

Semiannual Report To Congress

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 2016, the Corporation invested over \$800 million in national service through its programs, AmeriCorps State and National (ASN), Volunteers in Service to America (VISTA), the National Civilian Community Corps (NCCC), Senior Corps and Innovation and Demonstration programs. A substantial portion of these funds is distributed through public service commissions in each U.S. State and Territory.

and the Office of Inspector General.

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

Pursuant to the Inspector General Act of 1978, as amended, this Semiannual Report summarizes CNCS-OIG's work for the first six months of FY 2017. 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 last six months have been eventful in the Inspector General community and for the Office of Inspector General for the Corporation for National and Community Service (CNCS or the Corporation). Under the expanded reporting requirements of the Inspector General Empowerment Act of 2016, this Semiannual Report (SAR) contains a compendium of OIG recommendations that CNCS has not implemented, or has not implemented fully, during the past five years. This running tally, which will be updated in every forthcoming SAR, will provide a useful perspective on CNCS's progress on needed improvements identified by our oversight.

CNCS-OIG issued its first program evaluation, concerning the National Civilian Community Corps (NCCC), the Corporation's only residential program. That evaluation found that NCCC's current size and structure do not cost-effectively deliver services, including disaster relief, to communities in need. While NCCC and AmeriCorps State and National (ASN) provide comparable services, NCCC costs four to eight times more per hour of service. Despite the cost disparity, alumni of NCCC and ASN achieve comparable long-term outcomes. NCCC also suffered from under-enrollment and high attrition. With the capacity to enroll 1,200 members, only 821 completed the required 10 months of service in 2014. In addition, NCCC lacks an effective strategy for fulfilling its statutory responsibility to recruit and retain members from disadvantaged circumstances. Our evaluation offers numerous recommendations intended to improve the taxpayers' return on the investment in national service, including redirecting resources from NCCC to other CNCS programs.

CNCS-OIG also concluded notable investigations, including one that discovered a for-profit business using a shell nonprofit organization to obtain CNCS grant funds, one-quarter of which were funneled back to the business via a "management services agreement." Not a single one of the promised 176 national service members was ever brought onboard, and no services were provided to the community. Staff members inflated the time that they spent on grant-related activities or charged for work that they did not perform. The business provided fabricated tax documents to investigators. CNCS has required repayment of the squandered funds and debarred the Chief Executive Officer, the nonprofit and the for-profit business. Following the debarment, two police departments informed CNCS-OIG investigators that they were experiencing similar problems with the grantee.

This case of fraud exemplifies one of the inadequacies in the risk model that CNCS uses to monitor grants; it does not recognize fraud risk. The grant application also fails to elicit information about related-party transactions or common control of the grantee and a for-profit business, both red flags in the private sector.

In late March, the House Subcommittee on Higher Education and Workforce Development conducted its second oversight hearing in ten months regarding CNCS. The hearing focused on the need for risk-based oversight of the Corporation's substantial grant portfolio, the alarming failure of grantees to conduct thorough and timely criminal history checks intended to exclude murderers and sex offenders from national service, and CNCS's inability to identify and quantify improper payments by grantees. Our summary of CNCS's current Management Challenges, which can be found at https://www.cncsoig.gov/sites/default/files/cncs management challenges.pdf, explores each of these issues.

At the hearing, a representative of the Government Accountability Office (GAO) testified about GAO's recently completed study of grant monitoring at CNCS. The study concluded that CNCS's grant oversight criteria do not result in close monitoring of the Corporation's highest-risk grants, confirming prior findings and recommendations of CNCS-OIG. My testimony acknowledged specific progress by CNCS to strengthen accountability but also discussed continuing weaknesses in existing monitoring protocols, the failure to implement our recommendations concerning prevention and detection of prohibited activities (11 categories of activities for which national service resources may not be used) and the Corporation's tepid enforcement of criminal history checking requirements, which foreseeably leads to noncompliance. CNCS's Chief Risk Officer testified about her efforts to improve performance in each of these areas, and the Chair of the OneStar Foundation, the Texas State Service Commission, discussed her organization's accountability measures.

Particularly with respect to criminal history checking, members' remarks at the hearing reflected a bipartisan consensus that significant improvement is necessary, the sooner the better. CNCS-OIG stands ready to assist CNCS in developing corrective actions, and we will keep the Congress informed of the Corporation's progress.

Respectfully,

Delorah J Juffrey



Audits and Assessments

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

At the end of the reporting period, the Audit Section had in-process an evaluation of the Corporation's VISTA program and eight grantee audits and/or agreed-upon procedures engagements. Below are highlights of particular evaluations and audits for this reporting period.

Evaluation of the National Civilian Community Corps Program

In its first program evaluation, CNCS-OIG determined that the National Civilian Community Corps (NCCC) does not provide services, including disaster services, cost-effectively when compared to other CNCS programs with similar activities. NCCC is the Corporation's only residential program, and its mission is to provide community service and develop young people into leaders.

The evaluation found that, while NCCC and AmeriCorps State and National (ASN) provide comparable services to communities in need, NCCC costs four to eight times more per hour of service. Unlike ASN, NCCC operates five residential campuses and provides each member with food, lodging, transportation and clothing. Each NCCC member's ten months of service costs taxpayers \$29,674, more than a year's tuition, room and board at a public university. For that sum, four individuals could obtain two-year community college degrees. ASN members cost Federal taxpayers one-quarter of NCCC's annual per-member cost.

Despite this cost disparity, alumni of NCCC do not achieve better long-term outcomes than alumni of less expensive AmeriCorps programs. Two recent studies confirm that ASN, VISTA and NCCC have comparable long-term impacts on their members. Neither NCCC nor CNCS has produced evidence that NCCC's higher per-member investment leads to proportionally better outcomes for alumni.

NCCC also suffered from under-enrollment and high attrition. The program has the capacity to enroll 1,200 members per year, and program leaders have described full enrollment as critical to its success. Nevertheless, the program fell substantially short of its enrollment goals, representing 212,500 hours of unperformed service in 2014. As many as 27 percent of NCCC members failed to fulfill their service commitments. In 2014, only 821 completed the program year. In addition, NCCC lacks an effective strategy for fulfilling its statutory responsibility to recruit and retain members from disadvantaged circumstances.

Though CNCS touts NCCC's emergency response and recovery abilities, ASN grantees known as AmeriCorps Disaster Response Teams (A-DRTs) have capabilities that are identical to those of NCCC. Only 24 percent of NCCC's service hours were devoted to disaster response in FY 2014, and the largest number of members deployed at a single time was 137, 16 percent of NCCC's enrollment, after Hurricane Sandy. Expanding the A-DRTs and enhancing their capabilities would thus provide a better return on investment than maintaining the current configuration of NCCC. In addition, seasoned professionals oversee the A-DRTs when they deploy for disasters. NCCC response teams, by contrast, are led by members and therefore require more supervision from local authorities.

The evaluation offers numerous recommendations intended to improve the taxpayers' return on the investment in national service, including redirecting resources from NCCC to other CNCS programs.

NCCC does not evaluate programmatic performance objectively or by campus. The program does not have adequate controls to track or manage the full operating cost of its campuses. It also does not have a process for obtaining feedback from leaders in communities where NCCC members serve.

We recommended that CNCS work with Congress to redirect resources from NCCC to other programs. Doing so will increase the amount of service rendered to communities and enable more members to participate in national service opportunities. CNCS leaders need to reevaluate the NCCC program model and determine the optimal size of the program. A multi-year, phased approach is likely needed. CNCS should offer a more compelling justification for the cost and resources required to manage NCCC. Other recommendations include expanding the sources from which NCCC recruits members and providing better support for members from disadvantaged circumstances, as well as obtaining more objective performance data from communities NCCC serves.

Audit of Fiscal Year 2016 Financial Statements and National Service Trust's Financial Statements

Independent auditors found that CNCS's Financial Statements (Audit Report 17-01) and National Service Trust's Financial Statements (Audit Report 17-02) for Fiscal Year 2016 fairly present the Corporation's financial condition, in conformity with generally accepted accounting principles. The audit showed improvement over prior years in information technology; this area is no longer considered as a "significant deficiency," though its controls remain weak in certain respects.

However, for the seventh year in a row, CNCS's internal controls program remained an area of significant deficiency. Without a fully functional internal controls program, CNCS may not meet financial, operational and compliance objectives, and could fail to identify and mitigate risks.

CNCS continues to struggle to meet statutory and Executive Branch requirements for implementing a fully functional internal control monitoring process to determine the effectiveness of internal controls and support management's required annual assurance statement under the Federal Managers' Financial Integrity Act of 1982 (FMFIA). Effective FY 2016, CNCS must also meet the more robust requirements of the revised 2014 Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government (Green Book) and the revised Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The audit identified the following financial and operational weaknesses:

• Ineffective Governance and Oversight of the Internal Controls Program

Though CNCS took steps to improve internal controls, agency leadership has not taken sufficient action to implement corrective measures and provide active oversight of the

program. CNCS hired a Chief Risk Officer (CRO) in April 2016 and established a new committee to assist the Office of the Chief Risk Officer (OCRO) in implementing the agency's risk assessments and monitoring activities. CNCS also assigned responsibility for tracking and monitoring corrective actions related to agency-wide audits and investigations to the Agency Audits and Investigations Coordinator. However, the governing bodies of the program held meetings too late in FY 2016 to provide enough oversight or decide how to improve the internal controls program. Finally, CNCS leadership, through the Risk Management Council and Risk and Assessment Committee does not adequately oversee Office of Grants Management's (OGM) Corrective Action Plan for audit findings, though OGM made significant progress on resolving audit findings.

Incomplete Risk Assessment and Internal Controls Monitoring

The agency's risk assessment process remains incomplete and needs to be more comprehensive in identifying the range of risks CNCS faces. The only assessment of internal controls completed by CNCS occurred at the entity level, though three-quarters of the Corporation's funding is spent by grantees of its programs. The entity-level assessment was completed too late in the year for CNCS to correct the identified deficiencies.

CNCS needs to develop a thorough assessment of grant-level controls and to incorporate OIG audit and investigations findings into its risk assessment. It conducted no transaction-level testing related to grants and no tests of the design or operational effectiveness of grant management controls. OCRO was preparing a grant process narrative to identify key controls, but had not completed it by September 2016.

The CRO and newly established OCRO took steps to improve the effectiveness of the internal controls program in FY 2016, but significant additional work is needed to develop a fully operational program. CNCS also failed to perform any transaction-level testing related to procurement, financial reporting, and information technology assets in FY 2016. OCRO plans to begin this testing on a sample basis in FY 2017.

Fiscal Year 2016 Federal Information Security Modernization Act Evaluation

The Corporation made significant progress to strengthen information security and privacy in FY 2016, as detailed in our evaluation pursuant to the Federal Information Security Modernization Act of 2014 (FISMA), OIG Report 17-03, https://www.cncsoig.gov/sites/default/files/17-03 3.pdf.

That evaluation also identified new and recurring weaknesses in IT security controls and found that CNCS was not fully compliant with FISMA legislation and other applicable guidance and standards.

In FY 2016, the Corporation resolved eight of 17 findings from the FY 2015 FISMA and closed 67 of 90 open recommendations from prior years. Independent auditors reduced the severity of two previous program weaknesses from significant deficiencies to control deficiencies and determined that CNCS implemented improvements, which resolved recommendations relating to privacy controls for protecting personally identifiable information.

Despite this progress, fundamental weaknesses and serious vulnerabilities remain in the Corporation's Information Security Program. In 25 of the 57 IT security metrics tested, CNCS did not comply with applicable laws, regulations and authoritative guidance governing information security. There were nine repeat findings from prior FISMA evaluations, including a lack of a formally documented and implemented Information Security Continuous Monitoring (ISCM), inadequate enterprise-wide risk management policies and practices, insufficient training and planning and inadequate controls over privacy data. Under a maturity model scaled from Levels 1 to 5, CNCS improved its rating from Level 1: *Ad hoc* to Level 2: *Defined*. Evaluators also rated CNCS's Incident Response at Level 2.

The FY 2016 FISMA evaluation also uncovered two new weaknesses relating to: (1) secure configuration management policies, procedures, and practices; and (2) monitoring and remediation of server backup failures.

Though information security has clearly improved, the Corporation must achieve greater consistency in implementation, managing and updating its program. Under guidance issued by the Office of Management and Budget (OMB), agency information security programs must reach an overall rating of Level 3: *Consistently Implemented* to be considered minimally successful. CNCS needs to continue to develop and test stronger security controls. It also needs to plan for and collect meaningful performance metrics to achieve the requisite level of IT security in an evolving threat environment. The deficits in its information security program jeopardize the confidentiality, integrity and availability of the agency's information.

Readiness Review of CNCS's Digital Accountability and Transparency Act Implementation

CNCS has made progress in meeting initial milestones and implementing the necessary steps to report financial and payment data in accordance with Digital Accountability and Transparency Act (DATA Act) requirements. However, our readiness review identified three main challenges and risks that could affect the Corporation's ability to meet the data submission deadline on May 9, 2017.

First, as of the end of our review period, CNCS had not developed internal control procedures to ensure the reliability and validity of submitted data. CNCS had not formally documented the procedures for validating financial data related to grants and contracts. Second, CNCS's DATA Act expert left CNCS during our review period. The lack of continuity poses a challenge, because the newly designated staff member must quickly master the requirements and ensure that CNCS meets detailed and demanding standards. Third, CNCS did not regularly participate in the government-wide DATA Act implementation meetings, which are a key tool to maintain awareness of new guidance and interpretations.

Because testing of the DATA Act Broker¹ is still underway, we could not definitively state that CNCS will successfully implement the DATA Act requirements by the statutory deadline. In the interim, we suggest that CNCS continue its risk mitigation efforts, including developing an appropriate system of internal controls to ensure compliance with the DATA Act. In response to the OIG's identified risk, CNCS stated that it is confident that it will be able to finalize its data validation controls in order to provide reasonable assurance of the reliability and accuracy of its account-level and award-level data before submitting the required data.

Management Alert on Fraud and Waste Risks of Member Teleservice

Following informal discussions with CNCS management, we issued a formal management alert to notify CNCS of the increasing incidence of findings regarding improper teleservice in the AmeriCorps and VISTA programs and the risks that allowing such service poses for program integrity. CNCS leaders acknowledged that demand for teleservice will likely increase in the future.

Nine audits and investigations of AmeriCorps grantees and VISTA sponsors in the past two years uncovered irregularities in members performing their service activities from home. We found unsupported teleservice hours and grantees allowing teleservice with minimal supervision, approving timesheets with minimal verification and certifying education awards based on the honor system. Grantees lacked adequate internal controls to deter and detect time and attendance abuse, nor did they mitigate the risk that members might inflate their hours.

The high incidence of these findings suggests that other grantees may have similar practices, further exposing CNCS funds to fraud and waste. Teleservice lends itself to abuse because there are neither supervisors onsite nor coworkers present to observe members' activities. While

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¹ Treasury's DATA Act Broker is a specially-developed information system that translates spending information produced by existing agency systems into standards that conform to the DATA Act.

some activities may be appropriately performed remotely, a grantee or sponsor must have appropriate controls in place to address this vulnerability.

We recommended the following:

- Teleservice activity must be meaningfully supervised and the hours independently validated.
- Teleservice activity must be within the scope and purpose of the grant and the activities contemplated in the grant application.
- Safety concerns related to certain teleservice activities must be considered.
- Grantees need to create a written plan that specifies how the teleserved activities will be verified.
- Grantees need to limit the number of daily teleservice hours performed.
- Grantees need to adopt appropriate controls and verification activities and establish teleservice policies.
- State Commissions and other pass-through entities need to consider teleservice part of the comprehensive risk assessment of subgrantee portfolios, which is required by the Uniform Grant Guidance, and incorporate this information into their subgrantee monitoring.
- CNCS's grant risk model should incorporate analysis of the risks associated with teleservice and develop appropriate monitoring tools and activities.

On January 19, 2017, CNCS issued a member teleservice interim policy to its AmeriCorps State and National (ASN) grantees. That guidance disfavors teleservice because ASN's program contemplates direct service, *i.e.*, immediate contact between the member and individuals to whom services are rendered. Any grantee that allows teleservice was cautioned to develop appropriate controls to avoid time and attendance abuse. CNCS advised CNCS-OIG that it would continue to monitor the issue of member teleservice across all programs.

Audit Outreach Activity

The Audit Section continues to participate actively in events that keep CNCS staff and the grantee community informed about CNCS-OIG's initiatives and findings. On March 28, 2017, the Audit Section made a presentation regarding common audit findings and how to avoid them at the 2017 Southern National Service Training Conference in Orlando, FL. Over 80 attendees from AmeriCorps, Senior Corps, and Social Innovation Fund grantees and subgrantees attended the OIG workshop session. We offered concrete advice on safeguarding Federal funds, including audit processes, common accountability findings, and key highlights on the Uniform Grant Guidance. The presentation, which included robust question-and-answer sessions, was well received.

CNCS-OIG auditors also continued to participate in the IG community's collective efforts to offer suggestions on various initiatives sponsored by the Council of Inspectors General on Integrity and Efficiency (CIGIE). These initiatives include the DATA Act Working Group, which won CIGIE's Barry R. Snyder Joint Award for its work on DATA Act implementation and compliance oversight; Single Audit Roundtable to discuss grant issues and best practices among Federal government and private sector auditors; the Financial Statements Audit Network (FSAN) on emerging audit standards and practice of Federal financial statements audit; and the Financial Audit Manual (FAM) revision workgroup, which is reviewing and updating GAO's government-wide guidance on Federal financial audit. An OIG Audit Manager also participated in the Association of Government Accountants' (AGA's) Certificate of Excellence in Accountability Reporting (CEAR) Program as one of the 2017 CEAR reviewers tasked with critiquing the agency's Performance and Accountability Report/Agency Financial Report.



Audit Statistical and Summary Tables

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

I. Audit Reports Issued

Audit Reports Issued						
	October 1, 2016-March 31, 2017					
Report Number Issued	Report Name	Dollars Questioned	Dollars Unsupported	Funds Put To Better Use		
		(Doll	ars in thousand	s)		
17-01	Audit of the Corporation for National and Community Service's Fiscal Year 2016 Financial Statements	\$0	\$0	\$0		
17-02	Audit of the Corporation for National and Community Service's Fiscal Year 2016 National Service Trust Fund Financial Statements	\$0	\$0	\$0		
17-03	Fiscal Year 2016 Federal Information Security Modernization Act Evaluation of the Corporation for National and Community Service	\$0	\$0	\$0		
17-05	Evaluation of the National Civilian Community Corps (NCCC) Program	\$0	\$0	\$60,000		
	TOTAL	\$0	\$0	\$60,000		

II. Reports with Questioned Costs

	Audit Reports with Questioned or Unsupported Costs					
	Report Category		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	2	\$2,053	\$1,937		
В.	Reports issued during the reporting period	0	\$0	\$0		
C.	Total Reports (A and B)	2	\$2,053	\$1,937		
D.	Reports for which a management decision was made during the reporting period	2	\$2,053	\$1,937		
	I. Value of disallowed costs		\$344 ²	\$326		
	II. Value of costs not disallowed	-	\$1,709	\$1,611		
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	0	\$0	\$0		
F.	Reports with questioned costs for which no management decision was made within six months of issuance	0	\$0	\$0		

² The Corporation identified \$17,000 of questioned costs that was not included in the OIG report.

III. Summary of Audits with Funds Put to Better Use

Funds Put to Better Use				
	Report Category	Number of Reports	Dollar Value (In thousands)	
A.	Reports for which no management decision had been made by the commencement of the reporting period	1	\$19	
В.	Reports issued during the reporting period	1	\$60,000	
C.	Total Reports (A and B)	2	\$60,019	
D.	Reports for which a management decision was made during the reporting period	1	\$19	
E.	Reports for which no management decision had been made by the end of the reporting period (C minus D)	1	\$60,000	
F.	Reports 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 03/31/2016		
N/A	N/A None		N/A	N/A		
	Total	\$0				

V. Reports Without Final Actions

Audits Without Final Action				
Report Number	Title	Date Issued	Final Action Due*	
14-09 Audit of Blanket Purchase Agreements 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.

VI. Unimplemented Recommendations

Ninety six (96) CNCS-OIG recommendations issued since 2011 remain unimplemented or only partially implemented. A compendium of them appears at Table VI in Appendix A.



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 U.S. Attorney or, in some instances, to a local district attorney for criminal or civil prosecution and monetary recovery. Other investigative results are referred to Corporation management for information or administrative action.

Overview

During the first half of FY 2017, the Investigative Section initiated eight investigations, closed 14 actions, and identified more than \$100,000 in funds that could be put to better use. OIG investigations resulted in identifying more \$742,000 in misused funds for recovery by CNCS.

CNCS-OIG receives reports of fraud, waste, mismanagement and abuse through our Hotline. We investigate potential administrative and criminal violations of the law or program regulations, identify improper use of program resources and recommend recovery of misspent grant funds. The Section processed 34 Hotline actions during this reporting period, leading to six investigations and 16 referrals to CNCS management or State Commissions for action.

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

We report the highlights of investigations closed during the first half of FY 2017 below.

Investigative Activity

Prohibited Activities - AmeriCorps Members Directed to Transport Individual for Abortion Services - Case ID: 2016-021

(Closed 12/14/16)

CNCS management alerted CNCS-OIG to an allegation that the supervisor of an AmeriCorps grant awarded to the International Institute of Metropolitan St. Louis (IISTL), St Louis, MO, directed an AmeriCorps member to transport a client to a clinic for an abortion. IISTL is a subgrantee of the Missouri Commission and provides services to immigrant communities. Investigators substantiated the allegation. The conduct violated 42 USC § 12584a(a)(9), which prohibits the use of AmeriCorps resources for "providing abortion services or referrals for the receipt of such services," as well as CNCS implementing regulation 45 CFR § 2520.65(a)(10). The conduct occurred on a single occasion and took less than one hour.

In addition, IISTL's AmeriCorps State Position Description (PD) contemplated that AmeriCorps members would, in addition to their direct service activities, provide administrative support as needed. This requirement, and the awarding of service hours for such tasks, created the potential for violations of 45 CFR 2540.100(f), *Nondisplacement*.

CNCS management concurred with CNCS-OIG's findings and recommendations.

Agency/Administrative Action: The Missouri Commission required all IISTL staff to complete the CNCS refresher training eCourse on prohibited activities. All staff completed the eCourse and participated in a follow-up discussion on unallowable and prohibited activities. IISTL reviewed and redrafted member PDs to avoid any ambiguity that would appear to authorize AmeriCorps members to perform administrative duties properly assigned to staff. Because the abortion-related conduct was limited and CNCS considered the associated unallowable costs to be *de minimis*, it determined that it would not be cost-effective to pursue recoupment.

Prohibited Political Activity Leads to Termination of VISTA Site - Case ID - 2016-031

(Closed 10/14/16)

A Hotline complaint alleged that a participant in Volunteers in Service to America (VISTA) assigned to Forest Grove VISTA Service Southeast Oklahoma (SSEO), Idabel, OK, engaged in prohibited political activity and displacement. The VISTA participant served at the Oklahomans for Responsible Water Policy Association (ORWPA) in Broken Bow, OK.

The investigation found that the VISTA participant, while serving at a Labor Day event to promote water conservation, handed out bumper stickers about pending legislation on the 2016 Oklahoma state ballot. By distributing political materials, the VISTA member violated 42 U.S.C., § 5043, *Prohibited activities*, and its implementing regulation, 45 CFR § 2556.780, *What prohibitions on lobbying activities apply to VISTA sponsors and subrecipients*. There was no evidence of displacement.

Agency/Administrative Action: SSEO terminated ORWPA as a VISTA service site, and the VISTA member resigned.

AmeriCorps Members Declined to Engage in Political Activities for Grantee - Case ID: 2016-028

(Closed 10/25/16)

CNCS-OIG investigated a Hotline allegation that AmeriCorps members may have engaged in prohibited political activities at the solicitation of their service organization. Senior management at the Martha O'Bryan Center (MOBC), a subgrantee of the Volunteer Tennessee (Commission), Nashville, TN, circulated an email to all personnel, including the AmeriCorps members, encouraging them to campaign for selected candidates for the local school board. Investigators confirmed that members received the email, but none of them participated in any campaign activities.

Agency/Administrative Action: Commission personnel reinforced the prohibited activity policy to MOBC management.

Improper National Sex Offender Public Website Checks Lead to Disallowed Costs, Management Follow-Up on Misuse of Resources - Case ID: 2016-007

(Closed 3/20/17)

A Hotline call alleged that managers at the Central County United Way (CCUW), Hemet, CA, inflated volunteer service hours, assigned service activities outside the scope of the grant and tasked volunteers with performing staff duties, thereby displacing staff. Investigators substantiated the latter two allegations but found insufficient evidence of the first. CNCS-OIG investigators also discovered that CCUW allowed four individuals to serve in the Foster Grandparent Program (FGP) before completing their National Sex Offender Public Website (NSOPW) checks. This failure allowed the FGP volunteers without completed background checks to work in local schools mentoring and tutoring high-risk students. There was insufficient evidence to prove or disprove that CCUW staff inflated volunteer service hours.

CNCS management concurred that CCUW failed to conduct timely and complete NSOPW checks.

Agency/Administrative Action: Pursuant to its system of nominal sanctions CNCS disallowed \$5,250 for the late NSOPW checks. CNCS management will conduct a site visit to determine whether additional costs should be disallowed for the service activities found to exceed the scope of the grant and lead to displacement. CNCS will also review CCUW's internal controls concerning its timekeeping procedures.

Improper National Sex Offender Public Website Checks Lead to Disallowed Costs - Case ID - 2016-001

(Closed 2/21/17)

A Hotline call alleged that AmeriCorps members assigned to the Detroit Parent Network (DPN) Project Graduation AmeriCorps Program, Detroit, MI, performed service activities outside the scope of the grant and displaced DPN employees. Our investigation found that some AmeriCorps members performed activities beyond those authorized by the grant. Further, investigators discovered that DPN allowed 19 members to serve prior to completing the required NSOPW checks. CNCS management concurred with the findings.

Agency/Administrative Action: CNCS disallowed \$28,000 for the untimely NSOPW checks pursuant to its system of nominal sanctions. Even though CNCS disallowed member service hours

performed prior to NSOPW checks, CNCS management did not disqualify those members from earning education awards for other service hours performed.

Lack of Supervision Allows Time and Attendance Fraud - Case ID: 2016 - 014

(Closed 11/21/16)

A Hotline complainant reported that members serving with the St. Bernard Project (SBP), Wall Township, NJ, were unsupervised, falsely reported service hours and worked in unsafe conditions. Investigators determined that AmeriCorps members falsely recorded service hours on days that they arrived late or departed early from the service site. SBP supervisors were not present at the site daily and relied on an honor system for members to record their time accurately. Two members also regularly served from their homes. SBP had no procedure to verify either the recorded telework hours or the service performed. Investigators found no evidence that any of the members served in unsafe working conditions.

Agency/Administrative Action: SBP immediately increased supervision at the service sites and implemented a requirement that the AmeriCorps program managers at all the SBP operating sites conduct a monthly review of member timesheets to detect fraud or errors. SBP also prohibited its members from routinely serving from home.

Duplicate and Improper Enrollments Lead to Changes by National Direct Grantee - Case ID: 2017-005

(Closed 11/21/16)

CNCS management discovered that certain members in the Teach for America (TFA) Idaho and Chicago AmeriCorps programs had been enrolled in the National Trust Service (NST) database under multiple National Service Participant accounts and with different Social Security numbers. Investigators determined that this occurred with respect to 12 individuals between 2013 and 2017. Due to this error, TFA's Regional Operations Manager improperly certified several members to receive duplicate education awards for the same grant period. On two occasions, TFA drew down grant funds to cover duplicate enrollment fees for NST, totaling \$1,600.

Agency/Administrative Action: CNCS worked with TFA management to correct the members' accounts and implement internal controls and training to ensure future compliance. TFA management terminated the Regional Operations Manager for failing to follow internal policies. None of the members who improperly received a second award used the duplicate award.

Grant Reviewer Plagiarized Work Product - Case ID: 2016-017

(Closed 11/15/16)

A temporary CNCS employee hired to serve as a panel member for the 2016 AmeriCorps State and National Grant Review process submitted work product that appeared to be plagiarized. CNCS staff reported that the temporary employee may have included hours on her timesheets for work that she did not independently perform. The investigation confirmed that the temporary employee submitted individual review forms that were identical or almost identical to those of other panel reviewers. She admitted to investigators that she copied portions of their work, but claimed that she did so after completing her independent review to consolidate the panel's ideas. There was insufficient evidence to prove that she falsely certified her timesheets.

Agency/Administrative Action: CNCS dismissed the temporary employee.

Fraudulent Claims Result in Reimbursement and "High Risk" Oversight - Case ID - 2016-010

(Closed 11/14/16)

A Hotline complainant reported that Senior Resources of Guilford (SRG), Greensboro, NC, paid a portion of the Foster Grandparent Program (FGP) Director's salary using funds from its RSVP grant. Investigators determined that SRG was misusing RSVP funds to pay the cost of an employee who did not work on the RSVP program. This knowling misapplication of grant funds violated 18 USC § 641, *Public money, property and records*, by knowingly misapplying RSVP grant funds, and 18 USC § 1001, *Making false statements*.

Agency/Administrative Action: CNCS disallowed the costs charged to the RSVP grant, and SRG repaid the amount. CNCS also developed a long-term mitigation plan to ensure that SRG will remain in full compliance of CNCS policies.

VISTA Project Ended After Duplication of Service - Case ID: 2016-008

(Closed 12/12/16)

Following Hotline allegations, investigators determined that Programa de Apoyo y Enlace Comunitario (PAEC), Rincon, PR, assigned VISTA participants to perform tasks ordinarily undertaken by a paid employee. At the direction of PAEC's Executive Director, VISTA participants renovated a kitchen, painted offices and cleaned the exterior of a building. The participants included these activities in their service hours.

Investigators also discovered that two VISTA participants and two AmeriCorps members committed time and attendance fraud by manipulating the timekeeping punch clock. The individuals admitted to tampering with the punch clock but asserted that they had not overstated their service hours.

Agency/Administrative Action: CNCS management terminated the two VISTAs who tampered with the punch clock and program officials reprimanded the two AmeriCorps members for their involvement. CNCS management also ended PAEC's VISTA program.

Former Finance Director of AmeriCorps Grantee Embezzled Non-CNCS Funds - Case ID: 2016-029

(Closed 1/31/17)

A criminal investigation determined that Mr. Charles Denno, previously the Finance Director of the Providence Plan (ProvPlan), an AmeriCorps grantee in Providence, RI, embezzled more than \$500,000 from the grantee. No CNCS funds were stolen.

Agency/Administrative Action: Mr. Denno plead guilty to one count of wire fraud. Sentencing is scheduled for June 23, 2017.

Three additional investigations closed during this reporting period are listed under the Suspension and Debarment Section.

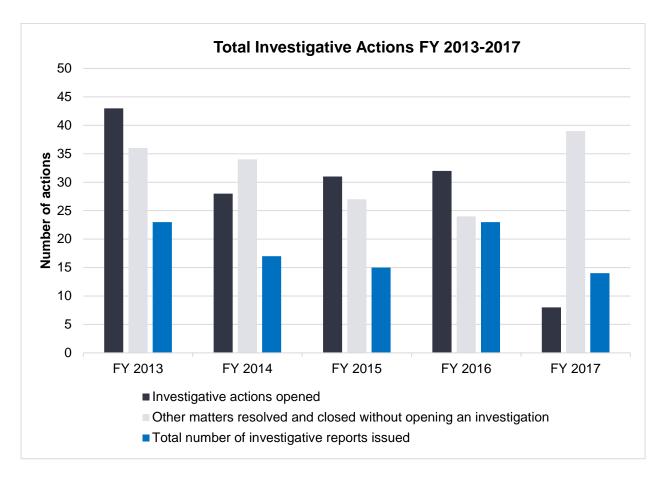
Investigations Table

Investigative Statistical Summary					
Activity	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Investigative actions opened	43	28	31	32	8
Other matters resolved and closed without opening an investigation	36	34	27	24	39
Total number of investigative reports issued	23	17	15	23	14
Number of persons referred to DOJ for criminal prosecution	6	0	3	9	2
Number of persons referred to state or local authorities for criminal prosecution	1	0	0	1	0
Number of criminal indictments and criminal information from the results of referrals	1	0	0	1	0
Investigative recoveries, 1	\$590,943	\$429,554	\$4,240,133	\$812,035	\$742,169
Funds to be put to better use ²	\$1,078,316	\$371,048	\$139,800	\$1,200,560	\$100,000
Administrative or management action taken ³	23	18	10	14	9

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

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

³ FY 2015 Reflects adjustments by CNCS.



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

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

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

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



Suspension and Debarment

Suspension and debarment are remedies intended to protect the Federal Government from doing business with individuals or entities whose conduct demonstrates they cannot be trusted to conduct business reliably, in compliance with the law, rules and regulations and with integrity. When the Office of Inspector General discovers serious misconduct that casts doubt on the present responsibility of a grantee, grantee staff or other party, it recommends that the Corporation impose debarment to prevent future harm to Federal programs and operations. If the Corporation begins suspension or debarment proceedings, the respondent has an opportunity to demonstrate that it should not be excluded from transactions with the government.

Suspension and Debarment Action

Three significant investigations resulted in debarments during the first six months of FY 2017.

Senior Corps Grantee Debarred After Scamming CNCS Grant Funds - Case ID: 2015-009

(Closed 10/25/16)

CNCS debarred an individual and two organizations after an investigation uncovered a scheme to funnel CNCS grant funds from a shell nonprofit organization to a for-profit business contracted for "management services." Staff members inflated the time that they spent on grant-related activities and charged for work that they did not perform. None of the promised 176 national service members was ever brought onboard and no services were provided to the community. The Chief Executive Officer (CEO) also directed accountants to submit a fabricated Internal Revenue Service (IRS) Form 990 to investigators, among other misrepresentations.

Upon the recommendation of CNCS-OIG, CNCS debarred the for-profit business, M.H.M. and Associates Enterprise, Inc., Glendora, CA; the nonprofit grantee, TCU Community Partnership, Inc., Conyers, GA; and the CEO, Ms. Luvina Beckley-Knight, each for a period of three years. CNCS also seeks recoupment of the misused funds.

See https://www.cncsoig.gov/news-entry/senior-corps-grantee-debarred-after-scamming-cncs-grant-funds.

Grantee Debarred for Misuse of VISTA Services and Required to Repay Disallowed Costs - Case ID: 2014-015

(Closed 11/30/16)

CNCS debarred the Georgia Center for Nonprofits (GCN), Atlanta, GA for extensive misuse of VISTA resources. From 2009 to 2014, GCN violated multiple provisions of the national service laws and VISTA program rules by using VISTA members as free labor, charging a fee for their services, assigning them work that should have been performed by employees, requiring them to undertake personal errands for management and assigning them tasks for the benefit of forprofit organizations. Much of the VISTAs work was not directed to the eradication of poverty, which is the sole purpose of the VISTA program.

CNCS issued a debt letter as a first step to recover \$527,185 and debarred GCN for two years. See https://www.cncsoig.gov/news-entry/grantee-debarred-misuse-vista-members-and-required-repay-527000-disallowed-costs.

Fraudulent Certification of Education Awards Leads to Debarment and Disallowed Costs - Case ID: 2016-011

(Closed 10/13/16)

A Hotline call alleged that Ms. Meghan Olinger, former AmeriCorps Program Coordinator of Synergy, Education, and Empowerment of West Monroe (SEE), West Monroe, LA, falsely certified Segal AmeriCorps education awards for members who had not completed their necessary service hours. SEE is a subgrantee of Volunteer Louisiana (Commission) in the AmeriCorps program. The investigation determined that, between 2012 and 2016, Ms. Olinger falsely certified Segal awards for 97 AmeriCorps members. Her actions caused the National Service Trust to obligate \$117,202.12 in unearned education awards. This misconduct went undetected for years because the then-Program Director of SEE failed to perform any meaningful oversight of the program.

CNCS disallowed \$117,202.12 for the 97 falsely certified education awards and debarred Ms. Olinger for two years. The Commission also disallowed \$37,512.84 in match funds for grant years 2012 to 2014. See https://www.cncsoig.gov/news-entry/fraudulent-certification-education-awards-leads-debarment-and-disallowed-costs.



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.

Peer Review of Investigative Section, Office of Personnel Management Office of Inspector General

The Investigations Section conducted a peer review of the Investigation Operations Section, Office of Personnel Management, Office of the Inspector General, (OPM-OIG) and issued its results on December 14, 2016.

In our opinion, the system of internal safeguards and management procedures for the investigative function of OPM-OIG for the period ending September 30, 2016, complies with Council of the Inspectors General on Integrity and Efficiency (CIGIE) quality standards and the applicable Attorney General guidelines. These safeguards and procedures provide reasonable assurance that OPM-OIG can conform to professional standards in planning, executing and reporting its investigations.

Most Recent Peer Reviews of CNCS-OIG

Audit Section

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

Investigations Section

The Investigations Section's most recent Peer Review Report was issued in March 2015 by the Peace Corps, Office of the Inspector General. The internal safeguards and management procedures for investigative operations complied with the quality standards established by the CIGIE and Attorney General guidelines.

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



Review of Legislation and Regulations

Section 4(a) of the Inspector General Act directs each agency's Office of Inspector General to review and make recommendations about existing and proposed legislation and regulations relating to the agency's programs and operations. The Office of Inspector General reviews legislation and regulations to determine their impact on the economy and efficiency of the Corporation's administration of its programs and operations. It also reviews and makes recommendations on the impact that legislation and regulations may have on efforts to prevent and detect fraud and abuse in Corporation programs and operations. The Office of the Inspector General draws on its experience in audits and investigations as the basis for its recommendations.

Congressional Hearing on Grantee Oversight at CNCS

For the second time in ten months, the House Subcommittee on Higher Education and Workforce Development conducted an oversight hearing concerning the quality of CNCS's grants management. The hearing, "Examining the Corporation for National and Community Service and Its Failed Oversight of Taxpayer Dollars," took place on March 28, 2017. Witnesses included CNCS Inspector General Deborah Jeffrey; Allison Bawden, the Acting Director of the Education, Workforce and Income Security Section of GAO; Lori Giblin, CNCS's Chief Risk Officer; and Elizabeth Darling, CEO/President Texas OneStar Foundation and OneStar National Service Commission.

Inspector General Jeffrey testified that, for the first time in five years, CNCS has the leadership and experienced risk management staff to develop and implement truly risk-based management of its grant portfolio, which she described as "the single most important recommendation of CNCS-OIG that CNCS has not yet implemented." To date CNCS continues to operate under legacy grant oversight protocols that CNCS-OIG has consistently found to be poorly designed and inadequate. Examples include the disregard of identifiable fraud risks, failures to detect significant fraud and mismanagement by grantees and the Corporation's inadequate measures to prevent and detect diversion of national service resources to uses prohibited by law. Better risk management could have prevented or detected these abuses.

The Inspector General also described the failure of many grantees to properly conduct the criminal history checks that Congress requires in order to prevent convicted murderers and sex offenders from using CNCS programs to gain access to at-risk individuals. Last year, depending on the program, 22 to 41 percent of staff members and volunteers paid through CNCS grants served without complete and timely criminal history checks. CNCS has not enforced these requirements effectively, levying nominal fines that are too low to incentivize compliance. Over the period CNCS-OIG analyzed, the fines averaged less than one percent of the funds awarded by CNCS. Inspector General Jeffrey testified that these fines amount to a small cost of doing business, rather than an effective sanction for recklessness.

Ms. Bawden explained the findings of a recent GAO report, which identified weaknesses in CNCS's grant monitoring approach. CNCS's current process for grant monitoring does not align fully with Federal internal control requirements for identifying, analyzing and addressing risks. CNCS's monitoring process does not prioritize the highest risk grantees for close oversight and provides limited oversight of subrecipients, who expend approximately half of CNCS's grant funds.

Ms. Giblin described the principal responsibilities of the Office of the Chief Risk Officer as implementing the National Service Criminal History Check program, identifying and reporting on improper payments, improving CNCS's internal controls, implementing Enterprise Risk

Management and conducting the annual risk assessment of CNCS grants. She promised improvements in each of these areas.

Ms. Darling described a number of ways in which the OneStar Foundation and Commission manages its risks and promotes accountability within its CNCS-funded programs.

A webcast of the hearing and the witnesses' written statements can be found at http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=401469.

Other Reportable Matters

Investigations Substantianting Misconduct by a Senior G	Government
Employee	

None

Whistleblower Retaliation

None

Interference with IG Independence.

None

Undisclosed Audits, Investigations, Evaluations or Inspections.

None

Appendix A

	Unimplemented Recommendations									
Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes				
OIG-12-04	Audit of Earned Education Awards Resulting from Compelling Personal Circumstances	11/6/11	q£	Record justifications for partial education awards based on Compelling Personal Circumstances in the MyAmeriCorps Portal, using the text description capability.	\$821,435					
			3с	Promote consistency and minimize errors by requiring a second level of review for each Compelling Personal Circumstances partial education award.						
			N/A	Require a doctor's note to support partial education awards based on early exit for medical reasons.						
OIG-13-06	Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Edna McConnell Clark Foundation	6/6/13	10	Require grantees to include searches of an individual's maiden, married or former married names when conducting National Service Criminal History Checks, and revise guidance accordingly.						
0IG-13-07	Inadequate Internal Controls Prevent the Corporation from Mitigating Significant Risks Inherent in the Fixed Amount Grants Program	9/30/13	1	Reduce vulnerabilities in fixed amount grant programs by identifying the risk drivers (to include member enrollment and retention, drawdowns and non-CNCS resources) and developing indicators by which to assess the associated risks.	Note 1	Note 1: Savings cannot be estimated with precision but are potentially significant, since CNCS lost more than \$1 million on a single maladministered fixed amount grant because of inadequate monitoring procedures and controls.				
			1a	Consistent with Congressional intent, define/establish criteria for the class of small and less experienced organizations for whom modest fixed amount grants would be appropriate.						
			1b	Determine the information that should be sought in the application and selection process to support prudent fixed amount grant award decisions, including requiring submission of a budget.						

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
			14	Benchmark the expected rate of member attrition so that monitoring can focus on grants with excessive attrition.		
				Establish criteria for elevating seriously troubled grants for attention by senior management, to ensure that corrective action plans are successful and accountability is maintained.		
			3	Obtain quarterly information from grantees on total program expenditures and/or development of non-CNCS funding for program support.		
			4	Conduct risk assessments using appropriately weighted criteria that are relevant to the risks posed by fixed amount grants, including the grantee's ability to contribute funding from non-CNCS sources.		
OIG-14-04	Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Arkansas Service Commission	11/14/13	11d	Recover the grant costs associated with successive service terms of AmeriCorps members who were not eligible to serve a second term because they did not receive an evaluation of their first term of service.	\$4,602	

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
01G-14-09	Audit of Blanket Purchase Agreements for Professional Consulting Services	6/20/14	1	Establish a standardized entity-wide decision process for the use of consulting/professional services, to include and document consideration of (a) the need for the project; (b) specificity and suitability of design; (c) the intended users; (d) any alternative means of accomplishing the objective; (e) how the project's progress will be monitored and by whom; (f) how quality, value and success of the project will be measured/evaluated, relative to its cost; (g) whether the particular project is the best use of CNCS resources, in view of competing needs and priorities and CNCS's overall strategy, objectives and priorities; and (h) how the project links to CNCS's strategic plan and the strategic objectives of the requesting office. Mere availability of funds within a particular office's budget should not, without more, justify the expenditure.	\$973,594 Note 2	Note 2: Savings cannot be estimated with precision but likely represent several million dollars, because a small sample included waste of \$892,263 and unauthorized commitments of \$81,331 during a three year period.
			7	Establish a central committee to review and approve any consulting projects that exceed pre- established cost thresholds. Include an OPS representative on the committee or in an advisory capacity.		
			9	Require meaningful review of contractor and subcontractor cost proposals, and maintain appropriate documentation of the review and its conclusions in the contract file. Develop procedures to guide staff in determining the types and sources of information to be considered.		
			10	Create a centralized tool to track deliverables, to be reviewed at defined intervals.		
			18	Institute a post-performance review of each consulting project to assess lessons learned; determine whether project objectives were met; and evaluate the impact of the deliverables and success of the project, including a cost-benefit analysis. Use the results to maintain accountability and improve the procurement process.		

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
01G-15-05	Audit of Corporation for National and Community Service Grants Awarded to Tufts University/Massachusetts Campus Compact	5/14/15	q9	Timely share key information about grantee performance/nonperformance across programs and grant offices.		
01G-15-06	Audit of Corporation for National and Community Service Cooperative Agreements Awarded to AFYA Incorporated and Education Northwest	6/25/15	1	Identify risks specific to training and technical assistance cooperative agreements and develop indicators to assess them. Consider special terms and conditions of the cooperative agreement, the status of a grantee's Negotiated Indirect Cost Rate Agreement, fraud risks and deficiencies identified in prior oversight or monitoring of the grantee.		
Various	Risk Management (multiple reports)	N/A	Various	Develop a rigorous and tested risk-based process for monitoring grants that takes into account the characteristics of grant types and the risks associated with them. Discontinue the one-size-fits-all approach that uses criteria applicable to traditional cost reimbursement grants to assess risks of fixed-amount grants and grants for technical training and assistance. Align monitoring activities to risks.	Note 3	Note 3: Savings are difficult to estimate with precision but likely represent millions of dollars, in better grant-making, early detection of problems and more efficient and effective monitoring.
		N/A		Validate risk indicators and risk models against outcomes and use outcomes to identify other factors that could sharpen the risk analysis.		

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
OIG -16-04	Performance Audit of the Corporation for National and Community Service's Compliance with the Improper Payments Elimination and Recovery Act of 2010 for Fiscal Year 2015	5/13/16	1	Strengthen internal controls over the Agency Financial Report (AFR) to ensure that the Improper Payments section (Section IV, <i>Other Information</i>) contains each of the elements required by OMB Circular No. A-136 and that the reported information is complete and accurate.	Note 4	Note 4: CNCS's own estimates suggest that it has made hundreds of millions of dollars of improper payments over the past five years. Quantifying those payments, establishing a baseline and addressing the root causes are necessary steps to reduce those improper payments.
			7	Use consistent and appropriate statistical methodologies to identify those programs susceptible to \$10 million in improper payments, sample payments and extrapolate the rate and amount of improper payments across programs.		
			3	Work with a qualified statistician to develop a simpler and executable sampling methodology, to include sufficient oversight throughout the IPERA process to ensure that the results are sufficiently reliable.		
				Commit sufficient resources to complete the sampling and associated testing within the timeframe required to meet IPERA reporting requirements in the AFR.		
				Hold accountable those grantees that fail to respond to requests for documentation required to support the improper payments assessments.		
			2	Develop a comprehensive testing methodology and test plan that incorporate all legal and regulatory allowability and eligibility criteria applicable to CNCS-sponsored payments, and apply it consistently to sampled payments. Provide mandatory training to reviewers to ensure consistency.		
			5	Retain sufficient documentation to allow proper oversight.		
			9	Identify the root causes of improper payments in the AmeriCorps State and National Program and take appropriate programmatic corrective actions to reduce those payments.		
			9	Develop and report realistic reduction targets, explaining the justification in the AFR.		
			∞	Assess whether payment recapture audits or other recovery activities are cost-effective for programs that expend \$1 million or more annually, and retains documentation reflecting the analysis performed.		

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
			6	Comply with the reporting requirements for agencies that have been unable to comply with IPERA for three consecutive fiscal years, including: submitting a plan to OMB and Congress that outlines the milestones for achieving compliance; designating a senior agency official accountable for achieving compliance; and, assessing whether additional funding, program reauthorization or statutory changes would help bring CNCS into compliance with IPERA.		
OIG-16-05	Audit of Corporation for National & Community Service Grants Awarded to Hoopa Valley Tribe and multiple other reports related to Criminal History Checks	11/13/15	1	Increase penalties for criminal history check (CHC) violations above the nominal level, so that they command appropriate attention from grantee leaders, incentivize strong risk management and deter noncompliance. Discontinue the no-harm-no-foul approach to CHC noncompliance and demand strict compliance.	\$61,400,000 Note 5	Note 5: Aggregate potential savings based on CNCS's projections of CHC-related improper payments reported in FY 2015 Annual Financial Report (AFR) for AmeriCorps State and National and FY 2016 AFR for Senior Corps programs. This is both a critical safety precaution and a means to reduce the improper payments described in IPERA assessments.
			3	Sanctions for CHC noncompliance should reflect: (1) that complete and timely criminal history checking is a critical safety measure to protect individuals in at-risk communities from harm at the hands of convicted murderers or sex offenders, not a garden-variety regulatory requirement; and (2) that individuals, grantees and CNCS would face catastrophic consequences if noncompliance allowed a predator to harm an individual in a CNCS-funded program.		
(0			4	Adopt a risk-based approach to CHC compliance.		
Various	Criminal History Checks (multiple reports)			Provide training for grantees in practical approaches to prevent and detect sexual abuse.		
016-17-01	Audit for the Corporation for National and Community Service's Fiscal Year 2016 Financial Statements	11/14/16	1	Senior leadership should continue to take a leading role and comply with the operating guidelines for the Risk Management Council (RMC) and the Risk and Assessment Committee (RAC). Engaging senior leadership in an effective internal control program allows for comprehensive risks to be considered and analyzed, issues encountered (e.g., resources and turnover) to be addressed, potential deficiencies to be discussed, and corrective actions to be actively monitored on a timely basis.		

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
			2	Engage the RMC, RAC and program and financial managers in continuing efforts to build a comprehensive enterprise-wide risk assessment and monitoring process. Use the results of the initial ELC assessment report to further develop responses to the risks identified. Test the design and effectiveness of key internal control to identify and respond to risks, and monitor these controls on a routine basis.		
			3	The Office of Chief Risk Officer (OCRO) should develop integrated internal control testing with management's responsibilities related to financial management (with an emphasis on grants management), Federal Information Security Modernization Act /information technology, Improper Payments Elimination and Recovery Act compliance, and during audit resolutions of the OIG contract audits.		
01G-17-05	Evaluation of the National Civilian Community Corps (NCCC) Program	12/5/16	1	Reserve NCCC's expensive program model for services that NCCC can perform cost-effectively. Reevaluate the appropriate balance between NCCC and other programs that cost taxpayers substantially less for comparable service activities and redirect NCCC resources accordingly.	\$60,000,000 Note 6	Note 6: Based on redirection of 40 percent of NCCC's funding.
			2	Develop a comprehensive and independent recruitment and retention program that provides appropriate support for individuals from disadvantaged circumstances.		
			3	Assess the programmatic performance of each NCCC campus and share the results with campus leaders.		
			4	Establish policies and procedures to place weight on cost effectiveness when determining which teams to deploy for disaster responses.		
OIG Management Challenges	Modernizing Information Technology	12/7/16	4	Actively engage senior management in close oversight of the Grants and Member Management Modernization program, because (1) CNCS lacks a track record for managing projects of this complexity and magnitude; (2) CNCS programs urgently need better IT support for their operations and oversight; (3) the amounts at riskmore than \$40 millionare substantial; (4) the modernization effort has already experienced significant delays; (5) there are no release dates for Phases 2 and 3 of the plan; and (6) IT development and acquisition projects are recognized throughout the Federal government as carrying high risk.	Note 7	Note 7: Savings difficult to quantify with precision but are likely substantial for reasons stated.
			5	Eliminate duplicative oversight structures and reorganize for risk-/portfolio-based grant monitoring.	Note 8	Note 8: Potentially substantial savings to be realized from consolidation of monitoring operations.

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
OIG Special Report	Prohibited Activities: Missed Opportunities, Red Flags Ignored and Next Steps to Improve Grants Management at CNCS	12/21/16	1	Develop and communicate publicly a clear explanation of what constitutes "abortion services" and "referrals" within the meaning of the statutory prohibition, then formalize this guidance through rulemaking.		
			1	Construe the abortion prohibitions broadly to bar services or activities directed at abortion.		
			1	Determine whether any of the other "prohibited activities" require explanation, clarification or guidance.		
			1	Guidance should include instructions as to what grant-funded personnel may and may not do when asked for prohibited assistance or to perform a prohibited activity.		
			1	Guidance should make clear that avoidance of prohibited activities must be treated as a top priority, and that a grantee proceeds at its peril if it undertakes any activities that potentially impinge on prohibited activities without first obtaining written guidance from CNCS.		
			2	Target the new guidance about the abortion prohibitions to grantees/subgrantees whose programmatic activities place them at elevated risk of encountering issues related to the abortion restrictions, including those 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.		
			2	Develop mandatory online training for grantees at elevated risk regarding the abortion restrictions.		
			2	Require grantees at elevated risk regarding the abortion prohibitions to determine and report any current and past activities outside the scope of the new guidance.		
			3	Conduct the same risk assessments, identification of at-risk grantees, communications and targeted monitoring for other prohibited activities.		

Report No.	Report Title	Date Issued	Rec No.	Recommendation	Aggregate Potential Cost Savings, by Report or Subject	Notes
			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.		
			9	Enhance the capacity of eGrants to store and search critical emails. Institutionalize policies and procedures to allow program and grant officers to capture key emails in eGrants, and develop criteria for identifying emails to be captured.		
			7	Build into CNCS's to-be-developed Enterprise Risk Management strategy and planning a component for specific prohibited activities, commensurate with magnitude of the risk, including the reputational and political risk to CNCS.		
			8	Accelerate 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.	Note 9	Note 9: Savings difficult to quantify with precision but are likely substantial given the size of CNCS's grant portfolio.
			6	Immediately 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, perhaps using the MyAmeriCorps Portal.		
			10	Determine during the grant application process whether an applicant is at particular risk for one or more specific prohibited activities. If so, require the grantee to develop customized ways to address compliance with that prohibition, including detection controls. 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.		

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01G-17-03	Fiscal Year 2016 Federal Information Security Modernization Act Evaluation of the Corporation for National and Community Service	12/22/16	arious	A total of 36 recommendations, including many beginning in FY 2014, remain open from our annual FISMA evaluations. These open recommendations address weaknesses found in a variety of areas, including the following: • Lack of a Formally Documented and Fully Implemented Information Security Continuous Monitoring Strategy (FY 14-FISMA-NFR 1) • Multiple Weaknesses with Vulnerability Scanning and Remediation (FY 14-FISMA-NFR 2) • Risks to the Confidentiality and Availability of Voice Communications (FY 14-FISMA-NFR 6); • Inadequate Enterprise-Wide Risk Management Policies and Practices (FY 14-FISMA-NFR 9) • Weaknesses with the Corporation's Security Planning and Assessment Process (FY 14-FISMA-NFR 10) • Inadequate Control Over Remote Access (FY 14-FISMA-NFR 13) • Inadequate Disaster Recovery Plan Documentation and Planning (FY 14-FISMA-NFR 14) • Access Controls Over the Corporation's Network and Momentum Financial User Accounts Need Improvement (FY 15-FISMA-NFR 2) • Inaccurate Inventory of Physical Information Technology Asset (FY 15-FISMA-NFR 4) • Secure Configuration Management Policies, Procedures, and Practices Need Improvement (FY 16-FISMA-NFR 1) • Insufficient Monitoring and Remediation of Server Backup Failures (FY 16-FISMA-NFR 2)	Note 10	Note 10: Given the consequences of a security breach, the potential savings associated with strengthening IT security are substantial.
				Total Potential Cost Savings	\$123,199,631	