



January 8, 2015

TO: Wendy Spencer
Chief Executive Officer

FROM: Deborah Jeffrey 
Inspector General

SUBJECT: OIG Fiscal Year 2015 Audit Plan

Attached is our Fiscal Year 2015 Audit Plan. This plan is based on the FY 2015 OIG appropriation and presents our specific action for the remainder of FY 2015. This plan is subject to change should unanticipated higher risk issues develop during the year. We need to be flexible so that we can meet such other priorities and/or requests for audits. If you have any questions, you may call me or Stuart Axenfeld, Assistant Inspector General for Audit, at 202-606-9360.

Attachment

cc: Jeff Page, Chief Operating Officer
Kim Mansaray, Chief of Program Operations
Cyprian Ejiasa, Chief Financial Officer
Thomas Hanley, Acting Chief Information Officer
Asim Mishra, Chief of Staff
William Basl, Director of AmeriCorps
Erwin Tan, Director, Senior Corps
José Phillips, Director, AmeriCorps* NCCC
Paul Monteiro, Director, AmeriCorps* VISTA
Margaret Rosenberry, Director, Office of Grants Management
Angela Williams, Acting General Counsel

**Office of Inspector General
Corporation for National and Community Service**

Fiscal Year 2015 Audit Plan

Audits Required by Law

Financial Statements Audit

The Government Corporation Control Act requires the Corporation to issue an agency financial report that includes financial statements audited by an independent public accounting firm under OIG's supervision. This audit includes an assessment of the effectiveness of the Corporation's internal controls for financial reporting, an area that offers many opportunities for improvement. As part of our ongoing audit supervision, OIG will continue to monitor the Corporation's progress toward correcting previously identified internal control weaknesses and deficiencies.

Audit of the National Service Trust

The Strengthen AmeriCorps Program Act of 2003 requires an independent annual audit of the National Service Trust, the repository for monies set aside to fund educational benefits earned by AmeriCorps members through their service. This audit is performed in conjunction with the Financial Statement Audit. The Trust Audit examines whether Trust obligations are recorded in a timely manner, whether the amount of the Trust obligation is based on the estimated value of the education benefit, and whether the reserve account is maintained to meet the needs of the Trust.

Independent Evaluation of the Corporation's Information System Security

The Federal Information Security Management Act of 2002, as amended (FISMA), requires an annual review to determine the effectiveness of the Corporation's information security program and practices, as well as its compliance with information security policies, standards and guidance, including requirements established by the Office of Management and Budget (OMB).

Review of Improper Payments

The Improper Payments Elimination and Recovery Act (IPERA) of 2010, as amended, and implementing guidance by OMB require OIG to conduct an annual review of the Corporation's reporting of improper payments and to evaluate its efforts to prevent and reduce and recover improper payments. In FY 2013, the Corporation's analysis of improper payments in cost-reimbursement grants determined that the AmeriCorps State and National program (ASN) is susceptible to significant levels of improper payments. In FY 2014, the Corporation estimated ASN's improper payments at \$12,392,000 . That

same year, the Corporation determined that the Foster Grandparents and RSVP Senior Corps programs are also susceptible to significant levels of improper payments. OIG will conduct a performance audit to determine whether the Corporation is in compliance with the IPERA requirements, assess the accuracy and completeness of its improper payment reporting in its FY 2014 Agency Financial Report, and evaluate the agency's performance in reducing and recapturing improper payments.

Review of Charge Card Abuse and Prevention

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194, which reinforced Administration efforts to prevent waste, fraud, and abuse of Government-wide charge card programs. On September 6, 2013, OMB issued Memorandum M-13-21 *Promoting Efficient Spending to Support Agency Operations*, with implementation guidance for the Charge Card Act. The Charge Card Act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts

The OIG will conduct risk assessments of Corporation purchase cards and its travel card programs to analyze the risks of illegal, improper, or erroneous purchases. We will use the risk assessment to determine whether an OIG audit of these programs is necessary.

Audits of the Corporation's Internal Operations

Program-wide Audits and Evaluations

Contracting

In FY 2014, we issued an alarming audit, Report No. 14-09, *Audit of Blanket Purchase Agreements for Professional Consulting Services*, that reported fundamental problems in procurements conducted through Blanket Purchase Agreements. In FY 2015, we will monitor the status of the Corporation's resolution of these findings; depending upon the results, we may examine other contracting activities, on which the Corporation spends approximately \$65 million annually. Given the amounts in question, oversight and monitoring are vital for ensuring effective contracting and safeguarding taxpayer dollars.

Prohibited Activities and Direct Services within the VISTA Program

In light of recent audit findings of VISTA members engaged in prohibited activities and/or direct services, the OIG will conduct an evaluation across various VISTA projects to determine the pervasiveness of these practices. The evaluation will include a review of whether VISTA programs have successfully built capacity of organizations upon completion of the programs and whether the internal controls utilized by the Corporation to monitor and detect non-compliance with VISTA provisions.

Completion of FY 2014 Audits and Evaluations

Evaluation on the Administrative Costs Incurred on the AmeriCorps National Civilian Community Corps (NCCC)

In FY 2014, the OIG initiated an efficiency-related evaluation of the AmeriCorps NCCC program to evaluate controls over the program and identify potential cost savings in its administration. The incurred cost per NCCC member has steadily increased at a pace that exceeds that of the related AmeriCorps members. OIG will also evaluate the program effectiveness and efficiency of operations and service assignments at the regional campuses.

Grant Audits

Grants account for 75 percent of the Corporation's budget, placing a premium on monitoring and oversight. Audits and agreed-upon procedures engagements that focus on particular grantees are an important component of ensuring that Federal funds are handled prudently and in compliance with requirements. Grantees are selected for audit based on input from the Corporation, issues identified in the course of monitoring and risk assessments, recent OIG experience, single audit results and other risk factors. OIG intends to review the following grantees:

- Experience Corps
- Reading Partners
- Community Anti-Drug Coalitions of America (CADCA)
- North Carolina Commission
- Illinois Commission
- New York Commission

In FY 2014, we initiated the following audits and expect to complete these in FY 2015:

- Institute for Community Inclusion - UMass Boston
- Hoopa Valley Tribe and Hoopa Forestry Division
- Student Conservation Association, Inc.
- Tufts University/Massachusetts Campus Compact

Senior Corps, which represents approximately 27 percent of the Corporation's programmatic budget, received relatively little attention from OIG prior in prior years. Corporation field personnel have expressed reservations that Senior Corps grantees, some of which have maintained their grants for more than 20 years, may be relying on financial management practices and systems that are no longer adequate to account for Federal funds and do not contain sufficient internal controls. Accordingly, OIG intends to audit several Senior Corps grantee in FY 2015. The following programs have been selected for

audit:

- U.S. Virgin Islands grants
- Texas Department of Aging and Disability Services
- The Community Services Society of New York
- Indiana Catholic Social Services

Non-Federal Audits

We will continue to review audits conducted by non-Federal auditors, such as public accounting firms and State auditors, in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.¹ State, local, and Indian tribal governments; colleges and universities; and nonprofit organizations receiving Federal awards over the statutory threshold are required to have annual organization-wide audits of Federal funds that they receive. Our reviews will identify issues that may require Corporation attention about the management of Federal programs and identify significant areas of internal control weaknesses, noncompliance with laws and regulations, going concern issues, and questioned costs that require formal resolution by the Corporation.

Investigative Support

The Audit Section is often called upon to provide extensive support in connection with investigations of specific wrongdoing. Particular investigations may illustrate program vulnerabilities, gaps in internal controls and opportunities to strengthen program integrity, and therefore suggest areas for audit inquiry. We anticipate that this important activity will continue in FY 2015.

Outreach

OIG will continue to seek opportunities to inform Corporation staff and the grantee community about OIG audit findings and systemic concerns and to engage them as active partners in our mission to prevent and detect waste, fraud and abuse in Corporation programs. The Audit Section actively participates in Corporation-sponsored events designed to inform the grantee community about OIG initiatives and audit-related matters. In FY 2014, OIG representatives took part in the AmeriCorps State and National Grantee meeting and other public forums that were attended by large audiences of grantees and subgrantees. We emphasized responsible and prudent use of Federal funds, preventable problems frequently discovered in audits, fraud indicators that should be taken as warning signs, and examples of recent audits and investigations. Considering the inherent risk of the Corporation's large grant portfolio, we will continue to participate in these meetings in FY 2015 and communicate directly with grantees to enhance the effectiveness of grant administration.

¹ Due to resource constraints, we will not review the quality of audits conducted by non-Federal auditors, or ensure that the audit reports meet the applicable standards.