upon Procedures for Grants Awarded to the North Carolina Commission on Volunteerism and Community Service (Report 19-05)

From August 2014 to June 2017, the North Carolina Commission on Volunteerism and Community Service (Commission) and two of its larger subgrantees, East Carolina University and the University of North Carolina at Chapel Hill, claimed \$16,132,771 in Federal and match expenditures under the AmeriCorps State and National program. Our Agreed-Upon Procedures (AUP) review of the claimed costs discovered that \$2,040,402 (\$777,219 in Federal costs and \$1,086,090 in match costs, as well as an additional \$176,876 in questionable education awards and \$217 in accrued interest) were improper or unsupported.

We found substantial unexplained disparities between the grant expenditures reported to the Federal government and those shown on the Commission's internal general ledgers; inadequate and questionable timekeeping practices at the Commission and with two subgrantees; failure by subgrantees to perform required end-of-term evaluations for AmeriCorps members; and insufficient criminal history checks by subgrantees that the Commission failed to discover and correct. Overall, the Commission did not provide sufficient program and financial oversight of its subgrantees, as required by grant terms and the Commission's monitoring policy. Finally, we found that the Commission charged the AmeriCorps grant for the salary of an employee performing unrelated duties on another grant after that grant was exhausted.

The Commission acknowledged the importance of appropriate administrative policies and procedures and strong oversight of subrecipients. Its comprehensive response to the draft report documented that changes responsive to our recommendations were underway. CNCS agreed with most of the recommendations and provided proposed actions along with a detailed plan to implement certain

corrective actions. CNCS will make an independent determination about recommended questioned costs.

Agreed-Upon Procedures for Grants Awarded to the Serve Indiana Commission (Report 19-06)

The AUP review of AmeriCorps grant funds to Serve Indiana and two subgrantees, the Boys and Girls Club of Wayne County Indiana (BGCWCI) and the American Red Cross of Indiana (ARCI), identified questioned Federal costs totaling \$127,090, questioned matching costs of \$82,157, questioned Education Awards of \$20,055 and compliance findings. Most of the questioned costs identified resulted from inadequate financial management by BGCWCI and defective criminal history checks by ARCI. The costs tested were incurred between October 1, 2014 and December 31, 2017.

Serve Indiana concurred with most of the findings but disputed the amount of the questioned costs. CNCS also concurred with most of the findings, provided a detailed plan to implement certain corrective actions, and informed CNCS-OIG that it would make an independent determination about recommended questioned costs.

Disagreements Concerning Management Decisions

Pursuant to Section 5(a)(12) of the Inspector General Act, as amended, CNCS-OIG reports the following partial disagreements with CNCS's management decision concerning Report 18-07, *Audit of Corporation for National and Community Service Grants Awarded to Mayor's Fund to Advance New York City*.

First, this audit found that the Madison Strategy Group (Madison), a subgrantee under CNCS' Social Innovation Fund (SIF) program, had an inextricably conflicted relationship with Grant Associates (Grant), a for-profit entity that created and controlled Madison but which was itself ineligible to receive SIF funds. Madison relied on Grant's expertise in applying for the award, contracted for Grant's services on a noncompetitive basis, and shared significant personnel and infrastructure with Grant, having little or none of its own at the outset of the subgrant award. The Mayor's Fund, the prime grantee ("intermediary" in SIF parlance) was aware of the related-party nature of the transactions between Grant and Madison and acknowledged that, but for Grant's involvement, it would not have awarded the subgrant to Madison. CNCS-OIG recommended, among other items, that CNCS disallow and recover \$1,663,952 in funds, representing the total amount of Madison's subgrant (Recommendation 2a).

On November 14, 2018, CNCS disallowed the \$106,214 that Madison paid to Grant, because the contract was awarded noncompetitively and in violation of Madison's conflict of interest policy. At the same time, however, CNCS allowed Madison to keep the \$1.5 million balance, even though the

fledgling Madison—without Grant’s participation—lacked the required track record of proven initiatives and specific outcomes necessary to qualify for the subaward. During a significant portion of the subaward period, Madison was little more than a shell company maintained and operated by and through Grant, with the SIF award accounting for the overwhelming majority of its revenues. In addition, Madison appears to have paid significant fees, travel expenses and benefits to Grant personnel outside the two entities’ formal contractual relationship, none of which were disallowed.

In sum, but for the related-party, non-arms-length relationship between Madison and Grant, Madison would not have received the subaward. Having obtained the subaward only because of this overwhelmingly conflicted relationship, Madison should not be allowed to profit from its misconduct. Moreover, the Mayor’s Fund made the subaward with full knowledge of these issues and yet failed to provide appropriate oversight. Yet the Mayor’s Fund incurred no consequences, and CNCS seems content to permit Madison to retain 93 percent of the subaward proceeds, a rich reward for its actions. CNCS would have been more than justified in disallowing the entire subgrant under applicable regulations yet chose not to do so.

Second, CNCS-OIG notes our continuing disagreement with CNCS’s policy of imposing only nominal financial sanctions for substantial failures to conduct required criminal history checks. In this case, 165 staff members of MDRC, partner to the Mayor’s Fund responsible for substantial administration of the SIF award, underwent no criminal history checks. The Mayor’s Fund made a considered decision, unreasonable on its face, not to require the checks, though they were listed in the grant budget included in the application and were required by the agreement between the Mayor’s Fund and MDRC. For this fundamental failure, the Mayor’s Fund was fined \$247,500. Had CNCS disallowed all costs associated with these individuals during the period of noncompliance, the disallowance would have totaled more than ten times that amount, or \$2,851,433.

Audit Section’s Outreach Activities

CNCS-OIG continues to support initiatives sponsored by the Council of Inspectors General on Integrity and Efficiency (CIGIE). Our auditors continue to actively participate in the following working groups and projects to offer suggestions and contributions to the OIG community:

- DATA Act Working Group;
- Quality Assurance Working group;
- Grant Reform Working Group;
- Single Audit and Risk Management Framework Working Group;
- Financial Statements Audit Network; and
- Audit Peer Review Guide Revision Working Group;
- CIGIE Leadership Forum.

CNCS-OIG auditors also participate in various audit forums or serve in a leadership role of a professional organization, such as:

- Federal Audit Executive Council;
- Single Audit Roundtable (sponsored by American Institute of Certified Public Accountants to discuss grant audit issues and best practices among Federal government and private-sector auditors); and
- Association of Government Accountants.

We are also in the process of updating our grant AUP program and engaging CNCS and private-sector auditors to seek suggestions on revisions. This collaborative approach is expected to streamline our grant audit process and improve audit efficiency and quality.



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 of 1978, as amended.

I. Audit Reports Issued

Audit and Evaluation Reports Issued				
October 1, 2018-March 31, 2019				
Report Number Issued	Report Name	Dollars Questioned	Dollars Unsupported	Funds Put To Better Use
19-01	Audit of the Corporation for National and Community Service's Fiscal Year 2018 Consolidated Financial Statements	\$0	\$0	\$0
19-02	Audit of the Corporation for National and Community Service's Fiscal Year 2018 National Service Trust Fund Financial Statements	\$0	\$0	\$0
19-03	Fiscal Year 2018 Federal Information Security Modernization Act (FISMA) Evaluation of the Corporation for National and Community Service	\$0	\$0	\$0
19-05	Agreed-Upon Procedures of Corporation for National and Community Service Grants Awarded to the North Carolina Commission on Volunteerism and Community Service	\$777,219	\$743,328	\$177,093
19-06	Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to Serve Indiana	\$127,090	\$43,626	\$20,055
	TOTAL	\$904,309	\$786,954	\$197,148

II. Reports with Questioned Costs

Audit Reports with Questioned or Unsupported Costs				
Report Category		Number of Reports	Questioned Federal Costs	Unsupported Federal Costs
A.	Reports for which no management decision had been made by the commencement of the reporting period	3	\$4,758,555	\$154,476
B.	Reports issued during the reporting period with questioned or unsupported costs	2	\$904,309	\$786,954
C.	Total Reports (A and B)	5	\$5,662,864	\$941,430
D.	Reports for which a management decision was made during the reporting period	3	\$4,758,555	\$154,476
	I. Value of disallowed costs		\$391,012	\$47,835
	II. Value of costs not disallowed		\$4,367,543	\$106,641
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	2	\$904,309	\$786,954
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	Funds Put To Better Use
A.	Reports for which no management decision had been made by the commencement of the reporting period	1	\$52,141
B.	Reports issued during the reporting period with funds put to better use	2	\$197,148
C.	Total Reports (A and B)	3	\$249,289
D.	Reports for which a management decision was made during the reporting period	1	\$52,141
	I. Value of disallowed costs		\$0
	II. Value of costs not disallowed		\$52,141
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	2	\$197,148
F.	Reports with questioned costs for which no management decision was made within six months of issuance	0	\$0

IV. Audits with Overdue Management Decisions

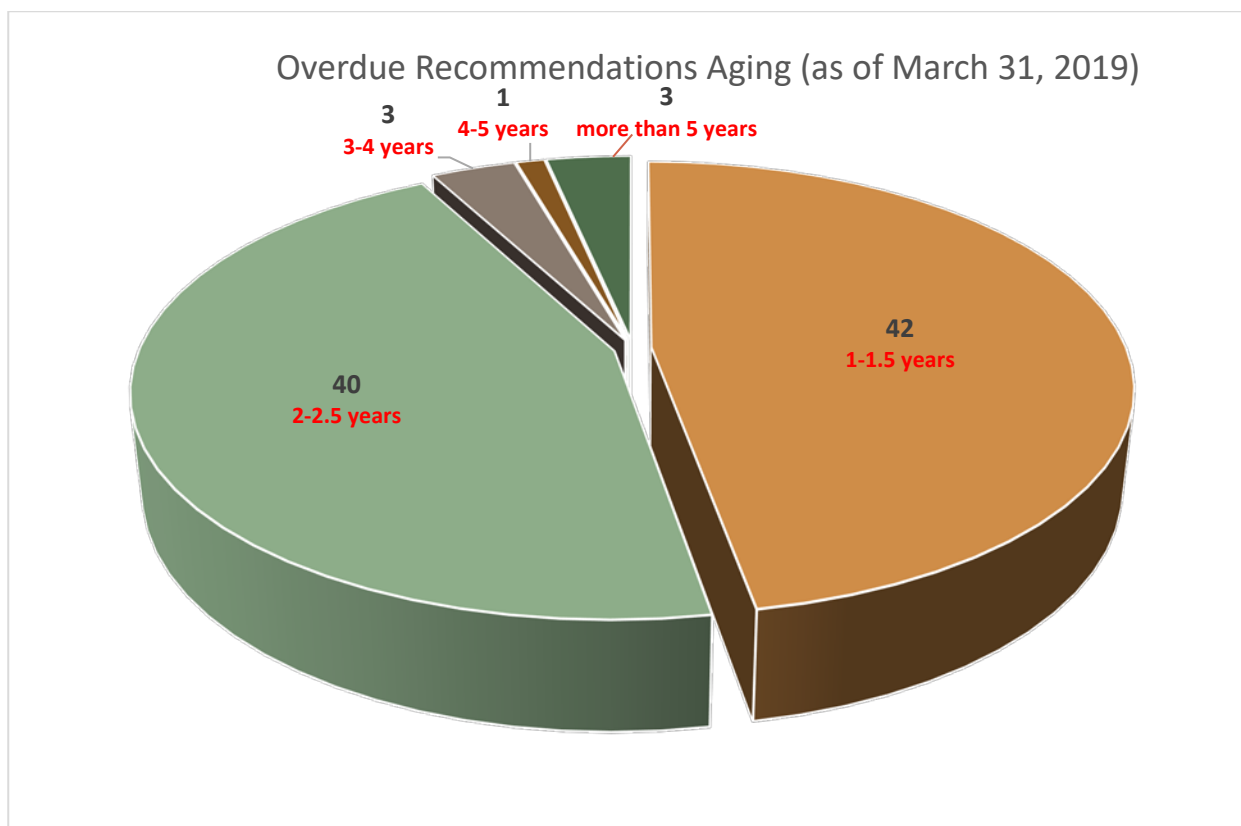
Overdue Management Decisions				
Report Number	Title	Federal Dollars Questioned	Mgmt. Decision Due	Status at End of Reporting Period
N/A	None	\$0	N/A	N/A
	Total	\$0		

V. Reports Without Final Actions

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

VI. Unimplemented Recommendations

The Inspector General Act, as amended, requires each Office of Inspector General to identify unimplemented recommendations, including their associated potential cost savings. During this semiannual reporting period, CNCS devoted resources and attention to its ambitious Transformation Plan and took few of the corrective actions necessary to close out overdue unimplemented recommendations. In fact, during this six-month period, CNCS only provided documentation sufficient to resolve three of the 97 unimplemented recommendations, leaving 94 overdue recommendations unresolved. As displayed below, 40 recommendations were outstanding for 2-2.5 years and 42 were outstanding for 1-1.5 years.



Note: Five open recommendations related to multiple reports were omitted from this aging analysis.

Of these pending overdue recommendations, CNCS has previously disagreed with and declined to implement 16 recommendations pertaining to such issues as oversight of high-dollar consulting/professional services contracts, efficiencies in the NCCC program and controls needed to prevent the improper issuance of partial education awards. These are bolded in our Appendix A for ease of reference.

Financial Management and Cybersecurity

The remaining overdue unimplemented recommendations relate in large part to significant financial management processes and information technology assets and practices that are critical to CNCS operations. CNCS continues to face significant challenges in resolving them. For example, in FYs 2017 and 2018, independent auditors issued a disclaimer of opinion, concluding that the financial statements of CNCS and the National Trust were unauditable and likely contained material misstatements. When the first disclaimer was issued, CNCS-OIG urged CNCS to hire the necessary personnel and/or experts to remedy the material weaknesses and other reportable conditions that precluded an audit of the Corporation's financial records. Despite these efforts, the Corporation's financial systems deteriorated from 2017 to 2018, and the material weaknesses increased from four to ten, resulting in a second disclaimer. Most concerning, CNCS did not resolve the original FY 2017 recommendations prior to issuance of the financial statements for FY 2018.

In September 2018, after leaving a key financial position vacant for nine months, CNCS hired a director of accounting and financial management services, who has initiated an earnest effort to resolve these unimplemented recommendations. CNCS has for the first time developed a corrective action plan focused on its financial management systems and practices. While we are encouraged by the capabilities and efforts of this new director, it does not appear that she has the resources necessary to handle the significant work required. Our independent auditors will work with CNCS to validate any corrective actions taken to determine whether they are effective in resolving at least a portion of these longstanding unimplemented recommendations. Also of note, CNCS's Office of Information Technology has taken action to resolve certain of the FISMA recommendations. In addition, CNCS recently hired a new Chief Information Officer.

Criminal History Checks, Improper Payments and Grant Risk Model

In addition, we continue to see meaningful progress by Office of the Chief Risk Officer (OCRO) in addressing longstanding issues related to criminal history checks and improper payments. With the support of senior leadership, OCRO engaged a vendor that can perform for grantees and subgrantees the criminal history checks that they are required to conduct in order to exclude murderers and sex offenders from national service programs. The Chief Risk Officer and her team oversaw the significant task of rolling out this new system and have worked towards creating a cost-based disallowance approach to enforcing compliance. We look forward to seeing results in the coming year and expect that related unimplemented recommendations will be resolved. With respect to improper payments, OCRO's corrective action plan substantially improved IPERA testing and analysis, resolving certain related recommendations.

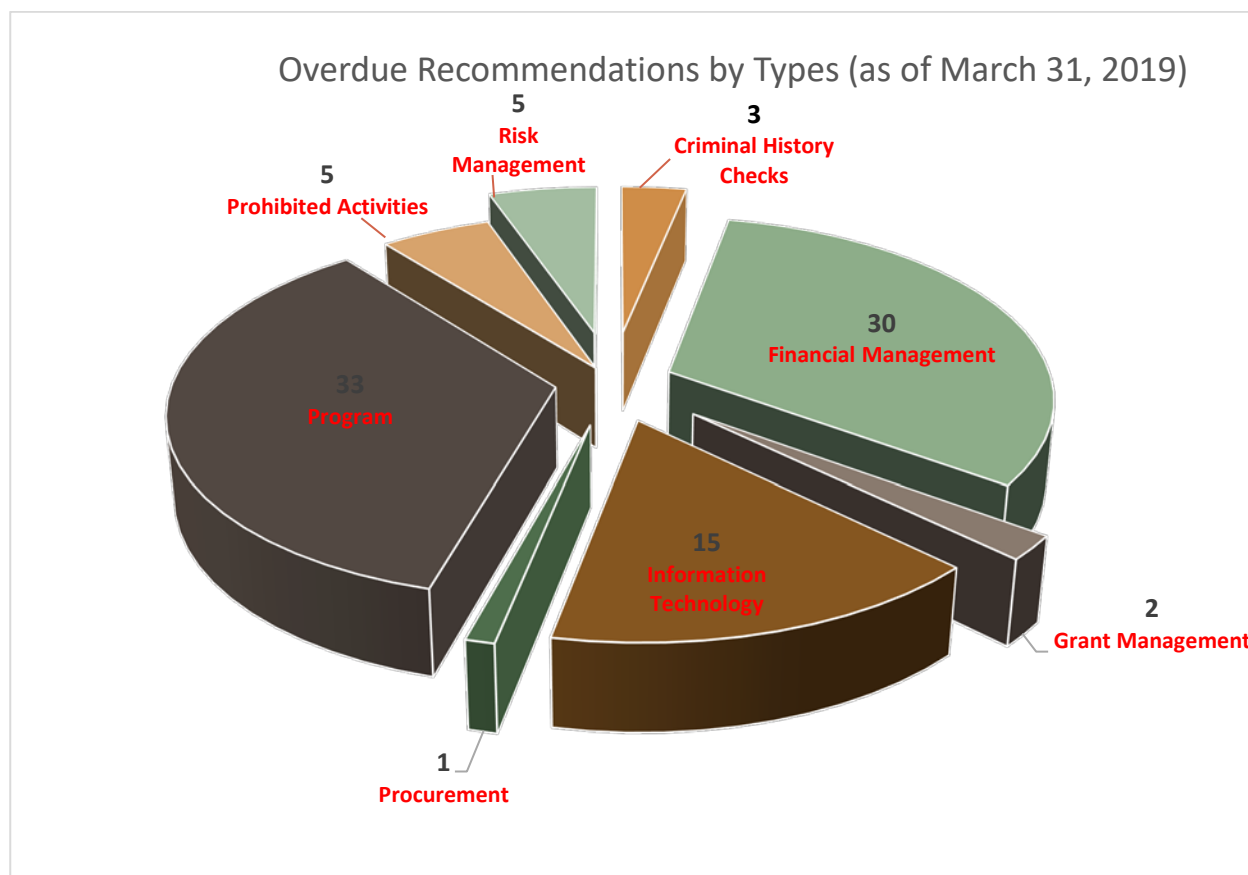
OCRO is also working on developing an effective grant risk model to help manage the over \$760 million in grant funds that CNCS disburses each year to state and local communities throughout the United States. However, that progress has not moved at the pace anticipated. CNCS has not yet tested or rolled out this risk model and has not yet developed a risk-aligned grant monitoring approach, which is made especially more challenging by CNCS's Transformation Plan.

Program-Related Open Recommendations

As for the program recommendations arising from our grant-related reports, despite claims of progress, CNCS has not yet been able to demonstrate resolution of recommendations pertaining to, for example, preventing and detecting prohibited activities by CNCS grantees or in resolving recommendations that would make the NCCC program more efficient and effective.

In recent discussions, CNCS officials have suggested the older unimplemented recommendations, which predate the current leadership team, are no longer relevant or require action. We disagree. The mere age of an open recommendation does not make it stale or obsolete when the deficiency remains unaddressed. Recommendations from our prior work identifying shortfalls in oversight, gaps in internal controls and inefficiencies should be regarded as an opportunity for the current leadership team to avoid the costly mistakes of their predecessors.

The pie chart below groups the open and unimplemented recommendations into categories according to subject matter.



We will continue to collaborate with CNCS officials to address remaining recommendations that have not been fully implemented.

A table of the status of overdue unimplemented recommendations can be found in Appendix A. Appendix B contains a table of the open recommendations that are pending but not yet due.



Investigation Section

The Investigation Section is responsible for the detection and investigation of fraud, waste and abuse in CNCS programs and operations. The Investigation Section probes allegations of serious—sometimes criminal—misconduct involving CNCS employees, contractors and grant recipients that threatens the integrity of CNCS 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 CNCS management for information or administrative action, to include government-wide suspension and debarment.

During the first half of FY 2019, the Investigation Section initiated 29 investigations, closed 14 actions, five of which resulted in significant findings, and identified more than \$250,000 in funds that could be put to better use. The 146 Hotline actions reviewed by investigators led to 28 investigations and 15 referrals to CNCS management; 93 required no further action.

We continue to see a high incidence of noncompliance with requirements to conduct timely criminal history checks of staff and volunteers, which we anticipate will diminish as grantees begin to use the new criminal history check vendor solution recently implemented by CNCS. We have also found recurring irregularities in recording service hours, to include falsification and over reporting of volunteer and member 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 have been 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 has been defrauded by fabricated or altered timesheets and other records.

To protect its beneficiaries and taxpayer funds, CNCS's grant requirements unequivocally require that CNCS grantees notify both CNCS-OIG and CNCS program officials without delay when they suspect illegal activities or fraud, waste or abuse. Despite this clear mandate, there has been an increase in failures to report or in delayed reporting of allegations of fraud and misconduct to our office. We have therefore increased our educational outreach efforts to remind grantees of this requirement, and we will recommend that CNCS impose administrative remedies on grantees and subgrantees for failure to make such required reports to CNCS-OIG.

Highlights of Investigative work completed during this reporting period

AmeriCorps Grantee Failed to Conduct Compliant National Service Criminal History Check

CNCS-OIG investigated allegations that members serving in the St. Bernard Project (SBP), New York, NY, AmeriCorps program displaced the work of paid staff, served outside the scope of the grant and were not reimbursed for travel expenses. While the investigation did not substantiate the original allegations, investigators found that SBP failed to conduct a compliant criminal history check on one former member, a violation of 45 C.F.R. § 2540.203. The check was noncompliant because the search of the National Sex Offender Public Website (NSOPW) misspelled the former member's first name, making the results unreliable.

Agency/Administrative Actions

CNCS management concurred that the criminal history check was noncompliant. However, CNCS initially decided not to impose any financial disallowance, asserting that the search is generally sufficient to ascertain whether the person is a registered sex offender so long as the last name is correct and the first name searched is similar to the actual name. We demonstrated to the satisfaction of CNCS's leadership that a misspelling of a first name could and does affect the results

produced, creating a risk that the grantee will fail to identify a registered sex offender. CNCS concurred and, on January 11, 2019, revised its decision and elected to impose a nominal financial disallowance on SBP for the noncompliant criminal history check. Case ID: 2018-012 Closed 12/17/18

AmeriCorps Member Performing Prohibited Religious Activities Leads to Removal of Service Site

CNCS-OIG investigated allegations that members serving in the Teach for America (TFA), New York, NY, AmeriCorps program at the El Centro Incorporated, Academy for Children (El Centro), Kansas City, MO, service site were directed to perform prohibited religious activities. The investigation confirmed that one member regularly led the students in a religious prayer in the classroom three times a day during service hours, in violation of 42 U.S.C. § 12584a(a)(7). CNCS's authorizing statute bars the use of AmeriCorps funds for prayer, proselytizing or religious education.

Agency/Administrative Actions

CNCS management concurred with CNCS-OIG's finding that a TFA member performed a prohibited activity by leading a religious prayer for students, and TFA took the following actions: (1) determined that El Centro would not be a service site for the 2018 grant year; (2) provided additional training on prohibited activities to regional staff; (3) issued guidance to regional staff on their responsibilities to train site supervisors regarding prohibited activities; and (4) decided to review any member placements at religious schools in the future to ensure that prohibited activities would not be assigned. Case ID: 2018-018 Closed 12/20/18

AmeriCorps VISTA Members Tasked with Service Outside the Scope of the Grant

CNCS-OIG investigated allegations that AmeriCorps VISTA members (VISTA) serving at Community Students Learning Center (CSLC), Lexington, MS, performed service outside the scope of the grant. The investigation found that CSLC directed VISTAs to conduct various activities outside the scope of the grant, such as tutoring and setting up for CSLC fundraisers and that CSLC staff did not fully understand what types of service activities VISTAs could and could not perform.

Agency/Administrative Actions

CNCS responded that it prioritizes training for grantees on allowable VISTA service, but since CSLC ended its VISTA project, CNCS did not take any action in this case. Case ID: 2018-019 Closed 12/20/18.

AmeriCorps Grantee Conducts Inadequate National Service Criminal History Check

CNCS-OIG investigated allegations that members serving in the Impact America (IA), Birmingham, AL, AmeriCorps program were instructed to alter their service activities on their timesheets, received additional salary payments from IA and acted as supervisors of other members. The investigation found no evidence to support these allegations. However, investigators determined that IA failed to conduct a compliant criminal history check for one member because the member's name was misspelled in the NSOPW search. This violated 45 C.F.R. § 2540.203.

Additional allegations were also raised that members were sexually harassed by an IA executive. Consistent with CNCS policy, after an initial site visit, CNCS-OIG referred the sexual harassment allegations to CNCS ASN for resolution.

Agency/Administrative Actions

CNCS management concurred with CNCS-OIG's findings that IA's search of the NSOPW was noncompliant due to the misspelling of the member's name and ultimately disallowed nominal costs pursuant to the disallowance guide.

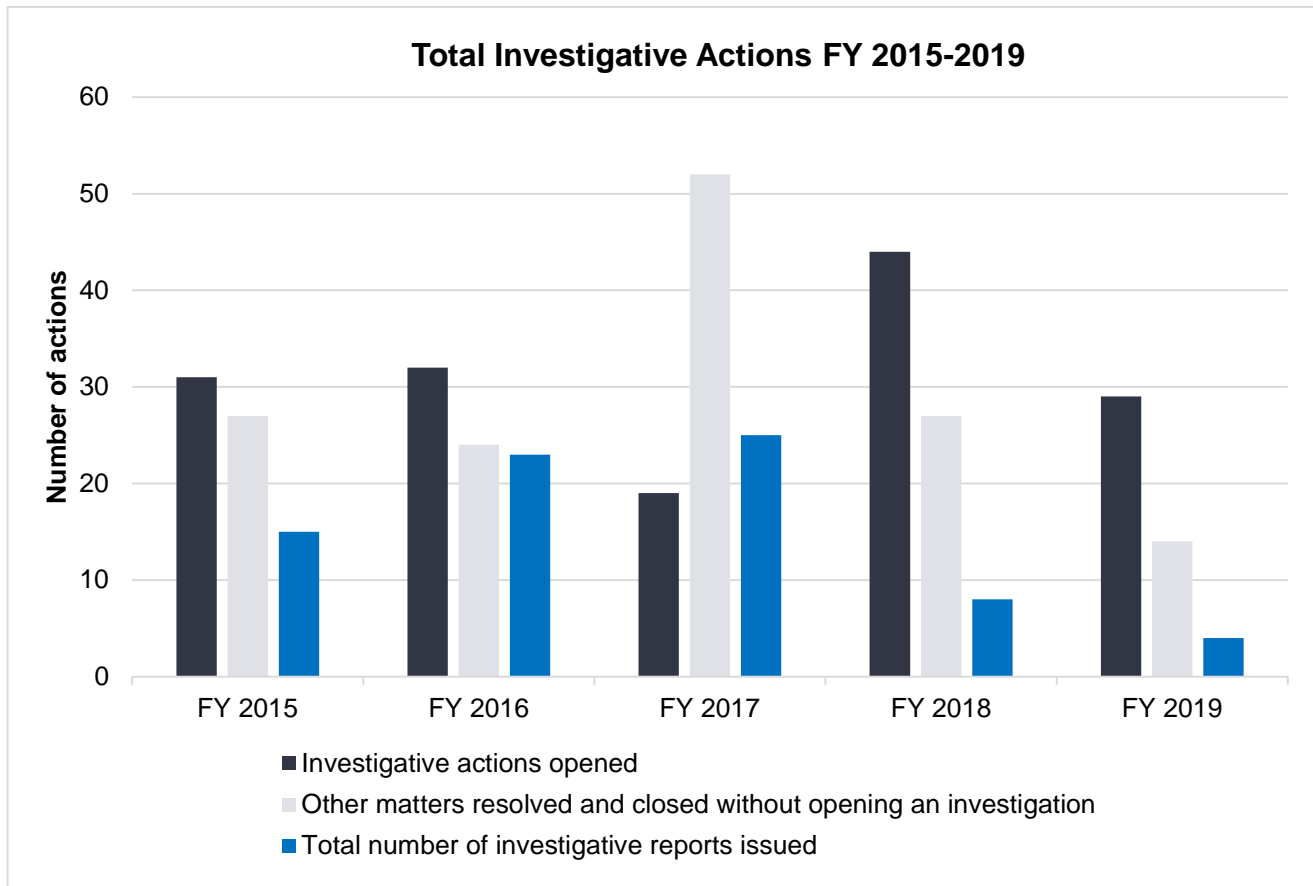
Regarding the sexual harassment allegations, CNCS reported back to investigators that the individual accused of harassment was no longer employed by IA, a new Human Resources Director was hired and new policies were implemented. In addition, ASN informed the alleged victim of sexual harassment of the right to file a case with the CNCS Equal Opportunity Program Office or with the state. CNCS reports that it has completed its actions and considers the matter closed. Case ID: 2018-029 Closed 1/14/19.

Investigation Section's 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. In the last six months, this included presentations for grantees and CNCS staff in Nevada and Puerto Rico. At the request of the Texas Commission, OIG Investigative staff presented at its annual AmeriCorps Symposium.

Investigations Table

Investigative Statistical Summary					
Activity	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Investigative actions opened	31	32	19	44	29
Other matters resolved and closed without opening an investigation	27	24	52	27	14
Total number of investigative reports issued	15	23	25	8	4
Number of referrals to DOJ for criminal/civil action	3	9	6	6	7
Number of persons referred to state or local authorities for criminal prosecution	0	1	0	0	0
Number of criminal indictments and criminal information from the results of referrals	0	1	0	0	0
Investigative recoveries ¹	\$4,240,133	\$812,035	\$900,629	\$585,320	\$2,000
Funds to be put to better use	\$139,800	\$1,200,560	\$100,000	\$4,873,864	\$256,540
Administrative or management action taken	10	14	21	6	4
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.					



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

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

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

Investigative recoveries are funds that CNCS recovered or for which 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

The Government Accountability Office (GAO) Peer Review Report, issued on December 17, 2018, concluded that our Audit Section's system of quality control in effect for the year ended September 30, 2018 has been suitably designed and complied with applicable professional standards. Audit organizations can receive a rating of pass, pass with deficiencies, or fail. CNCS-OIG received an external Peer Review rating of pass.

Investigation Section

The Investigation Section's most recent Peer Review Report was issued in April 2018, by the Office of the Special Inspector General for Afghanistan Reconstruction. The report concluded that the internal safeguards and management procedures for investigative operations complied with the quality standards established by the CIGIE and Attorney General guidelines.

The Investigation Section performed a peer review of the Tennessee Valley Authority (TVA) at the end of this reporting period, which will be completed during the second half of FY 2019.

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

Other Reportable Matters

Investigations Substantiating Misconduct by a Senior Government Employee

None

Whistleblower Retaliation

None

Interference with IG Independence

While CNCS continues to have strong policies and statements of support for the Office of Inspector General and the rights of whistleblowers, recent actions by individual CNCS officials have a tendency to inhibit candid communications with this Office. On March 18, 2019, the Inspector General notified CNCS's Chief Executive Officer, Chief of Staff and Deputy Chief of Staff of recent incidents, including:

- Inquiries by CNCS executives as to who provided CNCS-OIG with certain information;
- Managers and others being chastised for sharing information with CNCS-OIG directly and candidly;
- Directions that managers have a representative of CNCS senior leadership present at meetings with CNCS-OIG; and
- Other similar statements and directions.

While some of these efforts may reflect a genuine desire to ensure that CNCS-OIG receives timely, accurate and complete information, they have the clear potential to discourage CNCS personnel from communicating with CNCS-OIG at will and without interference. Notably, these actions have occurred at a time when many CNCS personnel have expressed to us substantive concerns about the Transformation and Sustainability Plan. This interference conflicts with longstanding CNCS policy, as well as CEO Barbara Stewart's message regarding cooperation with CNCS-OIG inquiries, originally issued on March 2, 2018, and reissued on April 30, 2019:

"CNCS personnel are not required to inform or obtain permission from managers or supervisors before speaking with OIG representatives, or providing requested information. * * * * All managers and supervisors should respect employee rights to communicate directly and in confidence with OIG, and must refrain from inhibiting cooperation by any staff member, contractors or grantee."

We greatly appreciate the renewal of that message and the spirit that it conveys.

Further, CNCS-OIG's Whistleblower Protection Coordinator will be issuing a message emphasizing the absolute right of all CNCS employees to communicate with CNCS-OIG at their discretion, in confidence and without interference, scrutiny or reprisal. The message will reiterate that there is no requirement, obligation or expectation that CNCS personnel request permission from CNCS management to contact CNCS-OIG to report concerns, or that they have previously communicated with, or continue to communicate with, CNCS-OIG about their concerns.

CNCS-OIG values the relationships that have been established between its personnel and their CNCS counterparts, which contribute significantly to our independent oversight. We are strongly committed to the protection of whistleblowers, who can be critical sources of information that would otherwise be unavailable. We will continue to work with CNCS's leadership on this important issue.

Undisclosed Audits, Investigations, Evaluations or Inspections

None

Appendix A

This chart shows recommendations issued since 2011 that remain unimplemented in whole or in part.

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
1	OIG - 12-04 Issued 11/9/2011 Audit of Earned Education Awards Resulting from Compelling Personal Circumstances	Rec. No. 3(b): Implement the text description functionality in the MyAmeriCorps Portal to allow grantee personnel –to document the Compelling Personal Circumstances justifications.	Not quantified
2	OIG - 12-04 Issued 11/9/2011 Audit of Earned Education Awards Resulting from Compelling Personal Circumstances	Rec. No. 3(c): Implement monitoring controls requiring a secondary level of review of each approved partial education award.	\$448,926
3	OIG - 13-06 Issued 6/6/2013 Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Edna McConnell Clark Foundation	Rec. No. 1(c): 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 - 14-09 Issued 6/20/2014 Audit of Blanket Purchase Agreements for Professional Consulting Services	Rec. No. 2: 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
5	OIG - 15-06 Issued 6/25/2015 Audit of Corporation for National and Community Service Cooperative Agreements Awarded to AFYA Incorporated and Education Northwest	Rec. No. 1: Identify risk areas for the 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
6	OIG - 15-06 Issued 6/25/2015 Audit of Corporation for National and Community Service Cooperative Agreements Awarded to AFYA Incorporated and Education Northwest	Rec. No. 2: 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
7	Various Issued N/A Risk Management (multiple reports)	Various: 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
8	Various Issued N/A Risk Management (multiple reports)	Various: CNCS should validate its risk indicators for all grants against outcomes or use outcomes to identify other factors that could sharpen its analysis.	Difficult to quantify but likely in the millions

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
9	OIG - 16-05 Issued 11/13/2015 OIG 5-13-16 response to DMD for Audit of Corporation for National & Community Service Grants Awarded to Hoopa Valley Tribe	Rec. No. 1(a): Impose stronger enforcement approach to CHC violations that establishes effective penalties, recognizes the high risk that CHC violations impose on our beneficiary and grantee community, and incentives strong risk management.	Difficult to quantify, but likely in the millions
10	Various Issued N/A Criminal History Checks (multiple reports)	Various: Sustain questioned costs for grantees that failed to conduct proper and timely checks of staff and member/volunteers' criminal histories.	\$61,400,000
11	OIG - 17-01 Issued 11/14/2016 Audit for the Corporation for National and Community Service's Fiscal Year 2016 Financial Statements	Rec. No. 2(b): The OCRO, along with other CNCS programs and offices, should utilize the results received thus far in its initial entity level controls assessment report established in July 2016 and further develop its responses to the risks identified.	Difficult to quantify but likely in the millions
12	OIG - 17-01 Issued 11/14/2016 Audit for the Corporation for National and Community Service's Fiscal Year 2016 Financial Statements	Rec. No. 2(c): 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.	Difficult to quantify but likely in the millions
13	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 1(a): Increase impact of national service by targeting resources cost-effectively; scale back NCCC and scale up other programs that perform same/comparable activities.	\$60,000,000 for recommendation numbers 13-19
14	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 1(b): Determine optimal size of NCCC based on factors in report and reduce/eliminate activities that can be performed by other CNCS programs at lower cost.	See recommendation number 13
15	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 1(c): Work with Congress to reprogram funds from NCCC to other CNCS programs with comparable activities, to multiply effects of national service	See recommendation number 13
16	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 1(d): Enhance capacity of A-DRTs to deploy rapidly for disaster response.	See recommendation number 13
17	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 1(e): Limit types of projects undertaken by NCCC for activities that can be performed by other CNCS programs and track the time devoted thereto.	See recommendation number 13
18	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 1(f): Expand and create new A-DRTs to increase disaster response and recovery capabilities throughout US and expand opportunities for participation, without full time residence model used by NCCC.	See recommendation number 13

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
19	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 1(g): Peer to peer education for A-DRTs, to help them scale up quickly.	See recommendation number 13
20	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(a): Treat FEMA and NCCC separately for purposes of achieving 50 participation by individuals from disadvantaged circumstances.	Not quantified
21	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(b): Develop comprehensive risk-based enrollment and retention strategy that includes identifying the characteristics that make individuals, including those from disadvantaged circumstances, successful; develop interview and application questions to identify those individuals.	Not quantified
22	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(c): Establish enrollment and retention goals for each year.	Not quantified
23	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(d): Track enrollment and retention data to ensure that goals are met, identify causes for failure and implement corrective actions, identify systemic problems or patterns.	Not quantified
24	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(e): Adopt consistent statement of behavioral expectations that highlights aspects of the program associated with attrition; make clear the kinds of people who will not be happy or successful. Use the behavioral expectations to manage the program.	Not quantified
25	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(f): Improve data on members from disadvantaged circumstances by looking at zip codes of residence, schools attended, receipt of public assistance in recent past, to reduce dependence on recruitment partners as only source of information.	Not quantified
26	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(g): Reduce reliance on existing recruitment partners and develop better screening of their referrals.	Not quantified
27	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(h): Inform recruiting partners of their high NCCC attrition rates so they can take appropriate action.	Not quantified
28	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(i): Develop a policy that limits recruitment of members from other Federal programs.	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
29	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(j): Identify community organizations/activities likely to engage highly motivated youths and families from disadvantaged circumstances (faith-based, immigrant, athletic programs, etc.) and recruit from those. Consider pilot with Baltimore Archdiocese or charter schools serving target populations.	Not quantified
30	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(k): Test structured interviews as a means to identify traits and characteristics that make an applicant successful.	Not quantified
31	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(l): Identify the support that would increase retention and provide it. Engage Foster Grandparents and other local community groups to provide support.	Not quantified
32	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(m): Identify campuses and staffs with particularly high or low attrition and share effective retention strategies	Not quantified
33	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(n): Set program and campus recruitment and retention goals.	Not quantified
34	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(o): Develop granular information regarding root causes of attrition with better exit interviews of members and interviews of peers, sponsors and campus leaders; use the information for recruiting, selection and support.	Not quantified
35	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 2(p): Right-size NCCC and grow the program only after enrollment and retention have improved above a predetermined level	Not quantified
36	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 3(a): Collect timely, objective, substantive feedback from sponsors, measured against objective outcomes, with results broken out by campus.	Not quantified
37	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 3(b): Compare sponsor feedback to team leaders' assessments of each project.	Not quantified
38	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 3(c): Use timely, objective feedback for performance management of campus leaders and peer to peer training	Not quantified
39	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 4(a): Establish policies/procedures that give greater weight to proximity and travel costs for disaster projects, i.e., where possible, send the nearest team.	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
40	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 4(b): Expect that nearest teams will respond to a disaster and that disaster response takes priority over other projects.	Not quantified
41	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 4(c): Provide quality, professional supervision comparable to A-DRTs by having an experienced NCCC staff member onsite for disaster spikes.	Not quantified
42	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 5(a): Create stronger pathways to employment in similar fields with Federal, State and local governments in order to leverage the specialized training and skills of NCCC members.	Not quantified
43	OIG - 17-05 Issued 12/5/2016 Evaluation of the National Civilian Community Corps (NCCC) Program	Rec. No. 5(b): Connect NCCC alumni to non-profits in their home communities, to leverage the valuable training and experience provided by NCCC.	Not quantified
44	OIG Management Challenges Issued 12/7/2016 Modernizing Information Technology	Rec. No. 4: 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
45	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 2: 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 abortion-related prohibited activities within a pre-determined period.	Not quantified
46	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 3: Conduct similar risk assessments, identification of at-risk grantees, communications and targeted monitoring for other prohibited activities.	Not quantified
47	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 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.	Not quantified
48	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 6: 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.	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
49	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 7: 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.	Not quantified
50	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 8: 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
51	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 9: Without waiting for the development of a comprehensive risk-based monitoring strategy, 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
52	OIG Management Alert Issued 11/3/2016 NACHC Prohibited Activities: Missed Opportunities	Rec. No. 10: 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. The Corporation should 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
53	<i>OIG - 18-01 and 18-02*</i> <i>Issued 11/15/2017</i> <i>Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements</i>	<i>Rec. No. 1: Prepare a complete set of financial statements and related notes at the interim periods;</i>	<i>Not quantified</i>
54	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 2: Decide on the accounting standards (FASB or FASAB) to be followed in preparing the financial statements;	Not quantified
55	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 3: Ensure that information presented in the Statement of Budgetary Resources and notes is in accordance with OMB Circular A-136 guidance;	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
56	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 4: 4. Automate the financial statement preparation process insofar as possible to reduce the potential for human error in the financial statement template;	Not quantified
57	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 5: Develop detailed policies and procedures to reflect the financial statement preparation process;	Not quantified
58	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 6: Review and research discontinued document types to determine whether unliquidated order balances are still valid;	Not quantified
59	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 7: Update the Financial Reporting Cost Allocation process memorandum;	Not quantified
60	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 8: Identify and remediate the causes that give rise to the recurring needs for Standard Vouchers and user functionality issues; and,	Not quantified
61	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 9: Continue its efforts to be fully compliant with the object class reporting requirements.	Not quantified
62	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 10: 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 discontinue its practices.	Not quantified
63	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 11: Implement policies and procedures to address Trust Fund unpaid obligations issues;	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
64	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 12: Perform a documented assessment to validate the transactions currently included in the unpaid obligations balance; and,	Not quantified
65	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 13: 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 from the unpaid obligations balance.	Not quantified
66	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 15: Develop or update the TSAL model documentation, document modelling assumptions, SOPs, and business process narratives;	Not quantified
67	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 16: Protect cells within the TSAL model (Excel spreadsheet);	Not quantified
68	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 17: 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;	Not quantified
69	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 18: Assess the need and document management's position regarding the discounting factors for the model per FASAB standards; and,	Not quantified
70	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 19: Cross-train staff and develop a succession plan to ensure the required expertise is available.	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
71	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 20: With respect to grants accrual payable and advances: 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;	Not quantified
72	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 21: Develop a process to validate grant advances, IBNR and payable estimates; and,	Not quantified
73	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 22: 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
74	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec No. 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;	Not quantified
75	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 2: Strengthen and refine the process for communicating CNCS facility-specific control deficiencies to CNCS facility personnel, and coordinate remediation of the control deficiencies;	Not quantified
76	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 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;	Not quantified
77	OIG - 18-01 and 18-02 Issued 11/15/2017 Audit of the Corporation for National and Community Service's Fiscal Year 2017 Consolidated Financial Statements	Rec. No. 4: Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in CNCS information systems.	Not quantified
78	OIG - 18-03* Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	Various: To address information security weaknesses: 1. Strengthen agency's organization-wide information security program;	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
79	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	2. Improve agency's configuration management controls;	Not quantified
80	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	4. Implement multifactor authentication for privileged and non-privileged accounts;	Not quantified
81	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	5. Enhance review and analysis of Momentum audit logs;	Not quantified
82	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	9. Improve agency's vulnerability and patch management controls;	Not quantified
83	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	10. Strengthen access controls for mobile devices;	Not quantified
84	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	11. Strengthen monitoring of wireless access connections;	Not quantified
85	OIG - 18-03 Issued 12/18/2017 FY 2017 Federal Information Security Modernization Act Evaluation of the CNCS	12. Strengthen the protection of personally identifiable information;	Not quantified
86	OIG 18-05* Issued 11/8/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 1: Ensure that detail needed to meet Data Act requirements is 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
87	OIG 18-05 Issued 11/8/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 2: 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
88	OIG 18-05 Issued 11/8/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 4: Validate the SVs to address errors and invalid balances carried forward from prior years and correct the data submissions.	Not quantified

Open and Unimplemented Recommendations			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
89	OIG 18-05 Issued 11/8/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 5: 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
90	OIG 18-05 Issued 11/8/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 6: 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
91	OIG 18-05 Issued 11/8/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 7: Develop policies and procedures to ensure that reconciliations between internal files are completed prior to submission to the DATA broker.	Not quantified
92	OIG 18-05 Issued 11/8/2017 Performance Audit of the Corporation for National and Community Service's Compliance with the Digital Accountability and Transparency Act of 2014	Rec. No. 9: 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
93	OIG 18-09* Issued 11/30/2017 Website Vulnerability Assessment	Rec. No. 4: Evaluate secure coding practices and remediate Structured Query Language (SQL) Injection and Cross-Site Scripting weaknesses.	Not quantified
94	OIG-18-07 Issued 03/29/2018 Audit of Corporation for National And Community Service Grants Awarded to Mayor's Fund to Advance New York City	Rec. No 2(a): Disallow and recover \$1,663,952 in Federal costs awarded to Madison;	\$1,663,952
** Bold: Recommendation is disagreed by CNCS. ** Italicized : Recommendation is repeated.			

Appendix B

The chart lists recommendations from a recently issued audit report, the implementation of which are not yet due.

Recent Unimplemented Recommendations – Not Yet Due			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
1	OIG 18-04 Issued 5/23/2018 Improper Payments Elimination and Recovery Act of 2010 (IPERA) for Fiscal Year 2017	Rec No. 4 and 5: Implement corrective actions to address the root cause of improper payments identified.	Not quantified
2	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 2: Ensure that the Commission strengthens its fiscal monitoring procedures so that site and desk reviews will be conducted and documented and verify that a subgrantee's financial management system is meeting the cost reporting requirement under the CNCS' grant terms and conditions.	Not quantified
3	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 4: Ensure that the Commission strengthens the monitoring of its subgrantees by verifying that AmeriCorps members' living allowance are paid in accordance with the Member Service Agreements and the Federal regulations	Not quantified
4	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 9: Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned for incorrect living allowances.	To be quantified during audit resolution process.
5	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 10: Ensure that the Commission verifies that subgrantees can meet the cost reporting requirements under the CNCS General Grant and Cooperative Agreement Terms and Conditions, Section III. General Terms and Conditions.	Not quantified
6	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 17: Calculate and recover the appropriate amount of disallowed costs and related administrative costs for irreconcilable federal and match costs.	To be quantified during audit resolution process.
7	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 18: Ensure that NMCCV strengthens its internal controls so that: <ul style="list-style-type: none"> • Costs are charged to the correct Federal award. • Claimed costs are incurred within a Federal award's period of performance and obtain authorization from the Corporation to incur a cost prior to the start of an award 	Not quantified
8	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 20: Ensure that the Commission strengthens the monitoring of its subgrantees to verify that subgrantees are maintaining adequate documentation to support all professional services costs in accordance with Federal regulations	Not quantified
9	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 24: Calculate and recover the appropriate amount of disallowed costs and related administrative costs for incorrect and unapproved charges.	To be quantified during audit resolution process.
10	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 25: Ensure that the commission strengthens the monitoring of its subgrantees to verify that subgrantees have policies and procedures that require National Service Criminal History Checks to be initiated before an employee starts working on AmeriCorps grants	Not quantified

Recent Unimplemented Recommendations – Not Yet Due			
Number	Report Title and Number	Recommendation	Dollar Value of Aggregate Potential Cost Savings
11	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 29: Calculate and recover the appropriate amount of disallowed costs and related administrative costs for criminal history check initiated after the employee worked on the grant.	To be quantified during audit resolution process.
12	OIG 18-11 Issued 6/5/2018 Agreed-Upon Procedures for Corporation Grants Awarded to the New Mexico Commission on Volunteerism and Community Service	Rec No. 30: Ensure that the Commission revises and updates its internal policies and procedures to include language indicating that prior written approval must be obtained from the Corporation prior to any changes in key personnel	Not quantified
13	OIG 18-12 Issued 6/5/2018 VISTA Program Evaluation	1.2: CNCS VISTA should enhance the existing monitoring program to improve the effectiveness of monitoring activities.	Not quantified
14	OIG 18-12 Issued 6/5/2018 VISTA Program Evaluation	Rec. No. 2: CNCS VISTA should develop a standard for capturing capacity building and measuring sustainability during and after the VISTA project is completed.	Not quantified
15	OIG 18-12 Issued 6/5/2018 VISTA Program Evaluation	Rec No. 3.4: CNCS VISTA should create and foster an enhanced sense of community and internal support among VISTA members.	Not quantified
16	OIG 18-12 Issued 9/11/2018 VISTA Program Evaluation	Rec No. 5: VISTA should specifically measure the effectiveness of the policy allowing VISTA members to take classes while serving in the VISTA program. CNCS VISTA should build performance measures into all policy/procedure changes as a means to evaluate overall effectiveness of the change and allow for continuous process improvement.	Not quantified
17	OIG 18-13 Issued 8/20/2018 Agreed-Upon Procedures for Corporation Grants Awarded SerVermont	Rec No. 1(d): Ensure that the Commission undertakes a detailed review of the remaining subgrantees to recover improper costs and correct compliance defects.	To be quantified during audit resolution process.
18	OIG 18-13 Issued 8/20/2018 Agreed-Upon Procedures for Corporation Grants Awarded SerVermont	Rec No. 1(e): Require the Commission to review its subgrantee's National Service Criminal History Check written policies and checklists to be sure they are in place and ensure the checks are timely, particularly when employee turnover occurs.	Not quantified
19	OIG 18-13 Issued 8/20/2018 Agreed-Upon Procedures for Corporation Grants Awarded SerVermont	Rec No. 1(f): Review subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has implemented the above recommendations and that subgrantees are complying with the procedures.	Not quantified
20	Management Alert Issued 6/26/2018 Final Management Alert: Serious Weaknesses in National Civilian Community Corps Recruiting Contract May Jeopardize Program Success	Rec No. 2: Promptly undertake a new procurement, with clear objectives, statement of work, experience and professional attributes and deliverables which is structured as a performance-based contract, with metrics tied to recruitment of applicants who meet the program criteria, meet the diversity requirements and successfully complete their terms	\$2,600,000
21	Management Alert Issued 6/26/2018 Final Management Alert: Serious Weaknesses in National Civilian Community Corps Recruiting Contract May Jeopardize Program Success	Rec No. 3: Assign a COR who has strong recruitment knowledge and experience to effectively manage and oversee this contract	Not quantified
**Bold: Recommendation is disagreed by CNCS **Italicized: Recommendation is repeated			

Corporation Response

Corporation for National and Community Service

NationalService.gov



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

October 1, 2018 – March 31, 2019
Fiscal Year 2019 Semiannual Report No. 1

Corporation for National and Community Service Response to the OIG Semiannual Report 19-01 and Report on Final Action

The Corporation for National and Community Service (CNCS) is pleased to share its response to the Office of Inspector General's (OIG's) Semiannual Report (SAR) covering the first half of Fiscal Year (FY) 2019 (SAR 19-01). In the response set forth below, the agency reports improvement in many of the areas of concern to the OIG as well as significant progress to date on the agency's Transformation and Sustainability Plan (TSP). The Transformation and Sustainability Plan is a set of six goals that will ensure that CNCS has a strong operational foundation that strengthens the agency's ability to provide efficient and cost-effective services. Carrying out this plan positions national service for greater impact and growth in the next 25 years and beyond.

CNCS is proceeding with a thoughtful, measured approach to address the long-needed improvements that have been previously identified by the OIG, as well as others including the Government Accountability Office, Congress, and the grantees/sponsor organizations that CNCS serves in communities across the country. We are already demonstrating that we can successfully execute these improvements. For example, today:

- We are making significant progress in addressing the material weaknesses that were identified in the agency's FY 2017 and FY 2018 financial management audits. These problems were created over time and they will take additional time – very likely beyond the completion of FY 2019 audit – to completely resolve. Additionally, resolving these issues may identify other unknown issues that may need to be addressed. Nevertheless, this is a top priority for CNCS and we are making good progress.
- We are halfway through a complex hiring process to support the realignment of our grant management roles and new regional office structure. Since the announcement of the TSP in June 2018, and the announcement of decisions on roles and locations in November 2018, we have consistently achieved or exceeded our stated timelines and milestones. We are thrilled to report that, so far, the majority of employees who are impacted by these changes have applied for the new positions in the agency – an indication of the significant experience and institutional memory we will retain. We believe these changes – which are creating new career ladders for employees, among other benefits – will ultimately help our agency decrease its historically high attrition rate.

CNCS and our leadership have made it a priority to address the agency's long-standing issues and position CNCS for long-term sustainability. While change is never easy, we believe the Transformation and Sustainability Plan addresses our critical challenges and includes improvements that cannot and should not wait.

From the beginning and throughout this process, CNCS leaders have spent a significant amount of time listening to stakeholders and refining both the content and the implementation of the TSP based on their input. We look forward to continuing to keep the OIG, Congress, our customers, and other stakeholders

informed of our progress and welcome continued discussion with the OIG and others interested in the CNCS's improvements.

Meanwhile, we continue to deliver on CNCS's core mission. CNCS employees continue to provide training, technical assistance, and monitoring across the spectrum of our programs. During this SAR period, the agency has continued investing and supporting communities through our AmeriCorps and Senior Corps programs in the following ways:

- We announced more than \$13.6 million in funding to support Senior Corps RSVP programs in more than 150 communities across the country. These grants will leverage the experience and skills of more than 50,000 Senior Corps volunteers.
- The agency also entered into valuable interagency agreements with the Department of Justice to prevent elder abuse and the Veterans Health Administration to provide respite care to homebound veterans and their caregivers, ultimately expanding the reach of the Senior Corps programs.
- Last fall, AmeriCorps VISTA designed and implemented a more streamlined process for organizations to access VISTA resources. This new process consists of a single national timeline and includes quarterly due dates for concept paper submissions and reviews. Early indicators are promising, and the number of concept papers submitted October 2018 – March 2019 is up 10 percent compared to the same period in FY 2018.
- In the aftermath of Hurricane Michael, AmeriCorps members and Senior Corps volunteers continue to support Florida communities with long-term disaster relief and recovery. Additionally, more than 175 AmeriCorps members are serving in Iowa and Nebraska responding to the severe spring flooding in the Midwest.
- We also continued our valuable AmeriCorps National Civilian Community Corps (NCCC) partnership with FEMA through the AmeriCorps NCCC FEMA Corps program. FEMA Corps, initially developed with a goal to train the next generation of emergency managers, has had tremendous results. Forty-four percent of the November graduating class have been hired by FEMA or other disaster management organizations.

Audit and Financial Statement Update

CNCS began financial management remediation efforts after receiving the results of the FY 2017 financial statements audit. A significant first step was addressing staff turnover within the Office of Accounting and Financial Management Services (AFMS). In FY 2018, CNCS recruited two new Accounting Team Leads and a new Director of AFMS. CNCS also contracted with KPMG to review the CNCS Trust and grants accrual methodologies.

During the first quarter of FY 2019, the new AFMS Director reorganized AFMS to improve workflow, clarify process boundaries between teams, and balance workloads. She also assessed CNCS's financial management system and processes to identify the most pressing issues and developed a plan to address

issues most impacting financial statements, financial reporting, and Trust and grant accruals. A comprehensive corrective action plan was developed and presented to the Office of Management and Budget and the OIG. AFMS developed new reporting tools which enable the agency to better support quarterly financial statements for CNCS's major financial accounts (Grants and Trust). AFMS is also developing additional reporting tools to address the remaining accounts and identify other potential accounting deficiencies.

To date, 42 of 82 financial statements audit recommendations have been addressed. Six of ten material weaknesses and one significant deficiency have been remediated and are ready for auditor review. By the end of FY 2019, most of the recommendations in the FY 2018 financial statement audit will have been completed along with other remediation work identified by the AFMS team.

In early 2017, CNCS began exploring shared services as part of an agency-wide Reform Plan, which later evolved to become the Transformation and Sustainability Plan. CNCS reviewed its financial management systems, staff, and processes and determined shared services were a viable means for keeping up with technology and emerging compliance and reporting requirements. CNCS engaged the Administrative Resource Center (ARC) within the Department of Treasury's Bureau of the Fiscal Service in an in-depth analysis of customer requirements and available services. This led to a proposal to transition to shared services for procurement, financial management, travel, and human capital functions. This proposal is currently under consideration by agency leadership.

Cybersecurity

The OIG's SAR 19-01 does not reference any of the accomplishments or describe the progress recognized in the OIG 19-03 FISMA report. Per the OIG 19-03 report, CNCS had a rating of Level 3 (Consistently Implemented) for one of the five security functions in FY 2017. In FY 2018, the assessment of the agency's maturity model changed by expanding each security function into eight domains, which included an area that was not previously assessed. Out of eight domains, the OIG rated CNCS at Level 4 (Managed and Measurable) in one domain, Level 3 (Consistently Implemented) in three domains, and Level 2 (Defined) in four domains. The current rating shows steady progress even though CNCS did not completely meet the benchmark of Level 4 across all domains.

CNCS's Office of Information Technology continues to make numerous improvements to its structure and operations. The SAR omitted to mention our improvements during FY 2018 and beyond, which include the following:

Limited Resources: During this reporting period, CNCS operated with fewer resources for information security than in previous years and yet continued to improve in each of the security functional areas.

Vulnerability Management: CNCS high-value assets are closely monitored. If threat vectors are present on the agency's public facing websites that are monitored through sources such as DHS security monitoring service or by US-CERT alerts, CNCS is well prepared to react and recover. CNCS has not experienced any major US-CERT reportable security incidents in the last two years.

Multifactor Authentication: CNCS is implementing multifactor authentication to add another layer of security to network systems. Based on NIST SP 800-63-3 – Digital Identity Guidelines, the agency currently grants access to the network using authenticator assurance level-one for single factor authentication. Multifactor authentication will move the agency to level-two for identity risk management. CNCS will require all general users to use multifactor authentication for access to the agency’s network before the end of the fiscal year.

Data Protection and Privacy: To protect our high value assets, the agency continuously monitors authorized access to sensitive information following NIST SP 800-53 and NISP SP 800-37 that outline the requirements authorizing an information system to operate. OIG rated CNCS as Level 3 (Consistently Implemented) for Data Protection and Privacy in the 19-03, which was a new assessment area for FY 2018.

CNCS recognizes that although it has made continuous progress, our progress has not been significant enough to demonstrate an effective information security program based on the OIG FISMA Metrics. CNCS has provided briefings to the OIG to address the status of OIG recommendations from the prior year. The agency has provided documentation to support closing 12 of these prior recommendations. CNCS is creating a long-term strategic plan to address all functional security areas. This plan will be ready by the end of the fiscal year.

CNCS contests the IG’s presentation of six columns in the security functions table on page 12 of the SAR 19-01 implies there were 13 areas assessed. There were only eight areas that were assessed in 2018. In two areas, security training and contingency planning, the agency showed improvement. In the other six areas the agency continued to show gradual improvement although the overall metrics remain the same as in 2017.

Grant Audits

CNCS is committed to prudent stewardship of federal funds and has implemented numerous improvements to its audit resolution process to ensure consistency and timeliness in decision making. For the third year in a row, CNCS has been on time issuing management decisions in response to *every* OIG audit report. In addition, CNCS has engaged in ongoing communication with OIG audit staff to better identify and manage compliance risks identified by the OIG. This collaboration has allowed CNCS to strategically align our audit resolution resources and better address deficiencies.

Audit of Corporation for National and Community Service Grants Awarded to Mayor’s Fund to Advance New York City (Report 18-07)

Throughout the resolution of the audit of the Mayor’s Fund to Advance New York City, CNCS has been forthright in advising the OIG that the recommendation to disallow the entire amount of a fully performed Social Innovation Fund (SIF) subgrant was contrary to law and was not supported by a fair evaluation of the facts. CNCS gave serious consideration to the verifiable facts in this matter and determined that protecting the federal government’s interest required the disallowance of only contract costs that did not meet the terms and conditions of the award.

CNCS specifically considered, and affirmed, that the subgrantee was a legally eligible entity. Moreover, CNCS found that certain conclusions made by the OIG about the subgrantee (that it was created specifically to apply for a SIF subgrant and was wholly controlled by a separate for-profit entity) did not withstand legal scrutiny. In our November 14, 2018 management decision, CNCS took the maximum action that was supported by the verifiable facts allowable under the law.

CNCS is concerned that the OIG decided to highlight its disagreement with CNCS over the appropriate sanction in this matter. The OIG made an unsupportable recommendation in this audit and is now compounding the problem by overstating the facts to bolster its objection to CNCS's appropriate resolution of the Mayor's Fund audit.

CNCS agrees with the OIG on the importance of criminal history checks in the operation of CNCS programs and, as outlined by the OIG, has pursued an enterprise-wide solution to address compliance. Moreover, disallowing over \$2 million to the Mayor's Fund as the OIG recommended, when NSCHC checks were conducted, albeit deficiently, is not an acceptable decision when the agency has a compliance enforcement process in place. In making its determination for the Mayor's Fund audit, CNCS consistently applied the internal enforcement policy that was in effect at the time of the audit. CNCS asserts any change in the approach to enforcement must be made equally to all stakeholders to avoid arbitrary treatment of any grantee.

Investigations

We appreciate the OIG's efforts to investigate matters of waste, fraud, abuse, and mismanagement. In general, CNCS and the OIG's investigation team have an effective collaborative relationship. CNCS will continue to work with the OIG to ensure prompt reporting of possible waste, fraud, and abuse to the OIG. Notably, many of the OIG's significant investigations were initiated by information referred to the OIG by CNCS.

IG Independence

The Inspector General stated in the SAR that senior management took action to limit candid communications with the OIG. This assertion makes good on the IG's recent threat to publish her claim of interference, which was made when CNCS leaders tried to engage in a rational effort to understand inappropriate IG behavior. The OIG's assertion that the agency has interfered or is interfering with the independence of its office has no basis in truth.

The OIG enjoys unfettered access to the agency and its staff. The IG and OIG staff have access to CNCS offices and freely walk the halls, often stopping by the desks of various staff asking for information and documents, including drafts, relating to matters unrelated to any investigation, audit, or whistleblower activity. These conversations, generally relating to CNCS policy and unfolding management developments, are typically initiated by the OIG, not by CNCS staff.

Senior management needs to manage the flow of information on matters not subject to an investigation or audit, as well as reduce the disruption and tension that informal interactions with OIG staff cause among CNCS staff. The OIG has stated that all policy matters are within its domain.

However, as detailed in “The Quality Standards for Federal Offices of Inspector General” (Silver Book) an OIG should not be engaged in management responsibilities, such as setting policies. As stated in the Silver Book, “OIG management and staff should establish and maintain an environment throughout the organization that fosters a *positive and supportive attitude* toward internal control and conscientious management” (emphasis added). The OIG’s activities have created a culture in the IG’s office of obtaining information through pressure, threats, and harassment of CNCS employees. This abuse of authority has negatively impacted the deliberative process of the agency and significantly eroded attitudes toward the Inspector General’s vital role in CNCS’s internal controls. Furthermore, the OIG’s conduct is having a negative impact on employees’ ability to perform their job duties.

CNCS encourages cooperation with the OIG in all matters related to investigations, audits, whistleblowing, mismanagement, and related matters. We have never limited or controlled staff communications with the OIG. The agency’s concern focuses on the IG’s inappropriate interference with pre-decisional internal policy, management decisions and deliberations, and CNCS’s Transformation and Sustainability Plan.

We are disappointed the OIG has taken this tactic. Instead of working cooperatively and productively with CNCS, and appropriately complying with federal-wide boundaries for Inspectors General, the OIG has chosen to undermine CNCS’s efforts to create a productive working relationship.

Unimplemented Recommendations

The OIG reports 94 open and overdue recommendations since 2011 that have not been implemented by CNCS. Of these recommendations, 17 are overly prescriptive, not feasible, or unfounded and CNCS will be taking no further action to resolve them. The OIG continues to report recommendations for which we provided documented disagreement and our rationale for disagreeing.

CNCS is actively working to address the remaining recommendations with corrective action plans that will lead to resolution of nearly half of the longstanding recommendations by the next reporting period. CNCS is committed to addressing all meritorious recommendations.

The 21 open recommendations related to the financial statements audit include many that have been remediated during this period, but validation is occurring during the audit that commenced after this reporting period.

The information security-related recommendations are all in the process of being implemented, with 12 of 15 OIG recommendations on track to be resolved by the end of this calendar year.

The Office of Chief Risk Officer is working toward resolving all NSCHC and risk-related recommendations with comprehensive policies and procedures by Fall 2019. In addition, the newly installed Director of Monitoring will incorporate the OIG’s recommendations related to monitoring as protocols are developed.

Open recommendations related to NCCC stem from an evaluation from 2016, many of which CNCS found to be – for the most part – impractical, unfounded, and overly prescriptive. Yet, CNCS has

implemented numerous corrective actions to address the meritorious recommendations and is in the process of documenting the final disagreement with or resolution of each outstanding NCCC recommendation.

Of the 21 open recommendations which are not yet due, nearly all of them will be resolved in the next reporting period. Each open recommendation is reviewed and monitored for progress. Although the list of OIG recommendations will always contain new recommendations the agency has not yet implemented, the process and communication regarding unimplemented recommendations is now working well. CNCS and the OIG are working together to share information on the status of recommendations to ensure prompt resolution. We look forward to reporting additional success in our response to future Semiannual Reports.

TABLE I

FINAL ACTION TAKEN ON AUDIT, INSPECTION, AND EVALUATION REPORTS

(For the Period October 1, 2018 through March 31, 2019)

	<u>Number of Reports</u>	<u>Disallowed Costs</u>
A. Reports for which final action had not been taken by the commencement of the reporting period	4	-
B. Reports for which management decisions were made during the reporting period	4	\$391,012
C. Reports for which final action was taken during the reporting period	4	\$366,417
1. Recoveries ¹		
(a) Collections and offsets		\$375,741
(b) Property in lieu of cash		-
(c) Other (reduction of questioned costs)		-
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, 2018 through March 31, 2019)

	<u>Number of Reports</u>	<u>Dollar 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	-	-
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.	2	-

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, 2018 through March 31, 2019)

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

OFFICE OF INSPECTOR GENERAL



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