

Office of Inspector General

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Semiannual Report To Congress

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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. For Fiscal Year (FY) 2016, the Corporation plans on investing over \$ 1 billion in these service organizations: AmeriCorps, Volunteers in Service to America (VISTA), the National Civilian Community Corps, Senior Corps and Innovation and Demonstration programs. A substantial portion of these funds will be distributed through public service commissions in each U.S. state and territory.

and the Office of Inspector General

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

Pursuant to the Inspector General Act of 1978, as amended, this Semiannual Report summarizes CNCS-OIG's work for the last six months of FY 2016. It is being transmitted to the Corporation's Chief Executive Officer, the Board of Directors, and Members of Congress.

Message from the Inspector General

On behalf of the Office of Inspector General of the Corporation for National and Community Service, I am pleased to submit this Semiannual Report detailing the contributions of this office for the six months ending September 30, 2016. This period has marked important improvements in the capabilities of the Corporation for National and Community Service (CNCS or the Corporation). (We note particularly that the Office of Grants Management has substantially reduced the backlog of delinquent audit and investigation resolutions.) These changes are timely, because events of the past six months illustrate the pressing need to upgrade the Corporation's grant monitoring.

Fulfilling a longstanding CNCS-OIG recommendation, the Corporation in April 2016 hired an experienced risk management professional to serve as its Chief Risk Officer (CRO). The CRO is charged with: (1) identification, reduction and recapture of improper payments; (2) assessing, testing and strengthening internal controls; (3) developing protocols for grant risk assessment, monitoring and oversight; (4) implementation of the National Service Criminal History Check program; and (5) introducing Enterprise Risk Management. By elevating this function, CNCS has given it the authority necessary for rapid change and at last has the leadership in place to tackle issues with which it has long struggled. This multi-year effort will require a sustained commitment from CNCS; Congressional support has been helpful in identifying this as a priority for the Corporation. We look forward to working with the CRO to strengthen the Corporation's oversight across its programs and operations.

In May, Congress held a hearing on accountability at CNCS. The hearing arose from CNCS-OIG investigative findings that one of the Corporation's largest grantees allowed a small number of AmeriCorps members to render service during abortions at three New York clinics operated by a subgrantee. The legislation authorizing the AmeriCorps Program expressly prohibits the use of AmeriCorps resources for eleven purposes, including "providing abortion services or referrals for receipt of such services." The grantee knew that AmeriCorps members were serving during abortions but withheld that information from CNCS. By allowing this conduct to continue, the grantee violated the statute. This activity occurred for at least three years, undetected by CNCS's grant monitoring, despite a monitoring site visit conducted during that period. The hearing was, in many ways, a repetition of a hearing held five years earlier, prompted by another incident of prohibited activity by a CNCS grantee.

As I testified, the risk of abortion-related prohibited activities was obvious, but CNCS's monitoring was not attuned to it. In fact, CNCS was on written notice that a subgrantee was performing abortions and having AmeriCorps members provide pre-abortion assistance. Unaccountably, however, the Corporation did not treat this as warranting close oversight.

To avoid a recurrence, CNCS-OIG has recommended a more granular approach to risk of prohibited activities. That approach should include: (1) identifying grantees whose programmatic activities and clientele place them at heightened risk of prohibited activities; and (2) developing new monitoring activities targeted at this particular risk, such as surveys of AmeriCorps members serving at those high-risk grantees and periodic reviews of members' social media postings.

CNCS can improve its grant monitoring by applying these principles more broadly, consistent with new government-wide requirements that agencies adopt Enterprise Risk Management. Establishing risk-based grant monitoring will require a return to the fundamentals:

- Identifying the risks associated with its grants, taking into consideration differences among grantees, stages of the grant lifecycle, programs, grant types and activities;
- Categorizing those risks (*e.g.*, financial vs. programmatic) and ranking them;
- Developing indicators that align to those risks; and
- Selecting monitoring activities suited to the particular risks involved.

A forthcoming study of CNCS's grant monitoring by the Government Accountability Office should be informative. Risk-based grant monitoring would also benefit from a systematic effort to incorporate the results of CNCS-OIG audits and investigations. The resulting risk model should inform every aspect of grant management, from the information that CNCS seeks in a grant application, to the skills mix of the agency's workforce, to the effective use of data analytics. This more disciplined approach to risk will help CNCS direct its limited oversight resources where they will have the most impact. A more detailed discussion of these ideas can be found in my responses to post-hearing questions for the record.¹

I am confident that thoughtful application of risk management principles offers a significant opportunity to improve stewardship and make CNCS more effective as a grant-making organization. CNCS should be at the forefront of this movement.

Respectfully Submitted,



¹ Available at http://www.cncsoig.gov/sites/default/files/2_deborah_jeffrey_response_to_qfr_letter.pdf.



Audits and Reviews

The Office of Inspector General Audit Section reviews the financial, administrative, and programmatic operations of the Corporation for National and Community Service. The Audit Section's responsibilities include supervising the audit of the annual financial statements, assessing, management controls, reviewing agency operations, and auditing individual grants, contracts, and cooperative agreements funded by the Corporation. CNCS-OIG audit reports and reviews are issued to CNCS management for its action or information and are publicly available on the CNCS-OIG website.

Introduction

The five auditors in CNCS-OIG have a combined 90 years of experience performing financial and performance audits of Federal programs and operations. In deploying these limited resources, the Section strives for an appropriate balance between auditing individual grantees, reviewing internal business processes of CNCS, conducting the extensive audit and evaluation work required by statute, identifying emerging issues and outreach to educate CNCS stakeholders concerning recurring issues. During the past six months, we have worked closely with the Chief Grants Officer to improve the timeliness of audit resolutions and the rigor of the analysis. We continue to work with the Chief Risk Officer to address the significant deficiency in internal control noted in the FY 2015 audit of CNCS's financial statements, as well as to jumpstart the launch of Enterprise Risk Management.

CNCS Still Cannot Quantify and Recover Improper Payments Made in Its Programs

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Federal agencies to identify, reduce and recapture improper payments and report annually on their efforts in the Agency Financial Report (AFR). Each Inspector General must audit of his/her agency's compliance with these obligations.

For the fourth year in a row, CNCS remained unable to comply with IPERA in FY 2015. According to CNCS, \$ 14.5 million, representing 6.5 percent of all expenditures in the AmeriCorps State and National Program, was paid improperly. These amounts were spent on stipends, salaries and other benefits for individuals who were allowed to participate in AmeriCorps without undergoing timely or complete criminal history checks, mandated by CNCS's authorizing legislation in order to exclude murderers and registerable sex offenders from national service. Though the individuals were—luckily—ultimately determined to be eligible to serve, the failure to perform the necessary screening unnecessarily exposes the beneficiaries of CNCS programs to the risk of harm at the hands of dangerous predators.

The reported level of improper payments in the AmeriCorps Program exceeds the actual Federal government-wide improper payment rate of 4.39 percent for FY 2015. It is even more alarming because it arises from widespread failure to comply with a safety requirement. Due to methodological inconsistencies, the estimate is not statistically valid or accurate. Consequently, the actual amount of improper payments may be higher.

With respect to its other programs, CNCS again could not quantify the amount and rate of improper payments in the Foster Grandparent Program and the Retired Senior Volunteer

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Program, both of which the agency considers susceptible to at least \$10 million in improper payments annually. CNCS also determined that the Senior Companion Program is at risk of substantial improper payments, but it did not complete the testing necessary to determine the rate and amount. And, although the Corporation concluded that the Social Innovation Fund did not meet the \$10 million susceptibility threshold, inconsistencies in its methodology make that determination unreliable.

IPERA also requires that agencies take steps to recover the improper payments detected in prior years. Despite having identified improper payments in IPERA analyses in FYs 2013 and 2014, CNCS did not undertake any efforts to recoup these amounts until late in FY 2016.

As in the past, we found significant flaws at every stage of CNCS's improper payments assessment, reduction and recovery process, as well as in its reporting of results. Many of these flaws resulted from a lack of qualified personnel to develop a sound testing methodology and execute CNCS's complex sampling process. The methodology adopted by CNCS requires more resources than CNCS can commit to execute it. In its Agency Financial Report for FY 2015, CNCS offered a lengthy description of the difficulties that it encountered in the IPERA process. The Corporation must either abandon that approach in favor of an alternative that can be timely executed with the available resources, or marshal sufficient additional resources to bring this methodology to completion, working with Congress and the OMB if necessary.

There are a number of respects in which CNCS has adjusted its IPERA work in response to prior CNCS-OIG findings. However, these partial corrective actions did not substantially improve CNCS's overall IPERA compliance status, and its FY 2015 AFR did not comply with IPERA reporting requirements.

Any agency that does not comply with IPERA for three consecutive years is required not only to inform the Congress of its sustained noncompliance but to submit reauthorization proposals for each noncompliant program or activity or other statutory changes necessary to achieve compliance. CNCS's programs have been noncompliant since 2011, but the agency has not made the necessary submissions for legislative action. The Corporation does not appear to be cognizant of these responsibilities and lacks adequate supervision and oversight necessary to meet the applicable requirements, which are important so that the Congress can exercise its oversight responsibilities.

Though highly relevant, CNCS did not use the information derived from IPERA in FYs 2013 and 2014 to update its grant risk assessments or oversight until 2016, when it was two or three years out of date. The failure to properly check criminal histories of national service members and grant-funded staff bears directly on risk to the safety of vulnerable individuals who are served by CNCS programs. IPERA data also revealed some substantial discrepancies between certain grantees' internal accounting records (general ledger) and the expenditure reports that they submitted to the Federal government (Federal Financial Reports, or FFRs); these discrepancies

suggest that the grantees may have used CNCS grant funds for purposes unrelated to CNCS's programs, a misapplication of funds. CNCS did not pursue these matters with the grantees. Even if the funds were not misapplied, if a grantee cannot and does not routinely reconcile its general ledger and FFRs, then its capability to manage Federal funds is called into doubt.

A copy of CNCS-OIG's audit report is available at <http://www.cncsoig.gov/sites/default/files/16-04.pdf> (Audit Report 16-04).

Deficient Criminal History Checks, Inattention to Subgrantee's Financial Systems Found in Audit of Illinois Commission

State service commissions distribute the lion's share of AmeriCorps Program funds, and CNCS-OIG performs periodic agreed-upon procedure reviews of commissions and their subgrantees. Here, we reviewed the Serve Illinois Commission (SI) and three of its subgrantees: City Year Inc., Lutheran Social Services of Illinois (LSSI) and Lessie Bates Davis Neighborhood House (LBDNH). These subgrantees were awarded AmeriCorps grants totaling \$12,866,092 from April 2013 to December 2014.

Each of the subgrantees enrolled members and hired grant-funded staff without conducting timely and complete criminal history checks (CHC) of the requisite sources. Under the Edward M. Kennedy Serve America Act of 2009, and CNCS's regulations, a grantee or subgrantee must check a combination of the National Sex Offender Public Website (NSOPW); the criminal history repository of the state in which the individual will serve; and the FBI's fingerprint-based criminal history database, in order to assure that a prospective member or employee is not a murderer or a registerable sex offender. For individuals who will work with vulnerable populations (children and youth, the elderly and persons with disabilities), each of these sources must be checked. The NSOPW check must be completed before the individual begins work or service; the other check(s) must be initiated at that time.

Among the three subgrantees reviewed, we evaluated 58 employee and 67 member files to verify whether the National Service Criminal History Check was conducted and documented as required by Federal regulations. Two subgrantees, City Year and LBDNH, failed to initiate the state criminal history checks and FBI checks until well after members and staff began serving. Four City Year employees and seven LBDNH members were allowed access to vulnerable populations prior to their clearance. The remaining deficiencies were associated with LSSI's lack of performing the NSOPW checks and missing support of the FBI checks in the members' files. Moreover, the Commission's subgrantee monitoring efforts did not evaluate the initiation of the FBI checks. In total, the three subgrantees paid approximately \$235,000 in salary, living allowances and other benefits to individuals without timely or complete criminal history checks.

In addition, the auditors identified SI's poor subgrantee monitoring as a significant internal control weakness. SI failed to note that LSSI's financial management systems and practices did

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not comply with Federal standards, leading to substantial and unexplainable differences between the costs claimed by LSSI on its FFRs and the costs recorded in its general ledger. Moreover, SI failed to review LSSI's financial management system, as part of its required subgrantee monitoring. Had SI properly overseen LSSI's financial management of the grants, it could have corrected the deficiencies. LSSI's noncompliance led the auditors to question costs of \$149,000. The auditors recommended that CNCS recoup those costs from SI because the Commission failed in its oversight duty.

A copy of CNCS-OIG's audit report is available at <http://www.cncsoig.gov/sites/default/files/16-08-serveillinoisfinalreport.pdf> (Audit Report 16-08).

Weaknesses in Senior Corps Grantee's Financial Management Practices Warrant Immediate Action

During fieldwork for an audit of Seniors Council requested by CNCS, auditors developed urgent concerns about the organization's ability to manage and account for its annual \$1 million in Federal funds. Located in Santa Cruz, California, Seniors Council provides various social services to the elderly, including operating a Senior Companion Program and Foster Grandparents Program. We noted commingling of funds from multiple grants, grant years, improper drawdowns and misapplication of Federal funds, and seemingly irreconcilable disparities between the Federal Financial Reports (FFRs) submitted to the Corporation, and the grantee's internal accounting records of expenditures. These discoveries warranted immediate intervention by CNCS to protect the integrity of its grant funds, while the auditors continued their work.

CNCS-OIG recommended that the Corporation take the following actions without delay:

- Place a manual hold on further drawdowns until Seniors Council completes appropriate corrective actions to ensure proper use of and accounting for Federal funds;
- Require that Seniors Council develop and implement appropriate policies and procedures for drawdowns and reconciliation of drawdowns and costs;
- Ensure that Seniors Council performs timely reconciliations of its general ledger to the FFRs and drawdowns, and that appropriate supervisors periodically review those reconciliations.
- Require that Seniors Council implement financial management systems and practices to properly segregate costs for each grant and grant year; and
- Require that Seniors Council's accounting personnel receive sufficient training to enable them to manage and account for Federal grant funds, including appropriate internal controls, procedures, and practices.

CNCS concurred with our recommendations and placed an immediate hold on Seniors Council's additional drawdowns on its grants. CNCS is assessing the status of Seniors Council's promised

corrective actions to address the financial management issues. CNCS-OIG expects to complete its audit of Seniors Council in the first quarter of FY 2017.

Fundamental Oversight and Financial Weaknesses Detected at Senior Corps Grantee in New York

While considering whether to conduct a full-scope audit of Community Service Society of New York (CSSNY), auditors found during a pre-planning site visit that the grantee was not meeting basic grant management requirements. CSSNY is a nonprofit corporation operating in the New York City with its primary goal of poverty relief. It received Federal grants from various agencies, including an RSVP grant from CNCS since 1986. In 2015, RSVP grant funds supported more than 3,000 volunteers to provide mentoring, financial advocacy, and emergency preparedness services. At the time of CNCS-OIG's site visit in July 2016, CSSNY was operating under a three-year RSVP grant in the amount of \$728,668 per year.

Among the weaknesses immediately apparent to the auditors:

- CSSNY charged the grant for labor based on budget estimates, rather than on the actual time that employees devoted to grant-funded work.²
- CSSNY's timekeeping system does not allow employees to electronically sign or validate their timesheets and allows supervisors to enter or modify staff time reports. This internal control weakness poses significant risks, with limited assurance that the labor charges are accurate.
- Although required to do so, CSSNY did not collect an annual safety assessment nearly half of its volunteer stations. As a result, CSSNY may be unaware of significant safety risks to RSVP participants and the communities that they serve.
- CSSNY did not document the findings and corrective actions resulting from its monitoring site visits to volunteer stations.

CNCS originally identified some of these problems during a monitoring site visit conducted in February 2016. However, the grantee had still not corrected those problems when CNCS-OIG auditors visited the grantee five months later, in July 2016. The auditors therefore recommended that CNCS conduct a follow-up site visit and ensure that:

- Staff are required to enter their time and validate their timesheets on a real-time, contemporaneous basis;

² CNCS originally identified this problem in a site visit conducted five months prior to our audit. However, CSSNY still had not corrected this problem when CNCS-OIG auditors visited the grantee.

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- CSSNY allocates and charges the grant for staff labor costs based on the actual hours worked rather than according to budget estimates;
- CSSNY requires staff to sign or certify their timesheets to attest that the labor charges are accurate and complete;
- Ensure that a single custodian be authorized to record staff time, when circumstances prevent individual staff members from doing so;
- CSSNY's timekeeping system will not allow supervisors to record time on behalf of staff members; and
- CSSNY revises its timekeeping policy accordingly.

CNCS stated that it would continue to work with CSSNY to resolve the deficiencies noted by CNCS-OIG and ensure that the appropriate corrective action is taken. Although CNCS-OIG is not planning to perform a full-scope audit of CSSNY at this time, CNCS-OIG will monitor the CNCS follow-up activity to ensure corrective action takes place.

Confusion about the Role of CNCS's Senior Accountable Official for Audit Follow-up Impairs Oversight and Accountability in this Critical Area

Over the past few years, CNCS-OIG identified significant weaknesses in the timeliness and reliability of the Corporation's follow-up effort on audit recommendations. In one case, critical anti-fraud and mismanagement safeguards promised by CNCS were not implemented and were essentially forgotten. In another example, a Draft Management Decision containing obvious flaws was submitted to CNCS-OIG without review by senior CNCS executives. On other occasions, the agency failed to address particular audit recommendations. CNCS-OIG advised agency leadership of these deficiencies in audit follow-up and recommended that the Corporation adopt a more structured and disciplined process, including the appointment of a senior accountable official for audit follow-up. Under Federal standards, a senior accountable official must be responsible for implementing the agency's systems of audit follow-up, resolution and corrective action; responding to audit reports in a timely manner; resolving disagreements on audit issues; and tracking the status of corrective actions. CNCS advised us that it adopted a policy making the Chief Financial Officer (CFO) responsible for audit follow-up.

To validate the implementation of these recommendations, CNCS-OIG requested a list of all senior accountable officials at CNCS. CNCS maintained no such list, and it took approximately four months for the agency to prepare one. When we received the list, we noted that it did not specify, by name or by job title, the official(s) accountable for audit follow-up. Instead, it provided that, depending on the subject of the audit, either the Chief of Program Operations or the CFO would task a staff member to respond to the audit report. A similar *ad hoc* approach was among the root causes of the prior gaps in audit follow-up.

Accordingly, CNCS-OIG recommended that:

- CNCS’s executive leadership review the requirements for audit follow-up and the duties of the senior official accountable for it.
- The Chief Executive Officer designate a top management official who is appropriately trained and well versed in the audit resolution process to serve as the Senior Audit Follow-up Official, with all of the responsibilities of that position as per OMB Circular A-50.
- The designated Audit Follow-up Official develop a plan for (1) evaluating and improving audit followup systems and processes, in accordance with the requirements of OMB Circular A-50; (2) oversight of follow-up concerning specific audits, including ensuring that performance appraisals of managers responsible for audit follow-up reflect their effectiveness in resolving and implementing audit recommendations.
- The performance evaluation of the Audit Follow-up Official expressly take into consideration that individual’s effectiveness in that capacity.

In response, CNCS has proposed a new audit resolution policy that contemplates splitting the duties, making the Chief Grant Officer responsible for follow-up on grant audits and the CFO responsible for follow-up on all other audits and reviews. CNCS now conducts bi-weekly meetings among key management officials to better coordinate the resolution of audit and investigative findings and recommendations. A new position has been created, Agency Audits and Investigations Coordinator, to serve as a point of contact for all audit resolution issues. CNCS-OIG continues to engage with CNCS in a pilot program to improve the timeliness and efficiency of audit resolution and follow-up matters.

Use of CNCS Charge Cards Poses Low Risk; Better System Controls Recommended

Executive Branch agencies, including CNCS, are required to implement safeguards and internal controls for purchase cards (p-cards) and travel cards (t-cards) (collectively referred as “government charge cards”). Under Government Charge Card Abuse Prevention Act of 2012 (Public Law 112-194) (the Act), OMB Circular A-123 Appendix B, *Improving the Management of Government Charge Card Programs*, and OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, Inspectors General are required to:

- Conduct annual risk assessments of agencies’ charge card programs;
- Identify and analyze the risks of illegal, improper, or erroneous purchases and payments; and
- Develop a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of government charge card transactions.

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Based on the limited review and procedures performed, CNCS-OIG auditors concluded that CNCS has policies and procedures in place for its t-card program and largely for its p-card program to address the requirements identified in the Act.

CNCS has adopted an internal practice that permits the holder of a p-card to charge expenses totaling no more than \$3,500 from a single vendor. This practice is not required by the Federal Acquisition Regulation. This limitation, however, was not set forth in a written policy, and CNCS-OIG recommended that it do so. CNCS has since revised its procurement policy to set forth this limitation, explain its intent and better describe its p-card controls and how they will be enforced. As in the past, CNCS's key controls related to government charge cards remain entirely manual. Their successful operation depends in large measure on the availability and attention of individual staff members. As a result, the controls remain fragile and subject to disruption, delays and shifts in priorities. CNCS-OIG recommended that CNCS supplement its manual controls with system controls that will operate independent of staff availability. Using data analytics software to automate monitoring reviews and identify patterns and trends would improve controls over CNCS's government charge cards. CNCS-OIG identified for Corporation management some of the software programs that could serve this purpose.

Even with the limitations described above, the overall risk of significant illegal, improper, and erroneous purchases made through CNCS's government charge cards was "low" in FY 2016. We will continue to monitor the agency's internal control environment for government charge cards and will consider a more extensive review or a full scope audit if warranted.

Disagreements with Management Decisions

CNCS-OIG did not entirely concur with the Management Decisions related to the following audit reports:

Audit of Partial Education Awards to AmeriCorps Participants for "Compelling Personal Circumstances"

Under the Serve America Act, AmeriCorps participants can receive an education award of up to \$5,815 for the completion of a full term of service. The Act permits a partial education award to a participant who leaves his or her term of service early for "compelling personal circumstances." The conditions under which the government will pay out such an award were set out by the Corporation in 1994 in 45 C.F.R. § 2522.230 *Under what circumstances may an AmeriCorps participant be released from completing a term of service, and what are the consequences?*, and strengthened with greater specificity in the Corporation's 1999 revisions to the rule. Circumstances permitting release from service, and thus eligibility for a partial award, include disability or serious illness of a participant. A return to school or accepting a job (except in narrow circumstances) cannot qualify as "compelling personal circumstances" (CPC). Grantee staff are

responsible for determining whether an early-exiting member meets the criteria for a partial education award.

CNCS-OIG analyzed the historical trend of members earning partial education awards due to CPC for a three-year period. We determined that grantees released 5,459 participants from service for “compelling personal circumstances” and certified for payment \$12,061,388 in partial education awards. Yet, during this same period, CNCS-OIG audits and investigations repeatedly found that specific grantees had certified education awards for individuals whose early departures did not meet the CPC criteria or did so without evidence demonstrating their eligibility.

In FY 2011, we undertook an AmeriCorps-Program-wide audit of CPC determinations between July 1, 2007 and June 30, 2009. The objectives of this review were to discover: (1) whether partial education awards were based on valid CPC justifications; (2) whether grantees had adequate documentation demonstrating that members met the eligibility criteria; and (3) whether CNCS maintained adequate internal controls over the authorization process. We found that 75 percent of the 188 partial education awards in our sample were invalid (*i.e.*, the member left the program for reasons that do not qualify as CPC) or unsupported (the grantee had no evidence to demonstrate that the member exited early because of CPC). We identified \$120,353 in payments from the National Service Trust for the educational expenses of individuals who did not qualify for those partial education awards and questioned an additional \$328,574 for partial education awards that had been certified but not yet paid.

We recommended that CNCS recoup these costs, provide training to CNCS and grantee staff on permissible CPC justifications and clarify the documentation requirements to justify a partial education award. In light of the high incidence of errors, we recommended that the Corporation provide a second level of review of grantee CPC determinations, to bring consistency and expertise in application, the grantee be required to record the justification in the MyAmeriCorps portal software system.

CNCS declined to conduct any further review, on the grounds that CPC determinations represent a small fraction (3.05 percent) of education awards. Further, AmeriCorps State and National, decided not to require documentary evidence (such as a doctor’s note for a medical early exit) to justify CPC determinations, essentially accepting the grantee’s word, without any support or explanation. It read the CPC criteria very expansively and therefore disallowed costs only when the grantee could provide no record support whatsoever, amounting to \$28,597.

CNCS-OIG disagrees with this latter response. Partial education awards total approximately \$4 million per year, a substantial sum. Given the amount at risk, the lack of consistency among grantees and the absence of documentation requirements, characterizing this as “low risk” seems like wishful thinking. The CPC awards certified each year represent an amount comparable to AmeriCorps’ largest grants. Leaving this unscrutinized invites grantees to act out of sympathy

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and certify awards that they know to be questionable or where they do not have a basis to find CPC. We therefore continue to recommend that CNCS at least collect in the MyAmeriCorps Portal a brief description of a grantee's basis for concluding that an early-exiting participant left the program for grounds constituting a valid CPC and that CNCS review such determinations, by a meaningful sample at least, if by no other means. View the report on our website here; <http://www.cncsoig.gov/sites/default/files/12-04.pdf> (Audit Report 12-04).

Corporation Reconsiders Decision to Allow Unsupported Costs Related to Unreconciled Accounting Records

In its Draft Management Decision regarding our Agreed-Upon Procedures for Corporation grants award to the New Jersey Commission on National and Community Service, CNCS proposed to disallow a total of \$287,877 of Federal costs and \$80,096 of match costs. CNCS-OIG determined that a subgrantee could not reconcile \$15,144 of Federal costs and \$95,616 of match costs on its FFRs to its general ledger in two subgrants. CNCS stated that it would attempt to resolve the issue but was likewise unable to reconcile the two subgrants. The Corporation has promised to revise its Draft Management Decision to disallow those unreconcilable costs but has not yet provided CNCS-OIG with a final management decision to that effect. <http://www.cncsoig.gov/sites/default/files/12-16.pdf> (Audit Report 12-16).

Audit Disagreement Resolved When Corporation Revised its Proposed Management Decision and Disallowed Costs Related to Unsupported Costs

During the of AFYA Incorporated (AFYA) and Education Northwest audit, we found that AFYA claimed certain unallowable fringe benefit, overhead, and general and administrative (G&A) costs that exceeded the maximum allowed rates specified in the approved award budgets. We also determined that Education Northwest claimed unallowable subcontract costs that were not supported by adequate timekeeping documentation, and used budgeted rates that exceeded the rates specified in its Negotiated Indirect Cost Rate Agreements. As a result of discussions following a Draft Management Decision to which CNCS-OIG objected, the Corporation's Final Management Decision disallowed an additional \$72,000 for unsupported salary and fringe benefit costs. CNCS issued a demand letter on July 25, 2016 for a total of \$250,936 in disallowed costs. <http://www.cncsoig.gov/sites/default/files/15-06.pdf> (Audit Report 15-06).

Audit Outreach Activity

The Audit Section continued its active participation in events designed to keep Corporation staff and the grantee community informed about CNCS-OIG initiatives and findings. From April to June 2016, the Audit Section made presentations regarding common audit findings and how to avoid them at four Regional National Service Cluster Conferences, gatherings of grantee management

and staff from all of the Corporation's grant programs. Our outreach activities culminated in September with a presentation at the 2016 AmeriCorps State and National Symposium in Alexandria, VA, attended by State Commissions and National Direct grantee representatives from across the country.

In each of these sessions, the CNCS-OIG Assistant Inspector General for Audit and an Audit Manager gave concrete advice regarding safeguarding of Federal funds, including audit processes, common accountability findings, and key highlights on the recently-issued Uniform Grant Guidance as a result of the Administration's grants reform effort. These presentations were well received with a robust and spirited question-and-answer session during and after the presentations.

Audit Tables

Audit Reports (04/01/ 2016 - 09/30/2016)

Report Number Issued	Report Name	Dollars Questioned	Dollars Unsupported	Funds Put To Better Use
(Dollars in thousands)				
16-04	Performance Audit of the Corporation for National and Community Service's Compliance with Improper Payments Elimination and Recovery Act of 2010 (IPERA) for Fiscal Year 2015	\$0	\$0	\$0
16-08	Agree-Upon Procedures for Corporation for National and Community Service Grants Awarded to Serve Illinois	\$158	\$42	\$19
Total		<u>\$158</u>	<u>\$42</u>	<u>\$19</u>

Audit Reports with Questioned or Unsupported Costs

Report Category	Number of Reports	Questioned Federal Costs	Unsupported Federal Costs
(Dollars in thousands)			
A. Reports for which no management decision had been made by the commencement of the reporting period	8	\$4,413	\$2,297
B. Reports issued during the reporting period	1	<u>\$158</u>	<u>\$42</u>
C. Total Reports (A and B)	9	\$4,571	\$2,339
D. Reports for which a management decision was made during the reporting period	7	\$2,518	\$402
I. Value of disallowed costs		\$443	\$60
II. Value of costs not disallowed	-	<u>\$2,075</u>	<u>\$342</u>
E. Reports for which no management decision had been made by the end of the reporting period (C minus D)	2	<u>\$2,053</u>	<u>\$1,937</u>
F. Reports with questioned costs for which no management decision was made within six months of issuance	1	\$1,895	\$1,895

Funds Put to Better Use

	Report Category	Number of Reports	Dollar Value (In thousands)
A.	Reports for which no management decision had been made by the commencement of the reporting period	2	\$341
B.	Reports issued during the reporting period	1	\$19
C.	Total Reports (A and B)	3	\$360
D.	Reports for which a management decision was made during the reporting period	2	\$341
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	1	\$19
F.	Reports for which no management decision was made within six months of issuance	0	\$0

Overdue Management Decisions

Report Number	Title	Federal Dollars Questioned	Mgmt. Decision Due	Status at End of Reporting Period 03/31/2016
12-16	Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the New Jersey Commission	\$1,895,000	3/27/2013	The OIG responded to the Draft Management Decision for this report on 09/22/2016.
	Total	<u>\$1,895,000</u>		

Audit Tables

Audits Without Final Action

Report Number	Title	Date Issued	Final Action Due*
12-16	Agreed-Upon Procedures for Corporation Grants Awarded to New Jersey Commission on National and Community Service	9/27/2012	1/15/2014
14-09	Audit of Blanket Purchase Agreements for Professional Services	6/20/2014	6/20/2015

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



Investigations

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

Investigations

Introduction

During FY 2016, the Investigations Section conducted 32 investigations, closed 24 actions, recovered more than \$812,000 and identified more than \$1,200,000 in funds that could be put to better use. More than half of the recoveries occurred during the second half of the fiscal year.

Through our Hotline, CNCS-OIG receives reports of fraud, waste, mismanagement and abuse. The resulting investigations often lead to recovery of misspent grant funds, identification of violations of law and program regulations, improper use of program resources and potential criminal violations. In FY 2016, the Section processed 303 Hotline actions,³ leading to 14 investigations, two referrals for audits and 211 referrals to CNCS management or State Commissions for action.

Our five investigators also conducted on-site outreach to educate grantees, State Commission personnel and Corporation staff about prevention and detection of fraud, waste and abuse, the importance of strong internal controls, and available reporting channels. Investigators made presentations at CNCS Regional Cluster meetings, the AmeriCorps Symposium and meetings of the Office of Field Liaison, remaining to answer individual questions. These interactions often result in follow-up contacts by grantees, State Commission staff and CNCS staff to discuss fraud indicators, possible wrongdoing and measures to prevent fraud. CNCS-OIG also continues its social media messaging and actively pursues other outreach opportunities.

Highlights of investigations closed during the second half of FY 2016 are reported below.

Significant Cases and Activity

AmeriCorps Grantee Allowed Members to Provide Abortion-Related Services Prohibited by Law; CNCS Declines To Renew Grant - Case ID: 2016-003 (Closed 9/7/16)

Between 2013 and 2015, the National Association of Community Health Centers (NACHC), Bethesda, MD, allowed a few AmeriCorps members to provide emotional support (doula care) to

³ The Hotline received 181 calls as part of an organized campaign to protest CNCS's decision to discontinue funding of AmeriCorps service at the National Association of Community Health Centers, as a result of an investigation summarized hereafter.

women during abortion procedures. The activity occurred at three New York City clinics operated by the Institute for Family Health (IFH), New York, NY, a subgrantee. The Edward M. Kennedy Serve America Act (the Serve America Act) and CNCS regulations expressly prohibit the use of AmeriCorps resources to “provid[e] abortion services or referrals for receipt of such services.” NACHC was one of AmeriCorps’ largest grantees, receiving \$30 million over the last five years. The organization also receives support from the U.S. Department of Health and Human Services.

Though NACHC portrayed itself as scrupulous in following CNCS’s guidance on prohibited activities, investigators discovered that NACHC had disregarded a direction from CNCS’s General Counsel in 2010 to use the precise language of the Serve America Act in describing the abortion restrictions in its member agreements and other written materials. Moreover, in the wake of 2011 Congressional hearings about other grantees’ abortion-related prohibited activities, CNCS communicated repeatedly with all grantees about the need for careful compliance with the prohibitions laid out by Congress. Nevertheless, in 2013, only two years after those much publicized events, NACHC’s former National Director chose to authorize AmeriCorps members at IFH to provide doula care during abortions, without informing CNCS or inquiring whether those services were permissible. IFH relied on that authorization.

The tone at the top of NACHC, a key feature of the control environment, discouraged transparency and the reporting of negative information.⁴ Overall, the investigative findings reflected a lack of institutional control, oversight and good-faith dealing in NACHC’s administration of this substantial grant and a pattern of ineffective subgrantee management. There were inadequate internal controls to recognize, prevent, detect and remedy instances of noncompliance; inadequate supervision, monitoring and support of subgrantees and host sites; ineffective follow-up on reports of problems and allegations of misconduct; and other similar mismanagement.

Upon learning from NACHC’s current National Director of members’ participation in abortion services, CNCS immediately requested that CNCS-OIG investigate. Pending completion of the investigation, the CNCS took interim steps to protect the integrity of the AmeriCorps program, including:

CNCS suspended advance drawdowns on the grants, instead allowing only reimbursement of incurred expenses; CEO Wendy Spencer contacted NACHC’s AmeriCorps National Director to emphasize the seriousness of the allegations and the importance of prompt and full cooperation with the CNCS-OIG investigation;

⁴ Investigators found that NACHC’s management failed to notify CNCS of other allegations of waste, fraud and abuse reported by NACHC staff, despite an obligation to do so under the grant terms and conditions.

Investigations

CNCS required NACHC to disallow the hours devoted to the prohibited activities, suspend the members involved, issue new guidance and conduct new training for members and site supervisors regarding prohibited activities, and revise and reissue every member's service contract to include more precise language concerning the scope of the abortion prohibition.

Following completion of the investigation, CNCS and AmeriCorps leadership recognized that extraordinary measures would be required to restore confidence in NACHC's ability to manage the substantial Federal funds entrusted to them. In lieu of terminating the grant, CNCS instituted additional actions:

Forbidding NACHC to enroll new members on its current grant; requiring NACHC to engage, at its own expense, an independent oversight monitor with plenary access to information and broad authority to determine and report periodically to CNCS whether any prohibited activities have occurred, a measure unprecedented at CNCS;

Requiring NACHC to designate an Ombudsperson to develop a policy on transparency, investigation of misconduct allegations and reporting and serve as a channel for reporting such allegations and ensuring that they are addressed; and

Requiring NACHC to task an experienced AmeriCorps administrator to increase substantially NACHC's monitoring of its AmeriCorps grants and communications with subgrantees and members.

In connection with its application to renew the grant, NACHC agreed to adopt the reforms, although it disputed the investigative findings. Ultimately, CNCS determined not to renew the grant. When NACHC advised that it would not implement the reforms, CNCS terminated the grant, effective August 31, 2016.

Following the disclosure of this investigation, the House Committee on Education and the Workforce, Subcommittee on Higher Education and Workforce Training, held a hearing on May 24, 2016 regarding accountability at CNCS. That hearing is discussed in this Semiannual Report in the section on Legislation and Related Matters. CNCS-OIG intends to issue a special review report concerning gaps in the Corporation's oversight of prohibited activities at NACHC, with recommendations to improve that oversight in all CNCS programs.

Allegations of Abortion-Related Prohibited Activity (Unfounded) - Case ID: 2016-022 (Closed 7/26/16)

An AmeriCorps member serving as a tutor did not provide prohibited abortion services or a prohibited referral when she transported one of her students to an abortion clinic, because the conduct took place on her personal time. As a result, no AmeriCorps resources were implicated. The grantee terminated the member for violating a policy that barred members from interacting

with students outside their AmeriCorps service. The matter came to CNCS's attention because the grantee reported it.

Senior Corps Grantee Incurs Sanction Totaling \$400,000 for Incomplete or Untimely Criminal History Checks – Case ID: 2015-010 (Updated)

Our most recent previous Semiannual Report 16-01, we described CNCS-OIG's finding that Elder Care Services, Tallahassee, FL (ECS), allowed a majority of its volunteers to serve without a properly completed check of the National Sex Offender Public Website (NSOPW). As our investigation covered a limited sampling, CNCS-OIG recommended that CNCS review additional volunteer files for defective NSOPW checks. As expected, CNCS found substantial additional noncompliance with criminal history checking requirements. CNCS therefore disallowed an additional \$370,500, bringing the total of disallowed costs to \$400,000. On September 7, 2016, CNCS management issued a debt collection against ECS for the disallowed costs.

Registered Sex Offender Terminated from AmeriCorps Service after Background Check – Case ID: 2016-016 (Closed 9/8/16)

CNCS management asked CNCS-OIG to investigate an AmeriCorps member serving at the Nevada Clean Energy Corps, Carson City, NV, who was suspended after a completed criminal history check revealed him to be a registered sex offender. The member had disclosed in his application that he had twice been arrested for Open and Gross Lewdness, but denied that he was a registered sex offender. The individual was not listed as a sex offender on the National Sex Offender Public Website (NSOPW), which the grantee had checked before the member began his service. Only the grantee's subsequent search of Nevada's criminal history repository revealed that the member was a registered sex offender in Nevada. Completion of both parts of the required criminal history check enabled the grantee to remove the member from service. CNCS disallowed \$3,141.26, the living allowance paid to the member prior to his termination.

Nevada, like many states, requires individuals convicted of certain low-level sex offenses to register, but it does not permit disclosure of those offenses to the NSOPW. However, CNCS's authorizing statute makes all registered and registerable sex offenders ineligible, regardless of the nature or seriousness of their conduct. This case illustrates the importance of completing not only the NSOPW check but also a check of the state repository and an FBI fingerprint-based check. CNCS-OIG believes that grantees are well advised to conduct an FBI fingerprint-based check of all members and grant-funded staff; otherwise, a grantee may unknowingly enroll individuals who have been convicted of sex offenses in other states, but who are not listed in the NSOPW.

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Senior Corps Tribal Grantee Misused Program Funds and Volunteers, Failed to Check Criminal Histories - Case ID: 2016-005 (Closed 8/11/16)

Alerted to allegations that Senior Corps grantee Great Lake Inter-Tribal Council, Lac du Flambeau, WI, misused program funds, CNCS-OIG investigators conducted a review in conjunction with an agency grant officer and a program officer. This joint review found that the grantee had abused the funds awarded by CNCS in multiple ways. Most significantly, the grantee incurred more than \$90,000 for recognition items and entertainment, purchasing a variety of clothing, small appliances, housewares and other merchandise for volunteers. “Recognition” refers to items and events to celebrate the contributions of volunteers to the community, such as special ceremonies, teas, breakfasts, luncheons and items of nominal value, such as pins and certificates. Here, the nature of the items and the amounts spent were excessive and unreasonable.

The grantee also failed to conduct complete, timely checks of the National Sex Offender Public Website (NSOPW) for 23 volunteers, allowed certain volunteers to perform service activities outside the scope of the grant and charged the grant for a large quantity of office supplies purchased one day before the grant year ended.

CNCS disallowed at total of \$111,468.15, as a result of the investigation: \$75,387.85 for excessive recognition costs; \$18,820.30 for service that exceeded the scope of the grant; \$14,750 for late or missing NSOPW checks; and \$2,510 for office supplies not properly chargeable to the grant. After providing technical assistance to help the grantee understand and comply with its obligations under the grant, CNCS concluded that the grantee was unable to meet its financial management and other responsibilities and therefore began the process necessary to deny continued funding.

Service Outside the Scope of Grant Leads to Disallowance of Grant Funds - Case ID: 2015-027 (Closed 9/19/16)

A compliance review discovered that grantee Mid-Delta Community Consortium (MDCC), West Helena, AR, assigned AmeriCorps members a variety of tasks that were beyond the scope of its grant from the Arkansas Service Commission. The grant was intended to assist economically disadvantaged residents in the Mid-Delta region in completing applications for prescription drug assistance. Instead, members were assigned to serve in youth programs, a battered women’s shelter, food banks, farmers market/community gardens and a women’s prison. Members also performed a variety of administrative functions, and one member displaced an employee by regularly substituting for a teacher during the lunch hour at a local center for disabled adults. Another member who served vulnerable populations — school-age children and senior citizens — was allowed to serve for nine months with an incomplete National Sex Offender Public Website (NSOPW) check.

As a result of the investigation, the Commission disallowed \$89,589 in living allowances for members who served outside the scope of the grant. CNCS management established a separate debt of \$47,793 against MDCC to recoup improperly certified education awards and levied a penalty of \$500 for allowing a member to serve vulnerable populations for nine months without a completed NSOPW check.

Grant Lost Because Grantee Failed to Perform Criminal History Checks, Altered Documents and Made False Certifications – Case ID: 2015-026 (Closed 8/29/16)

A joint investigation with PennSERVE: The Governor’s Office of Citizen Service, Harrisburg, PA, found that Communities in Schools of Pennsylvania (CISPA), Philadelphia, PA, failed to conduct critical criminal history checks (CHCs) and falsely certified to CNCS that it was in compliance with all CHC requirements during a Corporation-wide assessment and amnesty. PennSERVE identified irregularities during a fiscal review, in which the reviewers also had difficulty verifying CISPA’s direct expenses and match costs. The grantee thereafter altered documents to falsely create the appearance that it had conducted thorough and timely CHCs. As a result, PennSERVE disallowed a total of \$49,926.39, two-thirds of which related to CHC failures, and declined to renew the grant.

Investigation of Misappropriation Uncovers Unallowable Expenses and Other Violations of Grant Provisions - Case ID: 2015-018 (Closed 6/21/16)

A Hotline complaint alleged that the director of an AmeriCorps program in Iowa misappropriated program funds to purchase groceries for her personal use. The director could not provide a consistent explanation of her use of the program’s credit card. She was required to reimburse the costs and was terminated. The grantee, the Iowa Department of Natural Resources, violated the grant provisions by failing to notify CNCS-OIG or CNCS officials of the fraud allegations and conducting its own internal investigation.

In the course of this investigation, CNCS-OIG also found that the grantee had claimed improper costs as part of its match. CNCS management therefore disallowed \$10,847.57 of match costs claimed for mileage reimbursement, health care premiums and supplies. The grantee was required to substitute allowable match expenses and adjusted its financial reports accordingly.

VISTA Site Discontinued after Members Served Outside Scope of Grant and Performed Staff Duties – Case ID: 2016-020 (Closed 9/19/16)

Acting on a Hotline complaint, CNCS-OIG investigators determined that VISTA participants at Community in Schools of Hernando County (CIS-Hernando), Brooksville, FL, were assigned direct service tasks beyond the scope of the grant, and displaced employees by performing staff

Investigations

functions. The VISTAs were supposed to improve the conduct and academic performance of at-risk youth by recruiting volunteers to serve as tutors and mentors. Instead, CIS-Hernando assigned them to collect and distribute food, clothing, and school supplies to students and their families. One VISTA regularly served in the school office, answering phones, undertaking general office work and filing discipline reports. Another VISTA was paid to advise an unrelated organization, without CIS-Hernando's approval.

Overall, CIS-Hernando staff did not provide proper oversight to ensure that the VISTAs' time was used for the intended purposes and consistent with program requirements. Investigators also found project records to be in disarray, missing or incomplete.

As a result of this investigation, CIS-Florida did not renew its agreement to assign VISTAs to the Hernando site. The agreement terminated on August 22, 2016.

Former AmeriCorps Member Submitted Fraudulent Claim for Childcare Benefits - Case ID: 2016-013 (Closed 5/24/16)

A former AmeriCorps member submitted fraudulent claims for childcare benefits after ending her service. The United States Attorney's Office declined criminal prosecution, and CNCS recouped \$1,047 from the former member.

Allegations of Improper Personnel/Hiring Practices (Unfounded) - Case ID: 2016-018 (Closed 5/10/16)

A disappointed job competitor employed at CNCS alleged that an individual selected for a senior (SES-equivalent) position overstated her qualifications and embellished her prior work experience and responsibilities. He also complained that the hiring official (also SES-equivalent) should have consulted him because he had supervised the ultimately successful applicant eight years earlier. Further, the complainant also alleged that the same official promoted another CNCS employee without competition.

CNCS-OIG investigators determined that the allegations were based on incomplete information and incorrect assumptions. The selected official's work history was accurate, and the hiring official followed the appropriate procedures. The selectee was interviewed by multiple panels, and two other senior executives, including the Chief Executive Officer, concurred in the hiring decision. A member of one of the interview panels spoke with the former supervisor/competitor and conveyed his remarks to the hiring official for consideration. The other employee had not in fact been promoted as alleged, but instead received a pay adjustment within the same series and pay band when her job responsibilities were redefined.

Investigative Statistics

Fiscal Year	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Investigative actions opened	22	43	28	31	32
Investigative actions resolved and closed	42	36	34	27	24
Average monthly caseload	26	23	17	15	23
Investigative matters resolved without opening a separate investigative action	51	67	64	69	98
Referrals for prosecution	4	7	0	3	10
Investigative recoveries ^{1, 3}	\$2,846,203	\$590,543	\$429,554	\$4,240,133	\$812,035
Funds Put To Better Use ²	\$2,321,521	\$1,078,316	\$371,048	\$139,800	\$1,200,560
Administrative or management action taken	17	23	18	10	14

¹ Includes money received by CNCS or other government agencies as a result of CNCS-OIG investigations, including joint investigations with another OIG, Federal, or State investigative element.

² When OIG investigative action identifies a systemic practice that has subsequently been stopped or modified due to some type of CNCS-OIG investigative interdiction, any clear and unmistakable savings to CNCS are reported here.

³ FY 2015 Reflects adjustments by CNCS.



Suspension and Debarment

At the request of CNCS-OIG, the Corporation debarred the former AmeriCorps Program Coordinator of Synergy, Education and Empowerment of West Monroe, West Monroe, LA, for a period of two years. A CNCS-OIG investigation found that the former Coordinator knowingly made false certifications of Segal AmeriCorps Education Awards for 97 individuals. These individuals either failed to complete their AmeriCorps service or there was no record that they did so. These false certifications caused the National Service Trust to obligate \$117,512.84 for unearned education awards.

Two additional requests for debarment were pending a decision by the Corporation's Suspension and Debarment Official at the close of this reporting period. We will report the results in our next Semi-Annual Report to Congress.



Peer Review

Audit Section

A peer review conducted by the audit staff of the Library of Congress OIG concluded that our Audit Section met or exceeded applicable professional standards for Federal audit organizations. The peer review report, issued on March 30, 2016, stated “the system of quality control for the audit organization of CNCS OIG in effect for the year ended September 30, 2015, has been suitably designed and complied with to provide CNCS OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.”

Investigations Section

The Peace Corps Office of Inspector General issued the Investigation Section’s most recent Peer Review Report in March 2015. The internal safeguards and management procedures for investigative operations were in compliance with the quality standards established by the Council of Inspectors General on Integrity and Efficiency and Attorney General Guidelines.

Peer Review

We are pleased with the positive outcome of the peer reviews, which is crucial to maintaining credibility with our stakeholders. The peer reviewers' endorsement confirmed the high quality of our Audit and Investigations Sections' contributions to rigorous oversight, ensuring the Corporation's accountability to the American public.



Legislation, Regulations and Legal Issues

Congressional Hearing on Accountability at CNCS

For the second time in five years, the discovery of prohibited abortion-related prohibited activities by a CNCS grantee prompted to Congress to convene a hearing regarding CNCS's oversight of its grants. That hearing, "*Demanding Accountability at the Corporation for National and Community Service*" took place before the Committee on Education and the Workforce, Subcommittee on Higher Education and Workforce Training, on May 24, 2016. The witnesses were CNCS Chief Executive Officer Wendy Spencer and Inspector General Deborah Jeffrey.

An investigation conducted by CNCS-OIG revealed in 2013 that one of CNCS's largest grantees, the National Association of Community Health Clinics (NACHC) allowed AmeriCorps members at one of its subgrantees to provide emotional support (doula care) to women during abortion procedures. By statute, AmeriCorps resources may not be used to provide abortion services or referrals for receipt of such services. Five years earlier, CNCS had disclosed that a grantee had been training AmeriCorps members in (abortion-related) legislative advocacy, also a prohibited use of AmeriCorps resources.

The hearing concerned the quality and rigor of grant monitoring at CNCS. Chief Executive Officer Wendy Spencer testified about the Corporation's accountability systems, its grant oversight and monitoring program, and how prohibited activities are prevented and detected, and compliance

Legal Issues

enforced. Inspector General Deborah Jeffrey offered recommendations needed to strengthen grant oversight and accountability at CNCS, including a more sophisticated, risk-based approach to monitoring, with a risk model that is continuously validated and improved. She further recommended that, with respect to prohibited activities, CNCS develop new forms of monitoring targeted on this risk, such as periodic surveys of members.

A webcast of the hearing, as well as the written statements of the witnesses, can be found at <http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400691>.

The Inspector General's response to the Subcommittee's questions for the record is available on the CNCS-OIG website at http://www.cncsoig.gov/sites/default/files/2_deborah_jeffrey_response_to_qfr_letter.pdf.

Agency Response