



Annual Management Report

Fiscal Year 2023

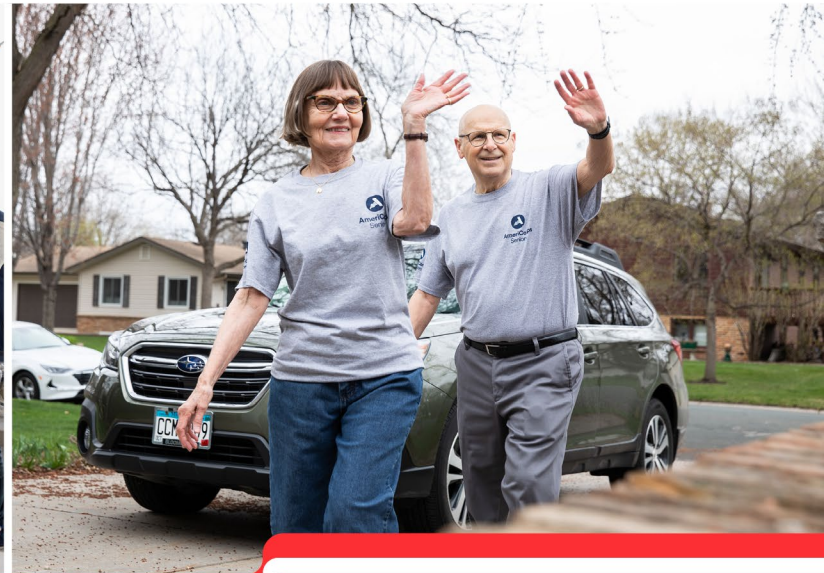


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ABOUT THIS REPORT

The Fiscal Year (FY) 2023 Annual Management Report provides an overview of AmeriCorps' financial and performance results for the FY spanning October 1, 2022, through September 30, 2023. The information, data, and analyses in this report provide an assessment of the agency's yearly activities toward accomplishing its mission. The FY 2023 Annual Management Report includes AmeriCorps' FY 2023 Financial Statements Audit Report, including AmeriCorps' Statement of No Assurance regarding its internal controls over reporting, compliance, and operations.

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¹ <https://americorps.gov/about/agency-overview/budget-performance-plans>



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



November 15, 2023

For three decades, AmeriCorps has a proven history of leveraging the nation’s greatest resource – the American people – to improve lives, strengthen communities, and foster civic engagement. AmeriCorps works hand in hand with tens of thousands of local partners including nonprofit, faith-based, and community organizations; state and local agencies; tribal nations; and state service commissions.

As the federal agency for national service and volunteering, AmeriCorps brings leadership, resources, coordination, focus, and scale to America’s voluntary and service sector. AmeriCorps members and AmeriCorps Seniors volunteers help communities tackle their most pressing challenges, including addressing public health needs, preparing students for success in school, responding to natural disasters, supporting veterans and military families, preserving public lands, addressing climate change, and advancing racial and economic equity. AmeriCorps transforms those who serve into lifelong civic leaders, builds the capacity of the nation’s service organizations, creates opportunities for skill-building that strengthens our workforce, and fosters relationships that bridge differences and promote unity. AmeriCorps’ FY 2023 Annual Management Report summarizes the agency’s accomplishments and financial information in accordance with federal guidance and laws.

Financial and Operational Reform

When I began my tenure as Chief Executive Officer, the agency was suffering from years of underinvesting in its people, processes, and systems. Since that time, AmeriCorps has prioritized financial and operational reform as the agency’s top priority. AmeriCorps enhanced governance and decision-making by engaging a financial and operational reform oversight team led by the Chief of Staff and consisting of agency senior executives. AmeriCorps also onboarded contractors with extensive experience in financial transformation, including the senior advisor to the Chief Executive Officer on financial reform.² AmeriCorps has made significant progress toward modernizing our grant and member management systems and automating our supporting process, enhancing process controls and audit readiness,

² <https://americorps.gov/leadership/irv-dennis>

and restoring strong and open communication with oversight leadership including our Office of Inspector General.

In FY 2023, AmeriCorps received its seventh consecutive disclaimer of audit opinion. The auditor's report noted material weaknesses in AmeriCorps' financial systems, which are being addressed in the Financial and Operational Reform (FOR) plan. The FOR plan focuses on improving operations to more efficiently and effectively interact with AmeriCorps grantees and improving financial reporting systems. While much work remains and will take time and sustained investment, AmeriCorps is committed to making permanent and sustainable change through a comprehensive transformation framework to continue to achieve significant mission outcomes. Based on the results of the assessment and the other factors stated within this report, the agency is unable to provide assurance over the reliability and completeness of financial and performance data. Details of the material weaknesses identified in this review and the FY 2023 Statement of No Assurance are in the Analysis of Systems, Controls, and Legal Compliance section of this document.

FY 2023 Highlights

Despite ongoing unprecedented and interlocking challenges such as public health crises, major upheavals in the economy, a national reckoning on racial inequity centuries in the making, tragedies from hate-fueled violence, more frequent and intense extreme weather events, and increased social isolation and divides, AmeriCorps showed up for communities most in need by providing people power, funding, and resources. AmeriCorps' FY 2023 accomplishments include:

- Continued to implement AmeriCorps' five-year strategic plan,³ which provides a framework for meeting the agency's goals, and the historic \$1 billion investment made through the American Rescue Plan to expand service opportunities, increase living allowances, and support communities. See the Performance Goals, Objectives, and Results section below.
- Furthered AmeriCorps' equity action plan⁴ which focuses on the following five key areas: (1) advancing civil rights, (2) recruiting and retaining a diverse corps, (3) partnering with native communities, (4) addressing limited proficiency and ensuring language access, and (5) increasing equity in our procurement process. In support of the agency's recruitment efforts, AmeriCorps remains involved in the Interagency Workgroup for the White House Initiative on Advancing Educational Equity, Excellence and Economic Opportunity through Historically Black Colleges and Universities and participated in its national

³ <https://americorps.gov/about/agency-overview/strategic-plan>

⁴ <https://americorps.gov/about/agency-overview/equity-action-plan>

conference and expanded agency representation in the workgroup clusters. Additionally, AmeriCorps hosted a tribal convening in June 2023 and about 150 staff participated in Native American Cultural Competency Training.

- Released AmeriCorps' 2023 State of the Evidence Report⁵ in September 2023, which summarizes the agency's impact on participants, partners, communities, and society. In addition to other findings, the report reiterated that serving with AmeriCorps can benefit volunteers' health, partnering with AmeriCorps helps grantees and sponsoring organizations meet their project goals, and investing in community-based solutions generates greater value in return. As a thought leader, this report finds that evidence AmeriCorps generates provides new insights that advance our understanding of national service, volunteering, and civic engagement in America. The report will be used to advance AmeriCorps' strategic learning and evidence building agenda.⁶
- In response to President Biden's call upon Americans to unite through service during the United We Stand Summit⁷ to counter the corrosive effects of hate-fueled violence, AmeriCorps has led an interagency policy council with more than 20 government agencies to bring more national service opportunities to underserved communities; partnered with Service Year Alliance to appoint a Bridging Fellow to lead a multi-year project to support developing AmeriCorps members as lifelong bridge builders;⁸ and shared resources on countering antisemitism, Islamophobia, and other forms of hate with its network of grantees and sponsors.⁹
- Committed to standing up a new "American Climate Corps hub" to coordinate the efforts of the federal agencies involved in launching President Biden's American Climate Corps.¹⁰ The American Climate Corps is a skills-based workforce training and service initiative that will mobilize a new, diverse generation of more than 20,000 Americans to conserve our lands and waters, bolster community resilience, deploy clean energy, implement energy efficient technologies, and advance environmental justice.

⁵ <https://americorps.gov/evidence-exchange/2023-state-evidence-report>

⁶ <https://americorps.gov/sites/default/files/document/AmeriCorps-Learning-Agenda-2022-2026.pdf>

⁷ <https://unitedwestand.gov/>

⁸ <https://americorps.gov/newsroom/press-release/response-president-bidens-call-americorps-service-year-alliance-announce>

⁹ <https://americorps.gov/partner/communities-initiatives/united-we-serve>

¹⁰ <https://www.whitehouse.gov/briefing-room/statements-releases/2023/09/20/fact-sheet-biden-harris-administration-launches-american-climate-corps-to-train-young-people-in-clean-energy-conservation-and-climate-resilience-skills-create-good-paying-jobs-and-tackle-the-climate/>

- Announced a five-year, \$15 million agreement between AmeriCorps and the US Forest Service to establish the new AmeriCorps NCCC Forest Corps, the first major interagency partnership under the American Climate Corps.¹¹ AmeriCorps members will deploy across America to conserve national forests and grasslands, mitigate risks of wildfires in high-risk regions, and support reforestation efforts and wildfire crisis response.

Looking Ahead

Looking to the future, we will prioritize investment of time and resources in implementing the FOR plan. I am proud of our progress and confident in our approach to addressing the historical under-investment in the agency's operational infrastructure. In the year to come, AmeriCorps will also continue to advance its overarching strategic plan and work toward reducing barriers to service, recruiting a diverse corps, and creating meaningful pathways to education and employment from service.

As we mark 30 years of AmeriCorps and celebrate the agency's legacy and impact, we know AmeriCorps programs, members, and volunteers depend on AmeriCorps to provide reliable infrastructure to enable their work in communities. To continue tackling AmeriCorps' operational challenges, prioritizing our people, processes, and systems will remain at the forefront as we get things done for communities across America.

In service,



Michael D. Smith
Chief Executive Officer
AmeriCorps

¹¹ <https://americorps.gov/newsroom/press-release/president-biden-launches-american-climate-corps-announces-new-americorps>

SECTION I - MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Mission and Organizational Structure

Our Mission

Our mission is to improve lives, strengthen communities, and foster civic engagement through service and volunteering.

Our Purpose

Our purpose is to bring out the best of America.

How We Work

Every day in communities across the country, AmeriCorps members and AmeriCorps Seniors volunteers work directly with national, regional, or local nonprofit and community organizations to meet critical community needs.

AmeriCorps engages about 200,000 AmeriCorps members and AmeriCorps Seniors volunteers in results driven service in 36,000 locations across the country.

Uniting America through service, AmeriCorps makes an impact by focusing on the following six key areas:

 Disaster Services	 Economic Opportunity	 Education
 Environmental Stewardship	 Healthy Futures	 Veterans & Military Families

Celebrate AmeriCorps 30th Anniversary



This year marks AmeriCorps' 30th anniversary.¹² From September 2023 through September 2024, AmeriCorps will celebrate its 30th anniversary to commemorate the timeline between the signing of the National Community Trust Act and the swearing in of the first class of AmeriCorps members. Since then, more than 1.25 million individuals have served as AmeriCorps members, and millions more as AmeriCorps Seniors volunteers, helping local communities tackle pressing challenges with local solutions. In addition, AmeriCorps members have earned more than \$4.8 billion in Segal AmeriCorps Education Awards¹³ to pay for college or repay student loans.

For three decades, when America calls in times of tragedy and triumph, AmeriCorps answers. Whether it is AmeriCorps members stepping forward to help after 9/11, aiding in recovery from disasters like Hurricane Katrina over the course of decades, or pivoting to address the urgent needs created by the COVID-19 pandemic, AmeriCorps knows how to get things done for America and has been turning moments of impact into a national service movement.

¹² <https://americorps.gov/about/american30>

¹³ <https://americorps.gov/members-volunteers/segal-american30-education-award>

Every AmeriCorps experience tells a story:

Monica Owens was serving in AmeriCorps NCCC when Hurricane Katrina struck in 2005. After her AmeriCorps service ended, she wanted to continue to serve so she moved to South Mississippi to work with the Red Cross.

Monica Owens

AmeriCorps alumna

"I know that the road to recovery from COVID-19 will take longer in communities like mine. However, I also know that my service is going a long way to minimize the gap in education created by the crisis."

Candice Smith

AmeriCorps member

"I am fortunate to be able to help struggling readers. I know I am making a difference in the lives of these children."

Maria A Lopez Rodriguez

AmeriCorps member

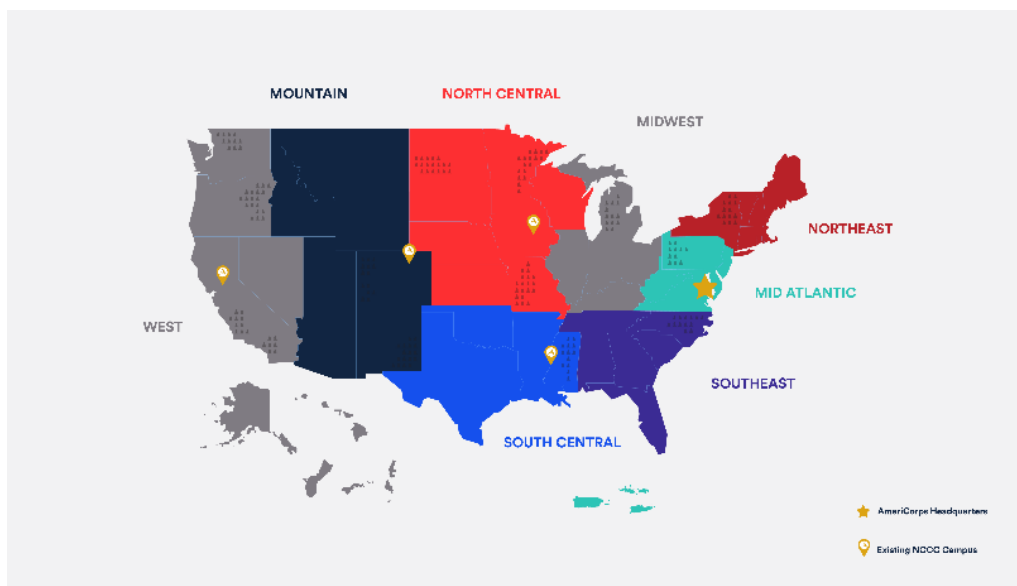
In September 2022, staff at Elder Care Services came together to clean up the street that we adopted from the City of Tallahassee. It was also a great team building exercise, and we committed to continue this project once every four months.

Elder Care Services

AmeriCorps Seniors grantee

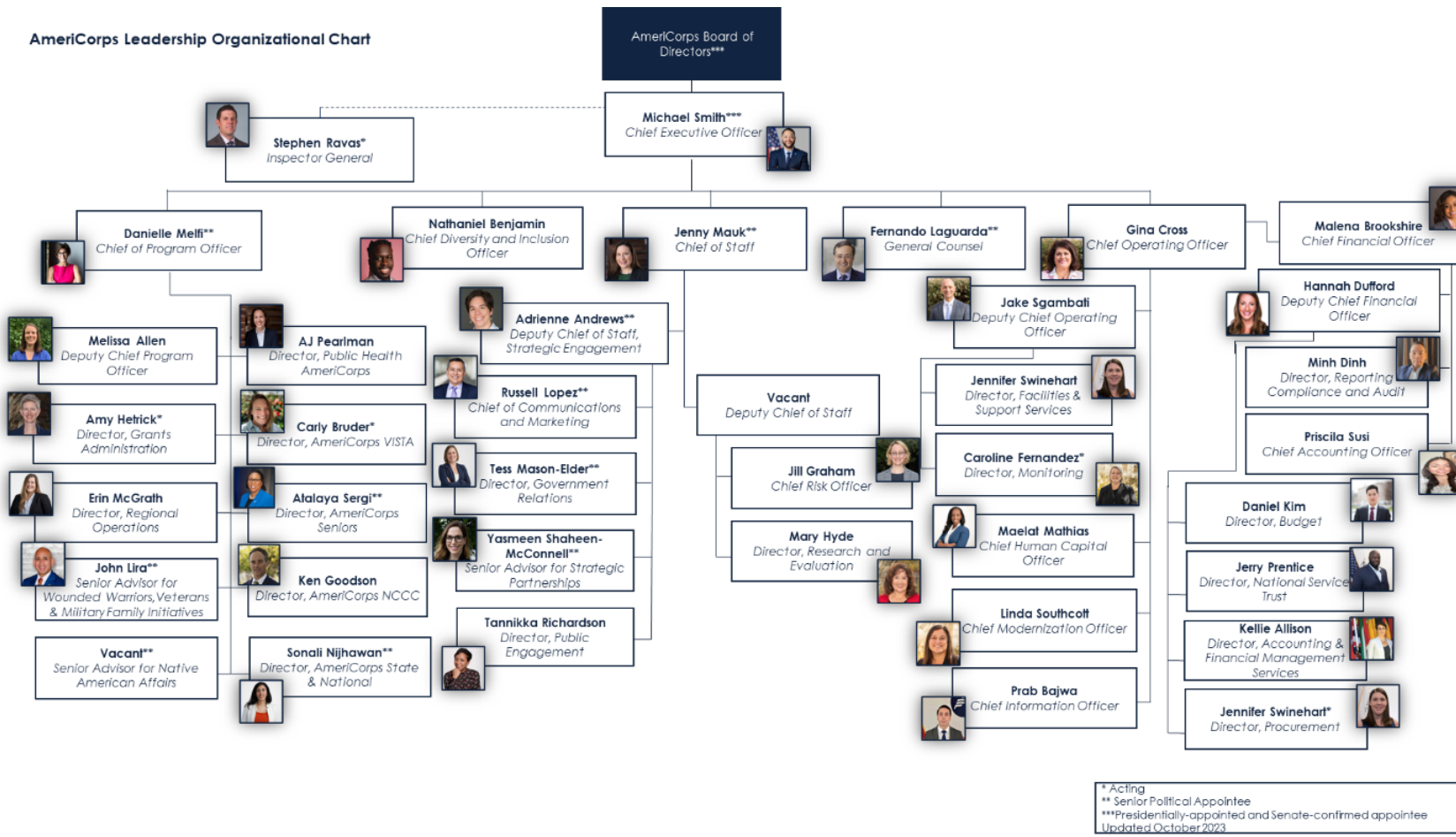
Office Locations

AmeriCorps is headquartered in Washington, DC and has eight remote regional offices that serve all states and territories: West, Mountain, North Central, South Central, Midwest, Southeast, Mid Atlantic, and Northeast. AmeriCorps also has four regional AmeriCorps NCCC campuses.



Organizational Structure

AmeriCorps fosters a strong, collaborative environment in which people committed to service enjoy rewarding careers as they work with communities across the country. A talented and committed leadership team make service a cornerstone of our national culture. The chart below shows our organizational structure:



Performance Goals, Objectives, and Results

The Government Performance Results Act of 1993 and the Government Performance Results Act Modernization Act of 2010 require each agency to include annually with its Budget a plan and report that establishes performance goals, describes related progress, and provides a general framework for helping to strengthen public investment results.¹⁴

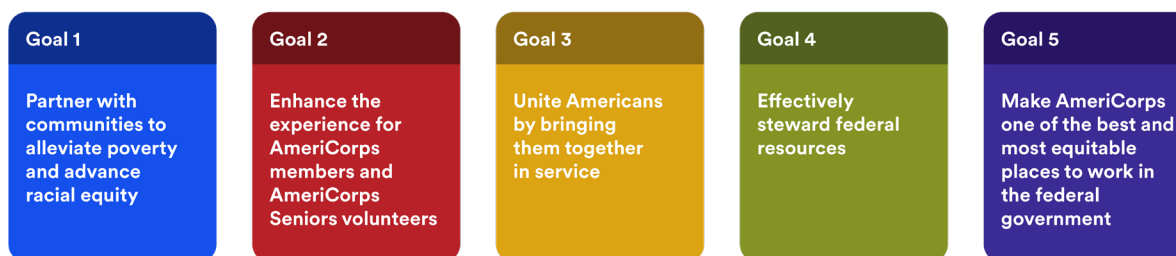
AmeriCorps will produce and transmit to Congress its FY 2025 Congressional Budget Justification with the integrated FY 2023 Annual Performance Report to provide an overall assessment of agency performance.¹⁵ The Congressional Budget Justification will be published on AmeriCorps' website.

Strategic Plan

AmeriCorps' FY 2022-2026 strategic plan provides clarity, direction, and focus on the strategic outcomes that AmeriCorps will prioritize over those five years. The strategic plan defines the agency's goals and objectives to meet and exceed the agency's mission to improve lives and strengthen communities. AmeriCorps will support the following goals to better position the agency to respond to national and local needs and help the communities it serves prosper.

AmeriCorps has a decades-long commitment to advancing racial and economic equity through national service and volunteering. These efforts are designed to expand pathways to opportunity for all Americans. Racial and economic equity will be central to AmeriCorps' planning and implementation of all priorities, ensuring AmeriCorps members and volunteers reflect the diversity of the American people and the communities in which they serve.

Goals and Objectives



¹⁴ P.L. 111-352; P.L. 103-62

¹⁵ FY 2023 actuals where available will be provided in the agency's FY 2025 Congressional Budget Justification.

Goal 1	Goal 2	Goal 3	Goal 4	Goal 5
<p>Objective 1.1 Mitigate the impacts of the COVID-19 pandemic and other public health crises</p> <p>Objective 1.2 Reduce greenhouse gas emissions, conserve lands and waters, and adapt to the changing climate</p> <p>Objective 1.3 Expand educational and economic opportunity</p> <p>Objective 1.4 Prioritize investment in the most underserved individuals and communities</p> <p>Objective 1.5 Recruit a diverse corps of members and volunteers who reflect those we are serving</p>	<p>Objective 2.1 Empower AmeriCorps members to thrive and complete their term of service, and empower AmeriCorps Seniors volunteers to continue their service</p> <p>Objective 2.2 Simplify the applicant journey and update AmeriCorps' member and volunteer technology system</p> <p>Objective 2.3 Strengthen pathways to education, employment, and other opportunities</p>	<p>Objective 3.1 Increase awareness of AmeriCorps and favorability toward national service among the American public</p> <p>Objective 3.2 Increase the number of AmeriCorps member and AmeriCorps Seniors volunteer service opportunities through partnerships and philanthropy</p> <p>Objective 3.3 Create a stronger, universal identity for AmeriCorps among members and volunteers</p> <p>Objective 3.4 Grow volunteering in America</p>	<p>Objective 4.1 Simplify AmeriCorps' application and administration procedures for grants and projects</p> <p>Objective 4.2 Modernize AmeriCorps' grant management technology</p> <p>Objective 4.3 Ensure responsible management of financial resources</p>	<p>Objective 5.1 Foster employee well-being and productivity</p> <p>Objective 5.2 Strengthen the foundation of diversity, equity, inclusion, and accessibility in the workplace</p> <p>Objective 5.3 Build a workplace culture that enables all AmeriCorps employees to thrive</p> <p>Objective 5.4 Invest in leadership development</p>

Performance Highlights

Below is a summary of FY 2023 performance highlights.¹⁶ Each section includes performance measures the agency has determined target levels of achievement, and other important indicators of accomplishment.¹⁷ The tables in each section show the annual performance goals and other contextual indicators, as published in the agency's strategic plan. Results in the tables are rounded in alignment with the rounding of the published targets. FY 2023 results marked as to be determined (TBD) will be reported in the FY 2025 Congressional Budget Justification.

¹⁶ A complete overview of the FY 2023 performance will be published in the FY 2023 Annual Performance Report in February 2024 at <https://americorps.gov/about/agency-overview/budget-performance-plans>.

¹⁷ <https://americorps.gov/about/agency-overview/strategic-plan>

Goal 1 Performance Goals¹⁸

Goal 1

Objective 1.1: Help more than 11.2 million people mitigate the impacts of COVID-19 and other public health crises.

	2021	2022	2023	2024	2025	2026
Target	-	2.2M	2.3M	2.5M	2.1M	2.1M
Actual	3.1M	2.1M	2.2M	-	-	-

Objective 1.1: By FY 2026, 66 percent of AmeriCorps program funding in mitigating the impacts of COVID-19 and other public health crises will have moderate or strong levels of evidence.

	2021	2022	2023	2024	2025	2026
Target	-	51%	55%	59%	62%	66%
Actual	59%	23%	22%	-	-	-

Objective 1.2: Help more than 3.8 million people directly by reducing greenhouse gas emissions, conserving lands and waters, and adapting to the changing climate.

	2021	2022	2023	2024	2025	2026
Target	-	0.8M	0.8M	0.8M	0.7M	0.7M
Actual	1.1M	0.5M	0.4M	-	-	-

Objective 1.2: Help improve more than 1.8 million locations and structures by reducing greenhouse gas emissions, conserving lands and waters, and adapting to the changing climate.

	2021	2022	2023	2024	2025	2026
Target	-	0.4M	0.4M	0.4M	0.3M	0.3M
Actual	0.6M	0.5M	0.4M	-	-	-

¹⁸ The 2022 and 2023 "Actual" values in the table are based on actual results from project completion reports for AmeriCorps NCCC. AmeriCorps NCCC's 2023 values are preliminary; they will be finalized in November 2023. For the AmeriCorps State & National and AmeriCorps Seniors programs, the 2022 and 2023 values are estimates derived from the performance targets established by individual grantees and subgrantees. Actual results for these programs are not available until 18 months after the fiscal year ends.

Due to award report timing, Goal 1 performance data was not available until after the end of FY, and just prior to this report's release. Therefore, AmeriCorps is still assessing performance actuals, to include year-over-year variance. Related analysis will be available in the agency's FY 2025 Congressional Budget Justification/Annual Performance Report."

Objective 1.2: By FY 2026, 70% of AmeriCorps program funding in reducing greenhouse gas emissions, conserving lands and waters, and adapting to the changing climate will have moderate or strong levels of evidence.

	2021	2022	2023	2024	2025	2026
Target	-	54%	58%	62%	66%	70%
Actual	50%	31%	35%	-	-	-

Objective 1.3: Help more than 6.2 million people expand their educational and economic opportunity.

	2021	2022	2023	2024	2025	2026
Target	-	1.4M	1.4M	1.4M	1.0M	1.0M
Actual	1.4M	1.6M	1.6M	-	-	-

Objective 1.3: By FY 2026, 89% of AmeriCorps program funding in expanding educational and economic opportunity will have moderate or strong levels of evidence.

	2021	2022	2023	2024	2025	2026
Target	-	77%	80%	83%	86%	89%
Actual	74%	77%	74%	-	-	-

Objective 1.5: Race and ethnicity of members and volunteers progressively reflects the demographic diversity of those we serve. (“Over” indicates the racial or ethnic group is over-represented in AmeriCorps compared to the general population; “Under” indicates the racial or ethnic group is under-represented in AmeriCorps compared to the general population; “No Difference” indicates insufficient evidence exists to conclude that the racial or ethnic group is under- or over-represented.)¹⁹

	2021	2022	2023 ²⁰	2024	2025	2026
AmeriCorps Members (AmeriCorps State and National, AmeriCorps VISTA, AmeriCorps NCCC)						
Non-white	Over	Over	TBD	-	-	-
Hispanic/Latino(a)	Over	Over	TBD	-	-	-
AmeriCorps Seniors Volunteers (Foster Grandparent Program, Senior Companion Program)						
Non-white	Over	Over	TBD	-	-	-
Hispanic/Latino(a)	Under	Under	TBD	-	-	-
AmeriCorps Seniors Volunteers (RSVP)						
Non-white	Under	Under	TBD	-	-	-
Hispanic/Latino(a)	Under	Under	TBD	-	-	-

¹⁹ AmeriCorps member demographic data were aggregated across all member programs, AmeriCorps Seniors volunteer demographic data were aggregated across stipended and non-stipended programs. Observed counts for race, ethnicity, and socioeconomic status-related variable levels in each aggregate data set were compared against analogous national-level population estimates given by the most-recently published versions of the US Census Bureau's American Community Survey five-year, and Public Use Microdata Samples.

AmeriCorps member race and ethnicity data is collected via the My AmeriCorps Portal. AmeriCorps Seniors data is collected via the annual Progress Report Supplement submitted by grantees. Race and ethnicity data for the US population is from the 2021 American Community Survey five-year dataset. The “racially diverse (non-White)” category in the table represents an assessment of whether non-white participants (regardless of ethnicity) are collectively over- or under-represented. See Appendix B for a breakout of results by AmeriCorps program and specific racial and ethnic demographic groups.

²⁰ FY 2023 race and ethnicity data is expected to be available in the spring of FY 2024.

Objective 1.5: Socioeconomic status of members and volunteers progressively reflects the demographic diversity of those we serve.²¹

	2021	2022	2023	2024	2025	2026
AmeriCorps members with Higher Socioeconomic Status	Not Available	Over	TBD	-	-	-
AmeriCorps Seniors Volunteers with Higher Socioeconomic Status	Not Available	Not Available	TBD	-	-	-

Goal 1 Highlights

Aligned with this goal and to advance related priorities, AmeriCorps:

- Continued to partner with communities and organizations across the country to alleviate poverty and advance racial equity. AmeriCorps programming has mitigated the impacts of COVID -19, worked to combat the effects of climate change, expanded educational and economic opportunity, and prioritized underserved communities.
- Continued to build on diversity, equity, inclusion, accessibility success. In FY 2022, AmeriCorps members were as–or more–racially and ethnically diverse than the nation. More than 22 percent of AmeriCorps members identify as African American, 21 percent identify as Hispanic/Latina/o, and six percent identify as Asian or Asian American. Among AmeriCorps Seniors volunteers serving in the Foster Grandparent Program and Senior Companion Program programs, 48 percent identify as African American. AmeriCorps continues to prioritize increasing representation among AmeriCorps programs. An update to this analysis will be provided for FY 2023 in the agency’s Congressional Budget Justification/Annual Performance Report.

²¹ AmeriCorps began collecting member socioeconomic status data in 2022. A literature review and a preliminary statistical analysis determined that mother’s highest level of education is an acceptable proxy for members’ relative socioeconomic statuses. The greater a member’s mother’s level of education, the more likely that person is to have a relatively high socioeconomic status. Data collection is pending for AmeriCorps Seniors volunteer socioeconomic status. The agency will provide information no sooner than the FY 2025 Budget in the winter of FY 2024.

Goal 2 Performance Goals

Goal 2

Objective 2.1: Percentage of AmeriCorps members who complete their service term.

	2021	2022 ²²	2023	2024	2025	2026
Target	-	81%	83%	85%	87%	89%
Actual	85%	84%	TBD	-	-	-

Objective 2.1: AmeriCorps Seniors programs will reach pre-COVID-19 enrollment levels.

	2021	2022	2023	2024	2025	2026
Target	-	150,600	161,700	172,800	183,900	195,100
Actual	140,100	142,100	TBD	-	-	-

Goal 2 Highlights

Aligned with this goal and to advance related priorities, AmeriCorps:

- Raised the living allowance for members in the AmeriCorps VISTA program from a \$17,600 minimum in FY 2022 to a \$22,880 minimum in FY 2023, raised the stipend for volunteers in the AmeriCorps Seniors Foster Grandparent and Senior Companion programs from \$3.15 in FY 2022 to \$4.00 in FY 2023, and increased the member compensation package for members in the AmeriCorps NCCC program from \$19,352 to \$21,436 (\$11.33 per hour to \$12.60 per hour) in Q4 of FY 2023 (see more in Appendix C). The living allowance, stipend, and member compensation packages are critical to helping volunteers offset the ever-growing cost of volunteering for essentials such as food and transportation among others.
- Supported the National Partnership for Student Success in collaboration with the White House, US Department of Education, and Everyone Graduates Center at Johns Hopkins University.²³ This public-private partnership was designed to meet President Biden’s call for 250,000 more tutors and mentors by 2025 to accelerate student recovery and success and provide the academic, mental health, and other support students need to unlock their full potential. In September 2023, the US Department of Education shared a fact sheet highlighting Johns Hopkins University’s findings that an estimated 187,000

²² Each fiscal year’s completion rate is based on the exit statuses of members who started service during the previous fiscal year.

²³ <https://americorps.gov/newsroom/americorps-joins-white-house-department-education-launch-national-effort-support-student>

caring adults stepped forward in the last year to provide support to students in schools - nearly 75 percent of the President’s goal.²⁴

- Continued to prioritize strengthening pathways to education and employment through funding opportunities and other agency initiatives. AmeriCorps’ Schools of National Service and Employers of National Service initiatives includes 315 schools and 754 employers as of September 2023. The agency also prioritized workforce development in Notices of Funding Opportunities for both young adults and older Americans.

Goal 3 Other Indicators

Other Goal 3 Indicators

Objective 3.1: Number of media placements made by the agency and associated with the AmeriCorps brand.

	2021	2022	2023	2024	2025	2026
Number	92,900	330,000	TBD	-	-	-

Objective 3.2: Number of ‘pitches’ to other federal agency offices about the role AmeriCorps members or AmeriCorps Seniors volunteers could play to advance their agency’s mission.

	2021	2022	2023	2024	2025	2026
Number	-	8	19	-	-	-

Goal 3 Highlights

Aligned with this goal and to advance related priorities, AmeriCorps:

In FY 2023, AmeriCorps continued to support and realize results for its newly established Centralized Recruitment Unit, the first of its kind in recent history. The Unit coordinated recruitment activities across the agency and supported external stakeholders, including grantees, state service commissions, and project sponsors in their local recruitment efforts. As a result, AmeriCorps received approximately five percent more application submissions than it received at a similar point in 2022.

²⁴ <https://www.ed.gov/news/press-releases/fact-sheet-biden-harris-administration-announces-new-actions-build-work-accelerate-learning-and-improve-student-achievement>

Additionally, since the unit’s creation in FY 2022, AmeriCorps:

- Supported the launch of a national, multifaceted paid advertising campaign to raise awareness about national service opportunities, which resulted in over 67.5 million impressions and over 559,000 clicks to the website.
- Generated thousands of leads through paid ads, social media content, select in-person recruitment events, and the website.
- Spread awareness of AmeriCorps service opportunities among over 400,000 college students and recent graduates from over 1,400 colleges and universities to date through use of the Handshake early talent recruitment platform.
- Conducted follow-up with over 32,000 leads who had started but not yet completed service applications to provide application tips, workshops, and information.
- Provided recruitment training and technical assistance to grantees and state service commissions.
- Developed strategic relationships with federal agencies (such as Peace Corps, Department of Defense, and Department of Education) and other external organizations (such as American School Counselors Association, National Association for Secondary School Principals, Superintendents Association, and Boys and Girls Clubs of America) to help AmeriCorps reach its target recruitment audiences in high volume.
- Created mechanisms for displaying and leveraging recruitment data so the team can understand the demographic characteristics of who serves with AmeriCorps and track return on investment and continue refining its strategies.

Goal 4 Performance Goals

Goal 4

Objective 4.3.3: Achieve a clean audit opinion.

	2021	2022	2023	2024	2025	2026
Target	-	Yes	Yes	Yes	Yes	Yes
Actual	No	No	No	-	-	-

Objective 4.3.3: Eliminate repeat findings.

	2021	2022	2023	2024	2025	2026
Target	-	-	-	-	-	-
Actual	11	14	TBD	-	-	-

Goal 4 Other Indicators

Other Goal 4 Indicators

Objective 4.3.3: Number of material weaknesses resolved.

	2021	2022	2023	2024	2025	2026
Number	-	-	TBD	-	-	-

Objective 4.3.3: Number of significant deficiencies resolved.

	2021	2022	2023	2024	2025	2026
Number	-	-	TBD	-	-	-

Goal 4 Highlights

Aligned with this goal and to advance related financial and operational reform priorities, AmeriCorps:

- Implemented an agency-wide governance structure to improve communication and coordination of the FOR plan.
- Launched the Rapid Assessment Team, comprised of AmeriCorps staff, financial management staff from the agency’s shared services provider, and contractors that helped other agencies achieve success in their financial transformations. The agency has detailed work plans that identify specific recommendations for remediation that lie ahead.
- Increased staff capacity and training to support improvements in financial operations by recruiting new positions to improve internal controls, strengthen the agency’s financial management, and increase budget expertise. With the help of the Rapid Assessment Team, the agency is also on track for developing and delivering training to staff by February of FY 2024.
- Awarded a blanket purchase agreement to a contractor with direct experience in improving a large government agency’s financial infrastructure resulting an unqualified audit opinion after ten years of disclaimed audit opinions.

FOR Plan's Immediate Focus

- Developing flowcharts, narratives, and written policy and procedure statement for key processes
- Providing training and cross-training protocols
- Digital and robotic transformation initiatives
- Establishing measuring and accountability protocols
- Developing and documenting defined roles and responsibilities

Goal 5 Performance Goals

Goal 5

Objective 5.2: Diversity, equity, inclusion, and accessibility is integrated into the culture and practices of the agency. At least 82 percent of AmeriCorps employees agree or strongly agree that diversity, equity, inclusion, and accessibility is integrated into the culture and practices of the agency—as reported in the Federal Employee Viewpoint Survey.²⁵

	2021	2022	2023	2024	2025	2026
Target	-	-	-	-	-	82%
Actual	-	76%	TBD	-	-	-

Objective 5.3: Employees are satisfied with their jobs, their pay, and their organization.

Global Satisfaction Index²⁶: achieve a score of at least 72 (the combined small agency average) – from a baseline of 54 in FY 2020 – on the Federal Employee Viewpoint Survey.

	2021	2022	2023	2024	2025	2026
Target	-	-	-	-	-	72%
Actual	59%	61%	TBD	-	-	-

Objective 5.4: An engaged workforce that pursues leadership development opportunities.

Employee Engagement Index²⁷: achieve a score of at least 75 (the combined small agency average) – from a baseline of 71 in FY 2020 – on the Federal Employee Viewpoint Survey.

	2021	2022	2023	2024	2025	2026
Target	-	-	-	-	-	75%
Actual	75%	76%	TBD	-	-	-

²⁵ Progress on this performance goal is currently tracked using an item from the Federal Employee Viewpoint Survey that was added by AmeriCorps in FY 2022: “Diversity, equity, inclusion and accessibility (DEIA) is integrated into the culture and practices of my workplace.” Therefore, no results are available for FY 2021.

²⁶ This index combines employees’ satisfaction with their jobs, their pay, and their organization, plus their willingness to recommend their organization as a good place to work.

²⁷ This index concentrates on factors that lead to an engaged workforce (e.g., supporting employee development, communicating agency goals).

Goal 5 Other Indicators

Other Goal 5 Indicators

Objective 5.1 Employee retention.

	2021	2022	2023	2024	2025	2026
Percent	82%	89%	84% ²⁸	-	-	-

Objective 5.3: Employee Turnover.

	2021	2022	2023	2024	2025	2026
Percent	18%	15%	19% ²⁹	-	-	-

Goal 5 Highlights

Aligned with this goal and to advance related priorities, AmeriCorps:

- Committed to leadership development and succession planning by investing in eight positions for employees to participate in a unique senior leadership development opportunity at the Federal Executive Institute, the Office of Personnel Management’s premiere leadership institute in FY 2023. The Federal Executive Institute has a demonstrated track record of shaping visionary executive leaders in the federal sector.
- Provided both supervisors and employees a clear and foundational understanding of behavioral expectations and strengthened the agency’s workplace culture by creating a set of core values. AmeriCorps’ core values are respect, empowerment, accountability, collaboration, and transparency.
- Finalized an unlimited training contract with Management Concepts through March 2028 to offer staff access to online and in-person training.
- Continued to successfully implement its future of work pilot:
 - Developed new performance management tools (e.g., handbooks).
 - Implemented employee disciplinary policy and code of conduct.
 - Strengthened performance standards.
 - Trained 95 percent of agency staff on practices to thrive in a hybrid work environment.

²⁸ The FY 2023 value is preliminary since staff payroll data is not yet available for the last week of the fiscal year. Final results will be published in the FY 2025 Congressional Budget Justification.

²⁹ The FY 2023 value is preliminary since staff payroll data is not yet available for the last week of the fiscal year. Final results will be published in the FY 2025 Congressional Budget Justification.

- Saw additional benefits such as:
 - Staff attrition has decreased to 10.5 percent from 19 percent in FY 2021 - with the largest drops seen in those 65+ and 18-24, key age brackets for experienced talent and new employees who will form the majority of the agency's workforce in the coming years.
 - Applicants per vacancy have increased to 264 from 83 in FY 2021, indicating that AmeriCorps is a competitive employer for target talent.

Changes from Previous Performance Plan

AmeriCorps has reassessed and updated the performance measures to provide more valuable insight into our operations, better track our progress, and better align with current agency priorities. For a list of performance goal additions and removals from prior plan, see Appendix C.

Limitations of the Financial Statements

The principal consolidated and trust financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of federal entities in accordance with US generally accepted accounting principles (GAAP) and the formats prescribed by the OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the US Government.

Analysis of Financial Statements

The tables and charts within this section are related to the consolidated financial statements, which represents all funds to include trust. Information related to the trust is presented within the Financial Section below.

Tables of Key Measures (Unaudited)

(in thousands)

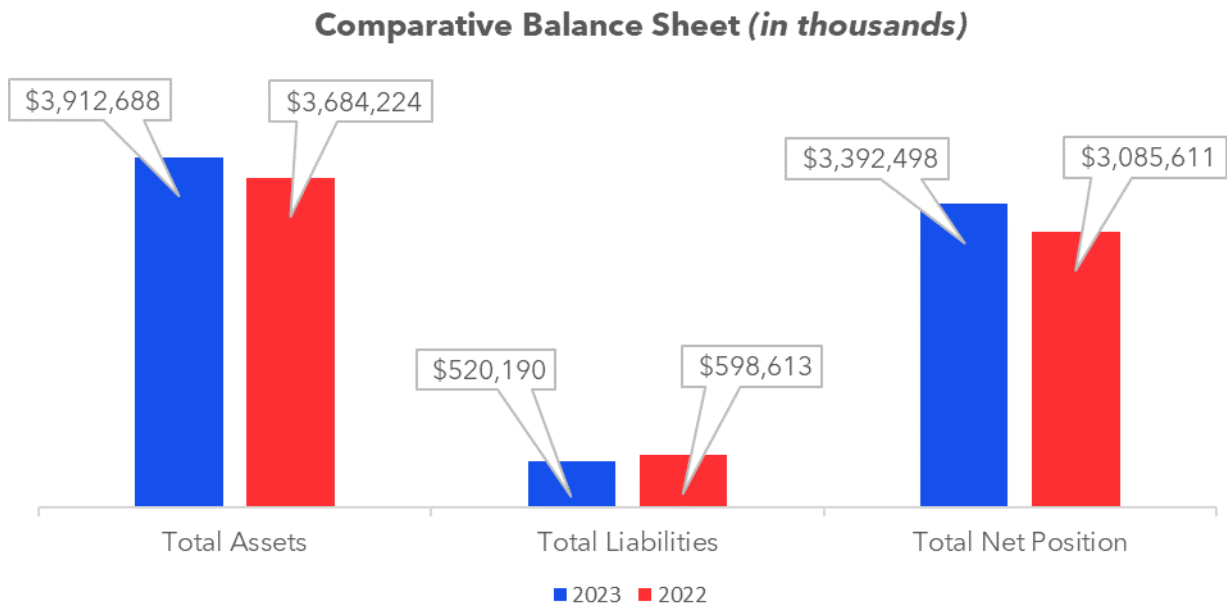
Consolidated Balance Sheet:	Unaudited 2023	Unaudited 2022	Unaudited Percent Change
Assets			
Fund Balance with Treasury	\$ 2,490,528	\$ 2,562,211	-2.8%
Investments and Related Receivables	1,396,418	1,078,367	29.5%
Accounts Receivable, Net	2,087	2,383	-12.4%
Advances to Others	17,733	38,575	-54.0%
Property and Equipment, Net	5,921	2,688	120.3%
Total Assets	\$ 3,912,688	\$ 3,684,224	6.2%
Liabilities			
Intragovernmental Accounts Payable	\$ 91	\$ 1,299	-93.0%
Advances from Others	162,619	106,156	53.2%
Trust Service Award Liability	315,389	339,766	-7.2%
Other than Intragovernment Payable	4,312	118,542	-96.4%
Federal Employee Benefits Payable	15,191	13,701	10.9%
All Other Liabilities	22,588	19,149	18.0%
Total Liabilities	\$ 520,190	\$ 598,613	-13.1%
Net Position			
Total Unexpended Appropriations	\$ 2,170,550	\$ 2,004,337	8.3%
Total Cumulative Results of Operations	1,221,948	1,081,274	13.0%
Total Net Position	\$ 3,392,498	\$ 3,085,611	9.9%
Total Liabilities and Net Position	\$ 3,912,688	\$ 3,684,224	6.2%

Consolidated Statement of Net Cost:	Unaudited 2023	Unaudited 2022	Unaudited Percent Change
Gross Costs	\$ 1,000,597	\$ 995,833	0.5%
Less: Earned revenue	(84,523)	(28,437)	197.2%
Net Cost of Operations	\$ 916,074	\$ 967,396	-5.3%

Combined Statement of Budgetary Resources:	Unaudited 2023	Unaudited 2022	Unaudited Percent Change
Unobligated Balance from prior year budget authority, net (discretionary and mandatory)	\$ 1,548,534	\$ 1,691,843	-8.5%
Appropriations (discretionary and mandatory)	1,498,882	1,537,162	-2.5%
Spending authority from offsetting collections (discretionary and mandatory)	103,670	126,103	-17.8%
Total Budgetary resources	\$ 3,151,086	\$ 3,355,108	-6.1%

Balance Sheet (Unaudited)

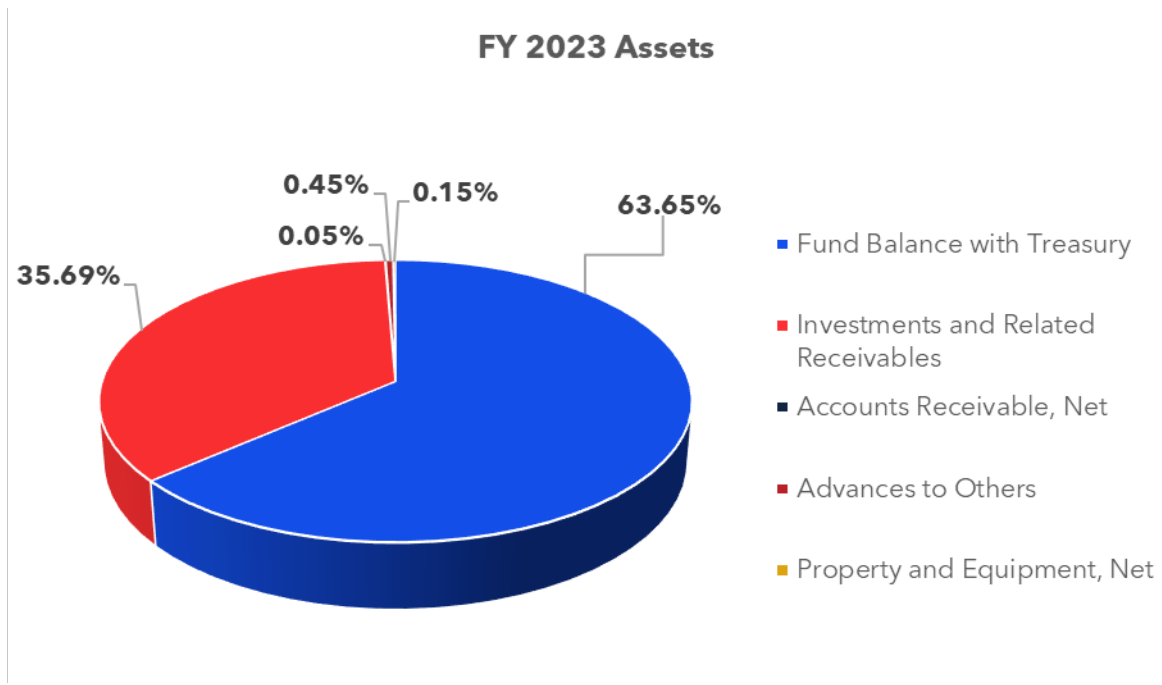
The Balance Sheet provides an overview of AmeriCorps’ financial position as of September 30, 2023, and 2022. The statement displays the current and future economic benefits owed or available for use (assets), amounts owed (liabilities) and the residual amount (net position) as of September 30.



Assets (Unaudited)

At the end of FY 2023 and 2022, AmeriCorps had \$3.9 billion and \$3.7 billion in assets, respectively. Fund Balance with Treasury and Investments in Securities formed majority of the assets. The Balance Sheet also identifies governmental and non-governmental activities.

Fund Balance with Treasury is the largest asset class, representing 64 percent of total assets. In FY 2023 there was a three percent decrease in Fund Balance with Treasury from FY 2022. Investments represents 36 percent of total assets which makes it the second largest class. Funding for the Trust investments comes from appropriations, interest earned, sponsorships and proceeds from the sale or redemptions of investments. In FY 2023, there was a four percent increase in investment activity due to a net increase in the recognition of discounts and related amortization and interest.



Liabilities (Unaudited)

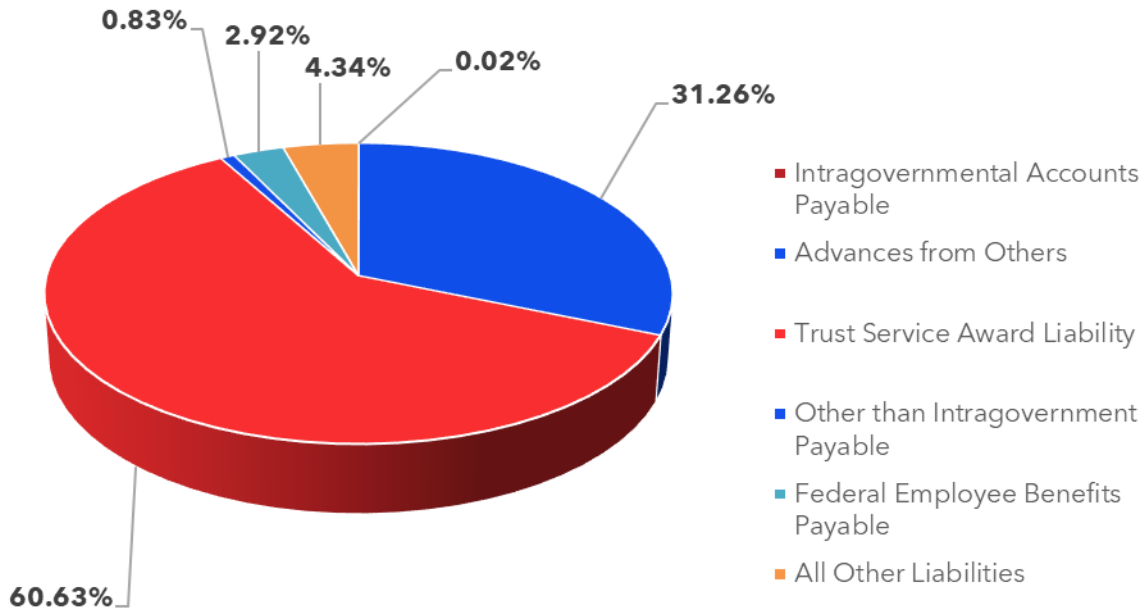
AmeriCorps liabilities, or amounts owed, were \$520 million and \$599 million for the fiscal years ended 2023 and 2022, respectively. The majority of the liabilities in FY 2023 are \$315 million in Trust Service award and \$163 million in Advances from Others. The Trust Service Award Liability represents estimates of unpaid and earned education award and interest forbearance costs that are likely to be paid.

The Advances from Others reflects amounts received for goods or services to be delivered or performed in the future. This amount increased in FY 2023 due to a change in how AmeriCorps establishes reimbursable agreements. In FY 2022 the

agreements were initially established as a Customer Order Without Advance and was modified to allow AmeriCorps to begin collecting advance funding.

All other liabilities represent deferred lease liability, technology modernization liability, employer payroll taxes, Federal Employees' Compensation (FECA) liability, and other unfunded employment related liabilities.

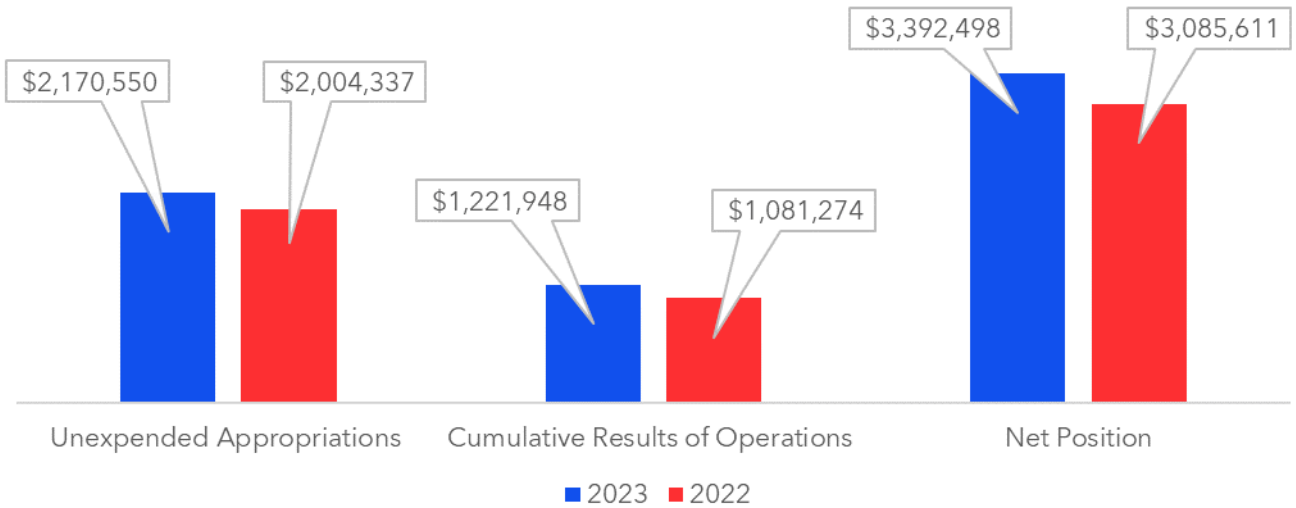
FY 2023 Liabilities



Net Position (Unaudited)

AmeriCorps' Net Position is the difference between assets and liabilities as of September 30, 2023, and 2022. Changes in Net Position result from changes in the cumulative results of operations.

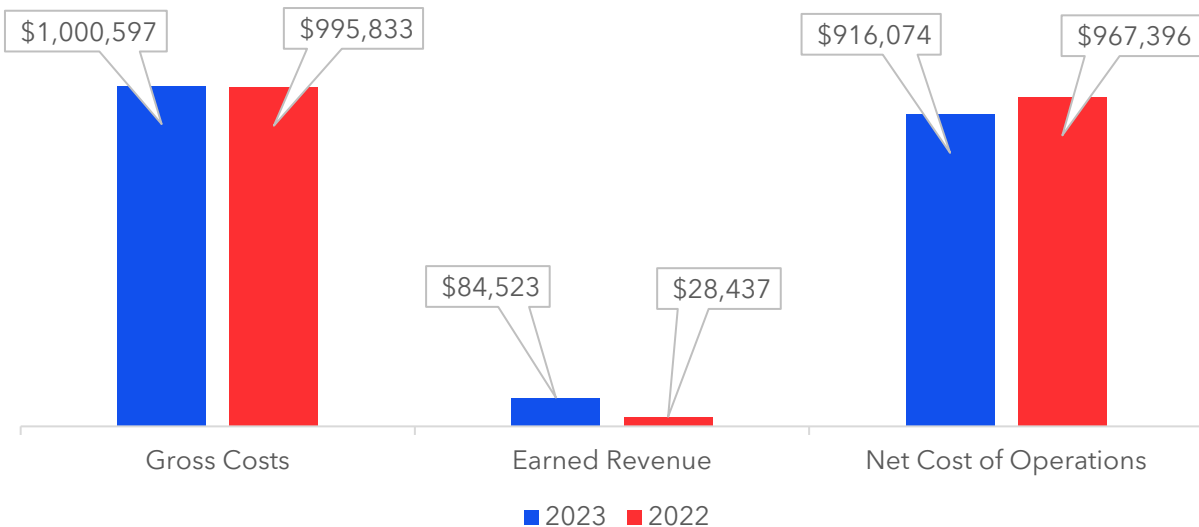
Comparative Net Position (in thousands)



Statement of Net Cost (Unaudited)

The AmeriCorps Statement of Net Cost measures the use of appropriated funds by programs (AmeriCorps VISTA, AmeriCorps NCCC, AmeriCorps State and National, AmeriCorps Seniors, AmeriCorps Seniors Foster Grandparents, AmeriCorps Seniors Companion) authorized by Congress. The AmeriCorps net cost for the years ending September 30, 2023, and 2022 were \$916 million and \$967 million, respectively. The five percent decrease in operating cost in FY 2023 is mostly due to decreases in grant activity and member payroll. AmeriCorps State and National is the largest contributor to the agency’s overall cost of operations. The program cost includes grant expenses, direct and allocated personnel, and administrative cost.

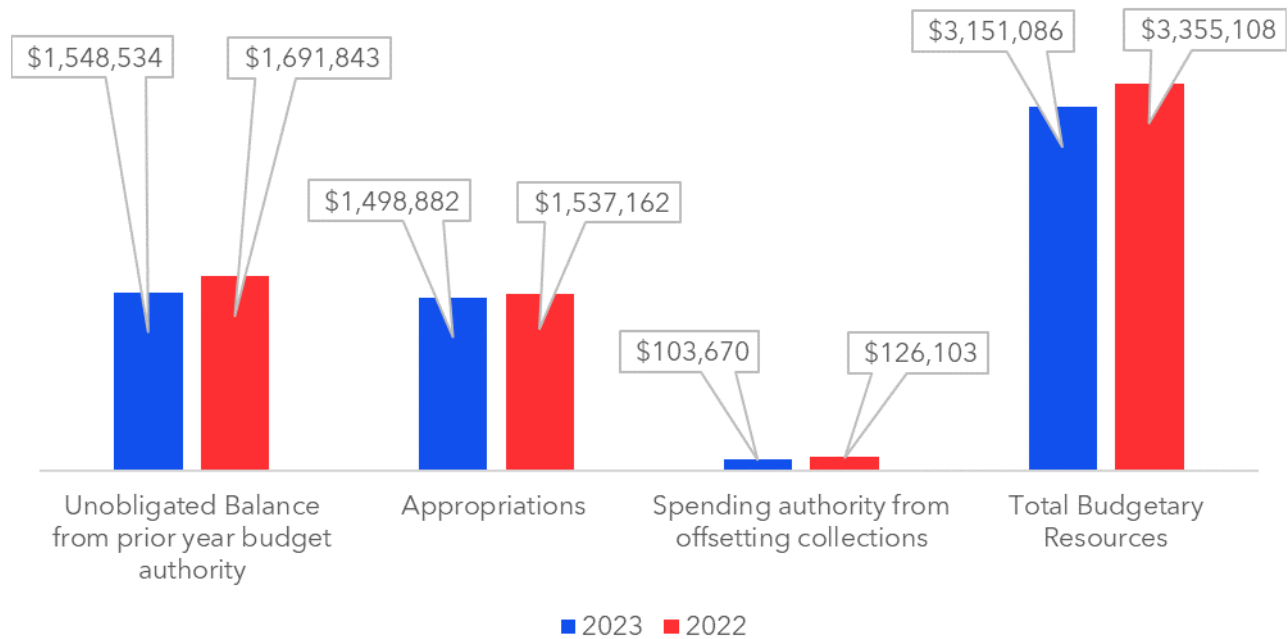
Comparative Net Cost (in thousands)



Statement of Budgetary Resources (Unaudited)

The statement of budgetary resources represents AmeriCorps’ budgetary resources, which comes from unobligated balances from prior-year appropriations, new appropriations, spending authority from offsetting collections, and receipts from other sources such as collections of disallowed costs from grantees at the end of the reporting fiscal year.

Comparative Budgetary Resources (in thousands)

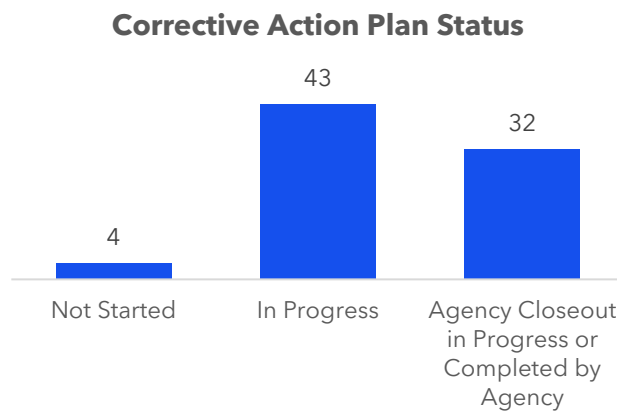


Analysis of Systems, Controls, and Legal Compliance

In FY 2023 AmeriCorps has continued implementation of an agency-wide Enterprise Risk Management (ERM) program. The requirements for implementing Enterprise Risk Management are outlined in the Office of Management and Budget Circular No. A-123. It requires agencies to implement ERM processes and to establish, assess, and report annually on internal controls and correct control deficiencies. To that end, the AmeriCorps ERM program seeks to identify, measure, and assess risks related to mission delivery and maintains a risk profile. The program also assesses which agency risks will be mitigated and outlines mitigation strategies. The ERM program will continue to mature in FY 2024 with the goal being that Enterprise Risk information will be more fully integrated into agency culture to facilitate and improve decision-making at every level.

The following are highlights of some achievements related to our systems, controls, and legal compliance in FY 2023:

- Implemented new audit management practices; standardized a root cause analysis process for corrective action plan development; and established an Office of Reporting, Compliance, and Audit, which developed and implemented procedures for audit document review and quality assurance.
- Completed work on 32 of 79 prior audit recommendations as of September 30, 2023, with the new central coordination efforts for audit remediation and the implementation of the corrective action plans.



- Continued to use a shared services platform to receive expert technical support related to the financial managements. We have worked with our shared service provider to standardize our financial statements and notes; and improving the alignment of our financial reporting processes.
- Initiated a position management program to better integrate financial and human capital planning and improve talent optimization. Infrastructure investments to support institutionalizing the program will enable workforce planning to inform and prioritize current and future talent needs, while also

strengthening the agency's succession planning and knowledge management capabilities.

- Prioritized a modernization initiative that will replace legacy systems that support grantmaking, member and volunteer management business processes, and related financial management operations with modern technology systems. AmeriCorps plans to leverage the new systems to derive insight into our programs, grants, members, and volunteers. In addition, this modernization initiative will help us reduce our dependency on application-dependent reporting and improve our ability to make data-driven decisions based on information coming from multiple sources.
- Acquired a Commercial Off the Shelf grants management system and are preparing to award a vendor for the in-house development of the member and volunteer management system. We are set to enter Stage 4 of the project in FY 2024, which includes the soft systems launch, interoperability testing across grants and member and volunteer management systems, user training and resource development, and planning to decommission of the legacy systems.
- Made substantial efforts to enhance the overall maturity of its enterprise-wide cybersecurity program by prioritizing cybersecurity initiatives, implementing mobile device protection measures, and implementing tools and strategic changes throughout FY 2023, which improved the agency's overall Federal Information Security Modernization Act rating.

While we accomplished a lot, we note that much work remains to improve the agency's internal controls. As in prior years, the agency cannot provide reasonable assurance as to the effectiveness of internal controls over operations, reporting, and compliance, as such, we are issuing a Statement of No Assurance.



FY 2023 Statement of No Assurance

AmeriCorps management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. AmeriCorps conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment and the other factors stated below, the Agency is unable to provide assurance that internal control over operations, reporting, and compliance was operating effectively.

AmeriCorps is committed to effective stewardship of federal resources. During Fiscal Year 2023, AmeriCorps worked diligently on areas identified as material weaknesses in prior year audits. AmeriCorps will continue to invest in efforts toward a robust and stable control environment, implementation of audit remediations and achieving a clean audit opinion.

A handwritten signature in black ink, appearing to read 'Michael D. Smith', positioned above a horizontal line.

Michael D. Smith
Chief Executive Officer
AmeriCorps



AmeriCorps.gov



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Washington, D.C. 20525
202-606-5000/ 800-942-2677





List of FY 2023 Material Weaknesses

Audit Area	Description of Material Weakness	First Year Reported
Internal Control Environment	Knowledge and skill gaps continue to exist with AmeriCorps personnel related to financial management and appropriate processes not in place to provide assurance over the reliability and completeness of financial and performance data. Finding areas include: <ul style="list-style-type: none"> a. Risk Management (Modified Repeat) b. Processes (Modified Repeat) c. Knowledge and Skills Gap (Modified Repeat) d. Fraud Risk Management (New) 	2018
Financial Reporting*	AmeriCorps' financial reporting process continues to lack sufficient processes and internal controls to ensure complete, reliable, accurate, and timely financial statements and the accompanying notes are prepared in a timely manner. Finding areas include: <ul style="list-style-type: none"> a. Preparing and Reviewing Financial Reports (Modified Repeat) b. Adequate Support for Financial Information in a Timely Manner (Modified Repeat) 	2017
General Ledger Adjustments	AmeriCorps continues to rely heavily on journal entries (JEs) to correct financial reporting issues instead of fixing the root causes of the need for these JEs.	2022
Undelivered Orders - Grants and Grant Activity**	AmeriCorps has net differences in Grants UDO due to configuration issues, with amounts uncorrected and unreconciled.	2018
Other Disbursements	For some samples, AmeriCorps was unable to provide sufficient documentation to substantiate its disbursement and that controls were operating effectively.	2023
Undelivered Orders - Procurement and Accounts Payable)***	Differences between the original procurement documents plus or minus modifications (if any) and the expenditures did not agree with the UDO amount recorded in the General Ledger (GL).	2018





Audit Area	Description of Material Weakness	First Year Reported
Trust Obligations and Liability Model (TOLM)**	AmeriCorps' Trust Liability balance and records contain potentially unreliable data. AmeriCorps has not completed its data input validation to the Trust Obligation Liability Model (TOLM).	2017
Recoveries of Prior Year Obligations	<p>AmeriCorps was unable to provide support for the 78 sample items selected, totaling \$154 million absolute value. Prior year's material weakness and related recommendations remain open and unimplemented. Prior year material weakness include:</p> <p>AmeriCorps recorded amounts for Recoveries of Prior Year Unpaid Obligations that were significantly different from the supported recovery amounts in the net amount of \$155,145,125 (\$155,187,151 in absolute). For Prior Year Recoveries (PYR) related to a grant closeout, the recovery amount did not equal the difference of the total amount awarded through the time of the grant closeout, less total reported expenditures through the time of the grant closeout. For PYR related to an amendment on an active grant, the recovery amount did not agree to the amount de-obligated per the Notice of Grant Award.</p>	2018
Grant Processes (including Grant Accrual, Advances, and Undelivered Orders)*	<p>AmeriCorps was unable to accommodate a walkthrough, stating that a new grants process was still going through approval. Additionally, AmeriCorps personnel were unable to articulate or provide documentation supporting the post-award grants process. Prior year findings remain open and include:</p> <ol style="list-style-type: none"> a. AmeriCorps has not assessed the accuracy of its Compound Method used to calculate its grant accrual. b. AmeriCorps utilizes a rate of error to assess whether the accrual calculated is within an acceptable range. However, AmeriCorps did not establish a threshold or range for assessing reasonableness with its approach including its calculation of its rate of error. Additionally, there is a flaw in AmeriCorps' rate of error calculation, as AmeriCorps is using the net difference, which understates the actual rate of error that exists if absolute difference for each quarter were used. 	2017





Audit Area	Description of Material Weakness	First Year Reported
	<p>c. AmeriCorps identified discrepancies in the grants payable and advance balances reported in the Momentum, Oracle, and PMS systems.</p> <p>d. AmeriCorps erroneously used the liquidation amount in their grant advance validation process instead of using the estimated advance offset.</p> <p>e. AmeriCorps overstated grant advances in 42 of 26 samples. Extrapolating auditor test results, AmeriCorps likely overstated grant advances by \$31.7 million or 85 percent.</p> <p>AmeriCorps was unable to show evidence of how fixed priced grants were included in the grant accrual calculation or considered within the expenditures used to validate the accrual.</p>	
Advances from Others**	Open findings from prior year remain open, including: AmeriCorps was unable to provide underlying support for the advance liquidation amounts and was unable to provide sufficient documentation to explain the basis for the standard voucher entries nor provide additional documentation to support the amount recorded through the standard vouchers. Auditors were unable to ascertain the entire Advances from Others amount of \$106,156,295 as of September 30, 2022.	2022
Migration to Shared Service*	<p>AmeriCorps was unable to provide sufficient appropriate evidence in a timely manner related to journal entry and grant obligation test work procedures and the prior year's material weakness and the related recommendations remain open and unimplemented. Prior year findings include:</p> <ul style="list-style-type: none"> a. AmeriCorps did not devote sufficient resources to complete general ledger account configuration and compatibility issues. Configuration and compatibility issues still exist. b. Reclassification of pre-conversion entries erroneously recorded as direct fund instead of reimbursable fund. c. Corrections of remaining prior year balances due to de-obligation of open agreements that needed to be closed out. d. Correction of pre-conversion entries relating to wrong posting logic in Momentum. 	2021





Audit Area	Description of Material Weakness	First Year Reported
Other Liabilities	Prior year recommendations remain open, including: <ul style="list-style-type: none"> • AmeriCorps should reconcile the amounts reported for other liabilities and verify all transactions are supported and properly classified and should strengthen internal reporting financial controls, including the proper posting of member payroll. 	2018
Fund Balance with Treasury*	a. Policies and procedures are not in place to govern the reconciliation of Fund Balance with Treasury business process. b. Inability to test a critical control for operating effectiveness due to resolution timing.	2021

* AmeriCorps Internal Control Program identified a material weakness in this process in FY 2023.

** AmeriCorps Internal Control Program identified a significant deficiency in this process in FY 2023

*** AmeriCorps Internal Control Program identified a material weakness in Accounts Payable and a significant deficiency in Procurement Management.



SECTION II - FINANCIAL SECTION (UNAUDITED)

Message from the Chief Financial Officer



November 15, 2023

It is my privilege to join AmeriCorps' Chief Executive Officer in presenting the agency's FY 2023 Annual Management Report. As stewards of taxpayer dollars, AmeriCorps has a responsibility to the American people to be transparent and accountable for our federal spending. The unaudited consolidated and trust financial statements and accompanying notes presented in this report provide an in-depth account of the activities and challenges to effectively steward taxpayer dollars.

AmeriCorps recognizes the need for a multi-year financial and operational reform effort and implemented a financial and operational reform (FOR) plan in January 2023. The agency's FOR plan is our number one priority and will strategically strengthen the agency's financial and resources management through:

- continuous process improvement,
- remediation of internal controls, and
- enhancement of governance and cross-agency communication to support a more efficient and higher performing agency.

We are confident this multi-year plan will have a dramatic positive impact on the agency. As part of the FOR plan, we are prioritizing our people, processes, and systems. In addition, we are identifying the root causes of the issues, priorities, and critical path improvements to strengthen our agency's financial management practices.

We have already made significant progress to increase efficiency and minimize risk around the agency's financial management and operations. The following highlights are just a few of the many achievements in FY 2023:

Prioritizing Our People

- Established the first-ever Office of Chief Financial Officer organizational strategy. The strategy will present actionable efforts to sustain the FOR plan framework and operational improvements by aligning staff capabilities within the agency and goals, identifying and addressing organization and staffing gaps, and providing measures of progress toward agency financial and

operational maturity. The strategy will be used to govern decisions that support continuous improvement of staff skills, system modernization, and process improvements.

- Enhanced talent management under the leadership of the Chief Human Capital Officer and designing new training for specific financial processes with the support of the rapid assessment team contractors.
- Adopted a detailed project plan for developing and delivering training to staff by February 2024 on the five material weakness areas identified for accelerated remediation to ensure our staff are well-equipped to sustain the agency's progress.

Prioritizing Our Processes

- Launched the FOR plan in January 2023, which includes a documented vision for the future, detailed work steps, accountability and dashboard monitoring, and communication protocols with stakeholders. AmeriCorps secured funding for contractor support for the first year of the FOR plan and executed a blanket purchase agreement to efficiently engage services as needed.
- Engaged a senior advisor and other contractors to help with the financial and operational transformation and to carry out key remediation efforts.
- Awarded a Comprehensive and Targeted Reform Blanket Purchase Agreement to efficiently engage contractor services as needed, a first for the agency. Under the Blanket Purchase Agreement, AmeriCorps will be able to engage and receive the expertise of the contractors for a large array of FOR activities such as project management, systems accounting, internal controls design, report writing, and more.
- Re-established the agency's Board of Directors Oversight and Governance Committee, which regularly meets with management to ensure adherence to the FOR plan and recommend course corrections if required.
- Transitioned the Office of Procurement Services to become a part of the Office of Chief Financial Officer, helping to streamline AmeriCorps' resource management.
- Reduced improper payment rates dramatically as a result of changes made to National Service Criminal History Check requirements and agency-wide corrective actions. The improper payment estimates published for RSVP in FY 2022 and audited in FY 2023 demonstrated a significant improper payment rate reduction due to improvements in National Service Criminal History Check compliance. As a result, the program is no longer required to undergo Phase Two level testing and report a statistically valid improper payment rate under the Payment Integrity Information Act of 2019. This program had been required to undergo Phase Two-level testing since 2014.

Prioritizing Our Systems

- Focused our efforts on developing our data migration plan and a thoughtful strategy for decommissioning legacy systems. We are pleased to be at the stage of our modernization initiative where we can begin preparing for critical system integrations, like those between the grants management system and Administrative Resource Center Oracle financials.
- Standardized our consolidated and trust financial statements procedures and worked toward automating financial reporting processes by leveraging a cloud-based solution for producing consolidated and trust financial statements, footnotes, and supporting reconciliations. This effort will provide a more standard, controlled, automated process for preparing and producing the consolidated and trust financial statements and footnotes helping to mitigate audit concerns related to the use of non-standardized Excel templates and manual edits.
- Completed over 1,100 user stories representing the business requirements our vendor will use to build the functionality of our new grants management system. This summer, the agency began user acceptance testing (UAT) for the first of three “system releases” that will move us toward system launch next year. User acceptance testing for Release 1 was completed in October and AmeriCorps is beginning user acceptance testing for Release 2 currently.

While the agency had many successes in FY 2023, we know much work remains to improve and strengthen AmeriCorps’ ability to maintain the highest financial management and operational standards.

This year, AmeriCorps received a disclaimer of opinion on the consolidated and trust financial statements and has multiple material weaknesses. AmeriCorps is committed to addressing and remediating the material weaknesses and significant deficiencies identified in the FY 2023 Financial Statement Audit Report. We will continue to make progress towards improving our agency’s financial management and operations through the FOR plan, with a continued focus on investing in our people, improving our processes, and modernizing our systems and technology. As AmeriCorps’ Chief Financial Officer, I remain committed to improving the agency’s financial operations while also fulfilling the agency’s mission.

In service,



Malena Brookshire
Chief Financial Officer
AmeriCorps

Consolidated Financial Statements (Unaudited)

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AMERICORPS
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Assets:		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 2,490,528	\$ 2,562,211
Investments, Net (Note 3)	1,396,418	1,078,367
Accounts Receivable, Net (Note 4)	802	1,319
Advances and Prepayments (Note 6)	1,109	68
Total Intragovernmental Assets	<u>\$ 3,888,857</u>	<u>\$ 3,641,965</u>
Other than Intragovernmental Assets:		
Accounts Receivable, Net (Note 4)	1,286	1,064
General Property, Plant, and Equipment, Net (Note 5)	5,921	2,688
Advances and Prepayments (Note 6)	16,624	38,507
Total Other than Intragovernmental Assets	<u>\$ 23,831</u>	<u>\$ 42,259</u>
Total Assets	<u><u>\$ 3,912,688</u></u>	<u><u>\$ 3,684,224</u></u>
Liabilities (Note 7):		
Intragovernmental Liabilities:		
Accounts Payable (Note 8)	\$ 91	\$ 1,299
Advances from Others and Deferred Revenue (Note 9)	162,538	105,992
Other Liabilities (Note 10):		
Other Liabilities (Without Reciprocal)	335	-
Other Liabilities	-	360
Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets	86	-
Other Current Liabilities - Benefit Contributions Payable	2,860	3,371
Deferred Lease Liability	5,860	2,170
Technology Modernization Liability	5,000	5,250
Total Intragovernmental Liabilities	<u>\$ 176,770</u>	<u>\$ 118,442</u>
Other than Intragovernmental Liabilities:		
Accounts Payable (Note 8)	4,312	118,542
Federal Employee and Veteran Benefits Payable	15,191	13,701
Advances from Others and Deferred Revenue (Note 9)	81	165
Other Liabilities (Note 10):		
Trust Service Award Liability (Note 11)	315,389	339,761
Accrued Funded Payroll and Leave	6,225	5,974
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	2,222	2,028
Total Other than Intragovernmental Liabilities	<u>\$ 343,420</u>	<u>\$ 480,171</u>
Total Liabilities	<u><u>\$ 520,190</u></u>	<u><u>\$ 598,613</u></u>
Commitments and Contingencies (Note 13)		
Net Position:		
Total Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 2,170,550	\$ 2,004,337
Total Cumulative Results of Operations - Funds from Other than Dedicated Collections	1,221,948	1,081,274
Total Net Position	<u>\$ 3,392,498</u>	<u>\$ 3,085,611</u>
Total Liabilities and Net Position	<u><u>\$ 3,912,688</u></u>	<u><u>\$ 3,684,224</u></u>

The accompanying notes are an integral part of these principal financial statements.

AMERICORPS
CONSOLIDATED STATEMENTS OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Gross Program Costs:		
VISTA:		
Gross Costs	\$ 135,132	\$ 129,606
Less: Earned Revenue	(4,329)	(5,132)
Net Program Costs	<u>\$ 130,803</u>	<u>\$ 124,474</u>
NCCC:		
Gross Costs	\$ 87,618	\$ 55,534
Less: Earned Revenue	(6,267)	(6,723)
Net Program Costs	<u>\$ 81,351</u>	<u>\$ 48,811</u>
STATE AND NATIONAL:		
Gross Costs	\$ 516,830	\$ 580,198
Less: Earned Revenue	(73,898)	(16,578)
Net Program Costs	<u>\$ 442,932</u>	<u>\$ 563,620</u>
STATE COMMISSION:		
Gross Costs	\$ 30,408	\$ 26,569
Net Program Costs	<u>\$ 30,408</u>	<u>\$ 26,569</u>
SENIOR CORPS:		
Gross Costs	\$ 216,168	\$ 194,237
Less: Earned Revenue	-	(5)
Net Program Costs	<u>\$ 216,168</u>	<u>\$ 194,232</u>
Other Programs:		
Gross Costs	\$ 14,440	\$ 9,690
Less: Earned Revenue	(28)	-
Net Program Costs	<u>\$ 14,412</u>	<u>\$ 9,690</u>
Net Cost of Operations	<u>\$ 916,074</u>	<u>\$ 967,396</u>

The accompanying notes are an integral part of these principal financial statements.

AMERICORPS
CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Unexpended Appropriations:		
Beginning Balance	\$ 2,004,337	\$ 2,132,423
Adjustments:		
Corrections of Errors	-	495
Beginning Balance, as Adjusted	<u>\$ 2,004,337</u>	<u>\$ 2,132,918</u>
Appropriations Received	1,312,806	1,150,636
Appropriations Transferred In/Out	1,251	1,750
Other Adjustments	(28,761)	(28,649)
Appropriations Used	<u>(1,119,083)</u>	<u>(1,252,318)</u>
Net Change in Unexpended Appropriations	<u>\$ 166,213</u>	<u>\$ (128,581)</u>
Total Unexpended Appropriations	<u>\$ 2,170,550</u>	<u>\$ 2,004,337</u>
Cumulative Results of Operations:		
Beginning Balance	\$ 1,081,273	\$ 792,417
Adjustments:		
Corrections of Errors	-	(494)
Beginning Balance, as Adjusted	<u>\$ 1,081,273</u>	<u>\$ 791,923</u>
Other Adjustments	(755)	(2,635)
Appropriations Used	1,119,083	1,252,318
Non-Exchange Revenue	832	2,841
Donations and Forfeitures of Cash and Cash Equivalents	(12)	43
Transfers In/Out Without Reimbursement	(70,139)	-
Imputed Financing (Note 14)	7,905	4,427
Other	(165)	(247)
Net Cost of Operations	<u>(916,074)</u>	<u>(967,396)</u>
Net Change in Cumulative Results of Operations	<u>\$ 140,675</u>	<u>\$ 289,351</u>
Total Cumulative Results of Operations	<u>\$ 1,221,948</u>	<u>\$ 1,081,274</u>
Net Position	<u>\$ 3,392,498</u>	<u>\$ 3,085,611</u>

The accompanying notes are an integral part of these principal financial statements.

AMERICORPS
COMBINED STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) (Note 15)	\$ 1,548,534	\$ 1,691,843
Appropriations (Discretionary and Mandatory)	1,498,882	1,537,162
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	103,670	126,103
Total Budgetary Resources	<u>\$ 3,151,086</u>	<u>\$ 3,355,108</u>
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (total)	\$ 2,023,554	\$ 2,092,898
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	776,687	849,980
Unapportioned, Unexpired Accounts	113,527	252,628
Unexpired Unobligated Balance, End of Year	<u>\$ 890,214</u>	<u>\$ 1,102,608</u>
Expired Unobligated Balance, End of Year	237,318	159,602
Unobligated Balance, End of Year (total)	<u>\$ 1,127,532</u>	<u>\$ 1,262,210</u>
Total Budgetary Resources	<u>\$ 3,151,086</u>	<u>\$ 3,355,108</u>
Outlays, Net and Disbursements, Net:		
Outlays, Net (total) (Discretionary and Mandatory)	\$ 1,267,866	\$ 1,255,709
Distributed Offsetting Receipts	(230,675)	(2,649)
Agency Outlays, Net	<u>\$ 1,037,191</u>	<u>\$ 1,253,060</u>

The accompanying notes are an integral part of these principal financial statements.

Notes to the Consolidated Financial Statements (Unaudited)



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (UNAUDITED)

A. Reporting Entity

AmeriCorps³⁰ provides opportunities for Americans to make an ongoing, intensive commitment to service through the following programs:

- AmeriCorps State and National³¹
- AmeriCorps VISTA³²
- AmeriCorps NCCC³³
- AmeriCorps State Service Commission Support Grants (State Commission Support)³⁴
- AmeriCorps Seniors³⁵

AmeriCorps was created by the National and Community Service Trust Act of 1993 (Public Law [P.L.] 103-82³⁶). To meet its mission, AmeriCorps provides grants and other assistance to states, local communities, and nonprofit organizations to help communities meet critical challenges in the areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and veterans and military families through service.

³⁰ <https://americorps.gov/>

³¹ <https://americorps.gov/serve/americorps/americorps-state-national>

³² <https://americorps.gov/serve/americorps/americorps-vista>

³³ <https://americorps.gov/serve/americorps/americorps-nccc>

³⁴ <https://www.americorps.gov/grantees-sponsors/state-commissions>

³⁵ <https://americorps.gov/serve/americorps-seniors>

³⁶ <https://www.govinfo.gov/content/pkg/STATUTE-107/pdf/STATUTE-107-Pg785.pdf>

B. Basis of Accounting and Presentations

The accompanying consolidated financial statements have been prepared in accordance with US GAAP and accounting standards issued by the Federal Accounting Standards Advisory Board and in the format prescribed by the OMB Circular No. A-136, Financial Reporting Requirements, as amended. The Federal Accounting Standards Advisory Board is recognized by the American Institute of Certified Public Accountants as the official accounting standards-setting body for US government entities. The consolidated financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of AmeriCorps, as required by the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Government Corporation Control Act (31 U.S.C. §9106).

Throughout the consolidated financial statements and notes, certain assets, liabilities, earned revenues, and costs have been classified as intragovernmental, which is defined as transactions made between two reporting entities within the Federal Government. Transactions are recorded on both an accrual and budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred without regard to receipt or payment of cash. Budgetary accounting principles, on the other hand, are designed to facilitate compliance with the legal requirements, controls, monitoring, and reporting on the use of federal funds.

AmeriCorps presents the Balance Sheets, Statements of Net Cost, and Statements of Changes in Net Position on a consolidated basis, which is a summation of the AmeriCorps programs. The Statement of Budgetary Resources is presented on a combined basis, which is the summation of Budgetary Resources, Status of Budgetary Resources, and Outlays, Net. The balances and activity of budgetary accounts are used to prepare the Statements of Budgetary Resources.

C. Accounting for Intragovernmental and Other than Intragovernmental

The Treasury Financial Manual, Volume I, Part 2, Chapter 4700, provides guidance for reporting and reconciling intragovernmental balances. The Statement of Federal Financial Accounting Standards No. 1, Accounting for Selected Assets and Liabilities, defines recognition, measurement, and disclosure requirements for intragovernmental assets and liabilities.

Intragovernmental assets and liabilities represent transactions that are made between federal reporting entities. Intragovernmental assets are claims that other federal reporting entities owe to AmeriCorps. Intragovernmental liabilities are claims that AmeriCorps owes to other federal reporting entities. Other than intragovernmental assets and liabilities represent transactions with public entities, such as state and local

government or any agency, office, or department run by a state and local government. Other than intragovernmental assets are claims that public entities owe to AmeriCorps. Other than intragovernmental liabilities are claims that AmeriCorps owes to public entities.

Intragovernmental asset and liability transactions are reported separately from other than intragovernmental asset and liability transactions.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. Fund Balance with Treasury represents the aggregate amount of the agency's accounts with the Department of Treasury (Treasury) available to pay current liabilities and finance authorized purchases, except as restricted by law. AmeriCorps' Fund Balance with Treasury balances are primarily appropriated expenditure, receipt, revolving, trust, and deposit fund accounts remaining as of the end of the fiscal year. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

AmeriCorps does not maintain commercial bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Funds are disbursed for the agency on demand.

For additional information, see Note 2, *Fund Balance with Treasury (Unaudited)*.

E. Revenues and Other Financing Sources

AmeriCorps recognizes revenue as exchange or non-exchange revenue in accordance with Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*. AmeriCorps recognizes exchange revenue at the time that goods or services are provided to an other than intragovernmental or intragovernmental entity. Non-exchange revenues are recognized primarily from interest penalties and administrative fees, but also includes donations. These are reported in the Consolidated Statements of Changes in Net Position.

Other financing sources, other than exchange and non-exchange revenue, include additional inflows of resources that increase results of operations during the reporting period. AmeriCorps' other financing sources come from unexpended appropriation transfers in/out and non-expenditure transfers in/out and are recognized as financing sources when used. Other financing sources also include: (1) transfers in/out without reimbursement; (2) imputed financing with respect to costs subsidized by another federal entity; and (3) donations.

AmeriCorps recognizes imputed financing when it receives goods and services from other federal entities at no cost or at a cost less than the full cost to the providing entity. AmeriCorps recognizes imputed costs when certain costs of the providing entity are not fully reimbursed. These are reported in the Consolidated Statements of Changes in Net Position.

F. Investments, Net

AmeriCorps has the authority in accordance with the standards and requirements provided in the Treasury Financial Manual, Volume I, Part 2, Chapter 4700³⁷ to invest in US government securities. The securities include marketable Treasury securities issued by the Bureau of the Fiscal Service. Market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. It is expected that investments will be held until maturity; therefore, they are classified as investment securities held to maturity and are carried at historical cost, adjusted for amortization of premiums and discounts. The amortization of premiums and discounts are recognized as adjustments to interest income using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

For additional information, see Note 3, *Investments, Net (Unaudited)*.

G. Accounts Receivable, Net

Intragovernmental Accounts Receivable. Intragovernmental receivables are primarily from the sale of products and services to other federal agencies. These reimbursable arrangements generally reduce the duplication of effort within the federal government, resulting in a lower cost of Federal programs and services. Intragovernmental receivables are generally considered to be fully collectible as there is no credit risk.

Other than intragovernmental accounts receivable are receivables that are due from the public.

For additional information, see Note 4, *Accounts Receivable, Net (Unaudited)*.

H. Advances and Prepayments

Payments made in advance of the receipt of goods and services are recorded as advances or prepayments and recognized as expenses when the related goods and

³⁷ <https://fm.fiscal.treasury.gov/v1/p2/c470>

services are received. Financing payments (such as progress payments, performance-based payments, etc.) on work in process are generally recognized as a cost for work performed and not included in advances and prepayments.

For additional information, see Note 6, *Other Assets (Unaudited)*.

I. Liabilities

Liabilities represent a financial or service obligation that hasn't been fulfilled or paid in full.

AmeriCorps reports its liabilities under two categories, intragovernmental and other than intragovernmental. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, Actuarial Federal Employees' Compensation Act (FECA), and the amounts due to Treasury for collection.

For additional information, see Note 7, *Liabilities (Unaudited)*.

J. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS) covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS) covered employees.

For additional information, see Note 7, *Liabilities (Unaudited)*.

K. Accrued and Actuarial Workers' Compensation

The FECA administered by the US Department of Labor addresses all claims brought by AmeriCorps employees for on-the-job injuries. The Department of Labor bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that AmeriCorps Service terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the Department of Labor, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to the Department of Labor. The liability consists of (1) the net present value of estimated future payments calculated by the Department of Labor, and (2) the unreimbursed cost paid by the Department of Labor for compensation to recipients under the FECA.

For additional information, see Note 7, *Liabilities (Unaudited)*.

L. Retirement Plans

AmeriCorps employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of AmeriCorps matching contributions, equal to seven percent of pay, distributed to their annuity accounts in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984, through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987, are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the Federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and AmeriCorps matches any employee contribution up to an additional four percent of pay. For FERS participants, AmeriCorps also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, AmeriCorps remits the employer's share of the required contribution.

AmeriCorps recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to AmeriCorps for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance

benefits. AmeriCorps recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

AmeriCorps does not report on its consolidated financial statement information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

For additional information, see Note 12, *Inter-Entity Cost (Unaudited)*.

M. Other Post-Employment Benefits

AmeriCorps employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided AmeriCorps with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. AmeriCorps recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM and offset by AmeriCorps through the recognition of an imputed financing source.

For additional information, see Note 12, *Inter-Entity Cost (Unaudited)*.

N. Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions, and exercise judgment that affects the reported amounts of assets, liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses incurred during the reporting period. These estimates are based on management's best knowledge of current events, historical performance, actions that AmeriCorps may take in the future, and various other assumptions that are believed to be reasonable under the circumstances. Due to the size and complexity of many of the AmeriCorps programs, the estimates are subject to a wide range of variables, including assumptions on future economic and financial events. Accordingly, actual results could differ from those estimates.

O. Reclassification

Due to the Migration to Treasury's Administrative Resource Center, AmeriCorps is continuing to analyze certain FY 2023 balances to determine if they should be reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation. Until the research and analysis of the

balances is completed, AmeriCorps will not be able to determine if reclassifications are needed.

P. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Q. Federal Employee and Veteran Benefits Payable

Federal Employee and Veteran Benefits Payable - AmeriCorps calculates and reports liabilities and related expenses for pensions, other retirement benefits (ORB), and other post-employment benefits (OPEB) in accordance with Statement of Federal Financial Accounting Standards 5, Accounting for Liabilities of the Federal Government. Liabilities for Federal employee and veteran benefits include the actuarial portion of these benefits and unfunded accrued annual leave, but not the liabilities related to employee funded accrued salary or annual leave, which are reported in Other Liabilities.

R. Trust Service Award Liability

The Trust Service Award Liability represents unpaid education awards and eligible student loan interest forbearance costs, which are expected to be used upon certification. These amounts relate to participants who have completed service based on AmeriCorps' historical experience.

For additional information, see Note 11, *Trust Service Award (Unaudited)*.

S. Expenses

In accordance with SFFAC 5, Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements, expenses are recognized in the same period when there are outflows, usage of assets, or incurrences of liabilities (or a combination) from carrying out functions related to AmeriCorps's activity and related programs.

T. Cumulative Results of Operations

The Cumulative Results of Operations, presented on the Balance Sheet and on the Statement of Changes in Net Position, represents the cumulative results of operations. This is the accumulated difference between expenses and financing sources since the inception of the agency. AmeriCorps' Net Position is the difference between assets and liabilities.

U. Other Matters

AmeriCorps updated some of the FY 2022 rounded amounts in the FY 2023 Annual Management Report for the consolidated financial statements and notes tables to reflect a more accurate rounding presentation. The cumulative dollar amounts for the FY 2022 rounding updates are immaterial.

NOTE 2. FUND BALANCE WITH TREASURY (UNAUDITED)

The Fund Balance with Treasury is an asset account that shows the available budget spending authority for AmeriCorps. Collections and disbursements increase or decrease the balance in the Fund Balance with Treasury account. Funds are available only for the purposes for which they are appropriated, and AmeriCorps reports changes to this account to the Treasury through monthly reporting.

Fund Balance with Treasury account balances as of September 30, 2023, and 2022 were as follows (in thousands, unaudited):

	Unaudited	2023	2022
Status of Fund Balance with Treasury:			
Unobligated Balance			
Available	\$	776,687	\$ 849,980
Unavailable		605,132	646,187
Obligated Balance Not Yet Disbursed		2,479,302	2,137,373
Net of Unamortized Discount		(1,372,815)	(1,073,357)
Non-Budgetary FBWT		2,222	2,028
Total	\$	2,490,528	\$ 2,562,211

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amounts of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations. The FY 2023 unavailable unobligated balance reflects \$150 million for temporary rescission, \$104 million for investment interest revenue (accrued since 2009), \$114 million for trust reserves, and \$237 million for unobligated appropriation authority from prior years-unavailable for new obligations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

The net of unamortized discount represents the amount of investments purchased offset by the applied discounts and reflects the portion of the investment that remains to be amortized over the life of the investment. The discount is the amount by which the investment purchase price is lower than net asset value, which is dependent on market trends.

NOTE 3. INVESTMENTS, NET (UNAUDITED)

Investments, Net as of September 30, 2023, consist of the following (in thousands, unaudited):

Unaudited	Cost/ Aquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Investments:						
Market-based						
Bills	\$ 416,460	Interest	\$ 7,003	\$ -	\$ 423,463	\$ 423,103
Notes	956,355	Interest	14,629	1,971	972,955	967,355
Total Intragovernmental Investments	\$ 1,372,815		\$ 21,632	\$ 1,971	\$ 1,396,418	\$ 1,390,458

Note: There are no unrealized gains/(losses) to report for FY 2023 Investments.

Investments, Net as of September 30, 2022, consist of the following (in thousands, unaudited):

Unaudited	Cost/ Aquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Investments:						
Market-based						
Bills	\$ 545,381	Interest	\$ 3,370	\$ -	\$ 548,751	\$ 546,166
Notes	527,977	Interest	1,456	183	529,616	518,589
Total Intragovernmental Investments	\$ 1,073,358		\$ 4,826	\$ 183	\$ 1,078,367	\$ 1,064,755

Note: There are no unrealized gains/(losses) to report for FY 2022 Investments.

NOTE 4. ACCOUNTS RECEIVABLE, NET (UNAUDITED)

Accounts Receivable balances as of September 30, 2023, and 2022 were as follows (in thousands, unaudited):

	Unaudited	2023	2022
Intragovernmental			
Accounts Receivable	\$	802	\$ 1,319
Total Intragovernmental Accounts Receivable	\$	802	\$ 1,319
Other than Intergovernmental			
Accounts Receivable	\$	1,614	\$ 1,383
Allowance		(328)	(319)
Total Other than Intragovernmental Accounts Receivable	\$	1,286	\$ 1,064
Total Accounts Receivable	\$	2,088	\$ 2,383

Accounts Receivable represents amounts due to AmeriCorps primarily under federal and nonfederal reimbursable agreements, grantee audit resolution determinations, outstanding travel advances due from employees and Criminal History Check requirements. An allowance for doubtful accounts is established for reporting purposes based on an estimate of receivables that may ultimately be uncollectable.

Historical activity has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2023, and 2022.

NOTE 5. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET (UNAUDITED)

General property, plant, and equipment represents furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. AmeriCorps' capitalization threshold is \$50,000 for individual purchases and \$250,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (Years)</u>
Equipment	10
Telecommunication Equipment	6
Automated Data Processing Equipment	3
Software	2

For additional information about the right-to-use lease assets beginning in FY 2024, see Note 12. Leases (Unaudited).

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2023 (in thousands, unaudited):

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 5,125	\$ 2,980	\$ 2,145
Furniture & Equipment	756	168	588
Software	3,861	673	3,188
Total	\$ 9,742	\$ 3,821	\$ 5,921

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2022 (in thousands, unaudited):

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 5,125	\$ 2,528	\$ 2,597
Furniture & Equipment	1,533	1,442	91
Software	-	-	-
Total	\$ 6,658	\$ 3,970	\$ 2,688

NOTE 6. OTHER ASSETS (UNAUDITED)

Advances and Prepayments are made in contemplation of the future performance of services, receipt of goods, incurrence of expenditures, or receipt of other assets, excluding those made as Outstanding Contract Financing Payments (in thousands, unaudited).

	Unaudited	2023	2022
Intragovernmental			
Advances and Prepayments	\$	1,109	\$ 68
Total Intragovernmental	\$	1,109	\$ 68
Other than Intragovernmental			
Advances and Prepayments		16,624	38,507
Total Other than Intragovernmental	\$	16,624	\$ 38,507
Total Other Assets	\$	17,733	\$ 38,575

NOTE 7. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES (UNAUDITED)

The liabilities for AmeriCorps as of September 30, 2023, and 2022 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities (in thousands, unaudited):

	Unaudited	2023	2022
Intragovernmental:			
Other			
Intragovernmental - FECA	\$	1,238	\$ 1,296
Intragovernmental - Unemployment Insurance		496	687
Deferred Lease Liabilities		10,860	7,420
Total Intragovernmental:	\$	12,594	\$ 9,403
Other than Intragovernmental:			
Other			
Other than Intragovernmental - Unemployment Insurance		708	-
Unfunded Leave		5,905	5,136
Actuarial FECA		8,368	8,384
Total Other than Intragovernmental:	\$	14,981	\$ 13,520
Total Liabilities Not Covered by Budgetary Resources	\$	27,575	\$ 22,923
Total Liabilities Covered by Budgetary Resources		492,529	575,690
Total Liabilities Not Requiring Budgetary Resources		86	-
Total Liabilities	\$	520,190	\$ 598,613

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on AmeriCorps' behalf and payable to the Department of Labor. AmeriCorps also records an actuarial liability for future workers compensation claims based on the liability to benefits paid ratio provided by the Department of Labor and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 8. ACCOUNTS PAYABLE (UNAUDITED)

AmeriCorps awards grants to nonprofit organizations, educational institutions, states, municipalities, and other external organizations. Grants become budgetary obligations, but not liabilities, at the time they are awarded.

In FY 2023, management decided to end using the Compound Method of grants accrual estimation, designed around estimating an incurred but not reported to interface as a payable in the agency's consolidated financial statements. The methodology did not result in a tangible benefit to overcome the previously identified material weaknesses, and its further use in fiscal year 2023 and beyond is unlikely to remediate past issues. In addition, structural changes occurring with the Department of Health and Human Services' Payment Management System's Federal Cash Transaction Report in June 2023 simplified how the agency recognizes advances/prepayments when grantees draw funds. As a result, replacing The Compound Method is an immediate desirable action for the agency. AmeriCorps is examining new accrual methodologies to implement in fiscal year 2024 that will align with the structural changes with the Department of Health and Human Services' Payment Management System retirement of the Federal Cash Transaction Report. AmeriCorps' management will continue to pursue a final state grants advances and incurred but not reported approach using best practice functionality and will develop new policies to ensure that a formal accrual process is identified and implemented.

NOTE 9. ADVANCES FROM OTHERS AND DEFERRED REVENUE (UNAUDITED)

Advances from others and deferred revenue are amounts received for goods or services to be delivered or performed in the future, and reflect amounts that have yet to be earned, and are not otherwise classified as advances or repayments.

In FY 2023, advances were received from the Federal Emergency Management Agency (\$5.9 million), and the Centers for Disease Control and Prevention (\$88 million) to leverage national service resources in support of improving disaster response, recovery, readiness, preparedness, and mitigation efforts to tackle problems in communities and make a positive public health impact.

NOTE 10. OTHER LIABILITIES (UNAUDITED)

Other Liabilities includes amounts recognized in accordance with Statement of Federal Financial Accounting Standards 5, Accounting for Liabilities of the Federal Government, and consists primarily of Benefits Program Contributions Payable, Accrued Funded Payroll and Leave, and Trust Service Award Liability.

	Unaudited	2023	2022
Intragovernmental			
Other Liabilities (Without Reciprocals)	\$	335	\$ -
Other Liabilities		-	360
Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets		86	-
Other Current Liabilities - Benefit Contributions Payable		2,860	3,371
Deferred Lease Liability		5,860	2,170
Technology Modernization Liability		5,000	5,250
Total Intragovernmental Other Liabilities	\$	14,141	\$ 11,151
Other than Intragovernmental			
Trust Service Award Liability		315,389	339,761
Accrued Funded Payroll and Leave		6,225	5,974
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections		2,222	2,028
Total Other than Intragovernmental Other Liabilities	\$	323,836	\$ 347,763
Total Other Liabilities	\$	337,977	\$ 358,914

NOTE 11. TRUST SERVICE AWARD (UNAUDITED)

A. Service Award Liability

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The education award generally must be used within seven years of completion date of an approved term of national service. If the education award is transferred to an eligible individual or is a Summer of Service award (which was available to youth enrolled in grades six through nine), the use period is ten years. These awards, as well as interest forbearance payments on qualified student loans during the period members perform their service, are paid from the National Service Trust Fund. The Service Award Liability as of September 30, 2023, and 2022 is as follows (in thousands, unaudited):

	Unaudited	2023	2022
Cumulative Education Awards Earned	\$	4,637,455	\$ 4,490,202
Cumulative Interest Forbearance Earned		132,941	132,749
Total Cumulative Awards Earned	\$	4,770,396	\$ 4,622,951
Less: Discount for Usage and Statistics		(997,263)	(931,129)
Less: Cumulative Awards paid		(3,505,333)	(3,399,052)
Total Liability for Awards Earned	\$	267,800	\$ 292,770
Total Liability for Awards not yet Earned		47,589	46,991
Total	\$	315,389	\$ 339,761

Under the provisions included in its annual appropriations and under 42 U.S.C. 12601a, AmeriCorps is also authorized to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants.

B. Service Award Expense

Members serving in approved national service positions are eligible to earn a service award to pay for qualified education expenses. The National Service Trust also pays interest forbearance costs on qualified student loans during the period members perform community service.

AmeriCorps estimates the expense for national service awards based on the increase in its cumulative service award liability during the year. The total service award liability as of September 30, 2023, and 2022, has been adjusted to reflect the fact that earned awards are not always used. (in thousands, unaudited)

	Unaudited	2023	2022
Estimated Education Awards		\$ 77,744	\$ 94,909
Estimated Interest Forbearance		4,144	5,068
National Service Award Expense		\$ 81,888	\$ 99,977
Trust American Recovery Plan Act Administrative Expense		4,778	785
Total National Service Award Expense		\$ 86,666	\$ 100,762

The amount reported above for National Service Award Expense is the expense related directly to Education Awards and Interest Forbearance Awards. The Trust American Recovery Plan Act Administrative Expenses are related to the indirect cost of administering the Awards and are included in our trust financial statements but are not part of Education Award and Interest Forbearance Award Expense.

NOTE 12. LEASES (UNAUDITED)

AmeriCorps leases office space through the General Services Administration. AmeriCorps follows the guidance that is prescribed in the General Services Administration Leasing Policy and Desk Guide which contains authorities, policies, technical and procedural guides, and administrative limitations governing the acquisition of real property. The General Services Administration charges AmeriCorps a Standard Level Users Charge that approximates commercial rental rates for similar properties. AmeriCorps NCCC also leases housing facilities for its campuses. Additionally, AmeriCorps leases motor vehicles on an annual basis through the General Services Administration under an Interagency Fleet Management Service agreement for AmeriCorps NCCC. The leases are renewable with no purchase or escalation clause. AmeriCorps is currently researching their lease portfolio to determine which reporting categories are applicable to AmeriCorps, as

defined by the new lease guidance in Statement of Federal Financial Accounting Standards 54, Leases, which is effective for FY 2024 reporting. The following schedule presents future minimum rental commitments under operating leases as of September 30 of each year.

Fiscal Year	Unaudited	Asset Category			Totals	
		Building, Facilities and Space	Vehicles	Equipment (Other)	Federal	Non Federal
2024		\$ 11,975	\$ 864	\$ 174	\$ 5,486	\$ 7,527
2025		12,599	874	174	5,633	8,014
2026		13,265	884	174	5,786	8,537
2027		13,976	894	174	5,942	9,102
2028		14,735	905	174	6,104	9,710
*After 5 Years		87,062	4,692	870	37,319	55,305
Total Future Lease Payments		\$ 153,612	\$ 9,113	\$ 1,740	\$ 66,270	\$ 98,195

* The "After 5 Years" calculation is based on assumptions for the next five years, FY 2029 to 2033.

The operating lease amount does not include estimated payments for leases with annual renewal options.

NOTE 13. COMMITMENTS AND CONTINGENCIES (UNAUDITED)

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. AmeriCorps recognizes contingent liabilities in the balance sheet and statement of net cost when it is both probable and can be reasonably estimated. AmeriCorps discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote.

AmeriCorps does not have any commitments or contingencies as of September 30, 2023, and 2022.

NOTE 14. INTER-ENTITY COSTS (UNAUDITED)

AmeriCorps recognizes certain imputed costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. AmeriCorps recognizes imputed costs as the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities

associated with such benefits are the responsibility of the administering agency, OPM.

For the periods ended September 30, 2023, and 2022, inter-entity costs were as follows (in thousands, unaudited):

	Unaudited	2023	2022
Office of Personnel Management	\$	7,905	\$ 4,427
Total Imputed Financing Sources	\$	7,905	\$ 4,427

NOTE 15. STATEMENT OF BUDGETARY RESOURCES (UNAUDITED)

A. Unobligated Balances

Unobligated balances as of September 30, 2023, and 2022, were as follows (in thousands, unaudited):

	Unaudited	2023	2022
Unobligated Balance Brought Forward From Prior Year, October 1	\$	1,262,210	\$ 1,535,063
Recoveries of Prior Year Obligations		310,089	412,386
Other Changes in Unobligated Balances		(23,765)	(255,606)
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$	1,548,534	\$ 1,691,843

B. Undelivered Orders at the End of the Period

Budgetary resources obligated for undelivered orders as of September 30, 2023, were as follows (in thousands, unaudited):

	Unaudited	Intragovernmental	Other than Intragovernmental	Total
Paid Undelivered Orders	\$	1,110	\$ 16,624	\$ 17,734
Unpaid Undelivered Orders		13,161	2,144,917	2,158,078
Total Undelivered Orders	\$	14,271	\$ 2,161,541	\$ 2,175,812

Budgetary resources obligated for undelivered orders as of September 30, 2022, were as follows (in thousands, unaudited):

	Unaudited	Intragovernmental	Other than Intragovernmental	Total
Paid Undelivered Orders	\$	68	\$ 38,507	\$ 38,575
Unpaid Undelivered Orders		10,634	1,664,478	1,675,112
Total Undelivered Orders	\$	10,702	\$ 1,702,985	\$ 1,713,687

C. Explanation of differences between the Statement of Budgetary Resources and the Budget of the U.S. Government

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanation of material differences between amounts reported in the Combined Statement of Budgetary Resources and the actual balances published in the Budget of the U.S. Government (the President’s Budget).

There was no material difference between the FY 2022 Statement of Budgetary Resources and the President’s FY 2024 budget submission. The President’s FY 2025 Budget with actual numbers for FY 2023 has not yet been published and will be available at a later date at the White House website.³⁸ AmeriCorps expects no material differences between the President’s Budget actual amounts and the FY 2023 reported results when the budget becomes available in February 2024.

The “Other” line represents rounding, timing, and other immaterial differences between AmeriCorps’ Combined Statement of Budgetary Resources and the Budget of the United States.

The President’s Budget is reported in millions (unaudited).

	Unaudited	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$	3,355	\$ 2,093	\$ 3	\$ 1,253
Distributed Offsetting Receipts		-	-	(3)	3
Spending Authority from Offsetting Collections		(231)	-	-	-
Other		(3)	(75)	-	1
Budget of the U.S. Government	\$	3,121	\$ 2,018	\$ -	\$ 1,257

NOTE 16. RECONCILIATION OF NET COST TO NET OUTLAYS (UNAUDITED)

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information (in thousands, unaudited).

³⁸ <https://www.whitehouse.gov/omb/budget/>

**RECONCILIATION OF NET COST TO NET OUTLAYS
BUDGET TO ACCRUAL RECONCILIATION
FOR THE YEARS ENDED SEPTEMBER 30, 2023
(In Thousands)**

	Unaudited	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	\$	(18,412)	\$ 934,486	\$ 916,074
Components of Net Cost Not Part of the Budgetary Outlays				
Property, Plant, and Equipment Depreciation Expense	\$	-	\$ (1,376)	\$ (1,376)
Property, Plant, and Equipment Disposals & Revaluations		-	(7)	(7)
Increase/(Decrease) in Assets:				
Accounts Receivable, Net		(517)	222	(295)
Securities and Investments		18,593	-	18,593
Other Assets		1,041	(18,021)	(16,980)
(Increase)/Decrease in Liabilities:				
Accounts Payable		2,804	114,235	117,039
Federal Employee and Veteran Benefits Payable		-	(641)	(641)
Other Liabilities		(61,873)	24,163	(37,710)
Financing Sources:				
Imputed Cost		(7,905)	-	(7,905)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$	(47,857)	\$ 118,575	\$ 70,718
Components of the Budget Outlays That Are Not Part of Net Operating Cost				
Acquisition of Capital Assets	\$	-	\$ 4,616	\$ 4,616
Financing Sources:				
Donated Revenue		-	(12)	(12)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$	-	\$ 4,604	\$ 4,604
Misc Items:				
Distributed Offsetting Receipts	\$	-	\$ (230,675)	\$ (230,675)
Custodial/Non-Exchange Revenue		-	(832)	(832)
Non-Entity Activity		755	-	755
Other Temporary Timing Differences		(1)	2	1
Appropriated Receipts for Trust/Special Funds		276,536	10	276,546
Total Other Reconciling Items	\$	277,290	\$ (231,495)	\$ 45,795
Total Net Outlays (Calculated Total)	\$	211,021	\$ 826,170	\$ 1,037,191

NOTE 17. COVID-19 ACTIVITY (UNAUDITED)

The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a US\$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021, to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession.

The American Rescue Plan contained \$1 billion for AmeriCorps and many of its programs. This funding positioned the agency to make significant, targeted investments needed to further support the Administration’s top priority to provide immediate relief related to the pandemic, with a specific focus on support for underserved and disproportionately impacted communities.

The funding will continue to make service more accessible and inclusive, increase the diversity, cultural experiences, and number of AmeriCorps members and AmeriCorps Seniors volunteers serving in communities across the country, and to help stabilize existing national service programs and expand into new communities.

COVID-19 activity as of September 30, 2023, were as follows (in thousands, unaudited):

	Unaudited	Technology Modernization Fund	American Rescue Plan Operating and Program Expenses	Public Health AmeriCorps Operating and Program Expenses	American Rescue Plan Salaries and Expenses	Public Health AmeriCorps Salaries and Expenses
COVID-19 Activity						
Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from PY	\$	7,000	\$ 303,948	\$ 30,189	\$ 55,462	\$ 5,714
New Budgetary Resources (+)		5,000	-	84,107	-	9
Rescissions (-)/Other Changes (+/-) to Budgetary Resources		-	51,459	6,960	72	4,385
Budgetary Resources Obligated (-)		8,660	332,962	97,776	24,301	5,015
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	\$	3,340	\$ 22,445	\$ 23,480	\$ 31,233	\$ 5,093
Outlays, Net (Total)	\$	4,688	\$ 201,313	\$ (54,153)	\$ 23,419	\$ 1,403

COVID-19 activity as of September 30, 2022, were as follows (in thousands, unaudited):

	Unaudited	Technology Modernization Fund	American Rescue Plan Operating and Program Expenses	Public Health AmeriCorps Operating and Program Expenses	American Rescue Plan Salaries and Expenses	Public Health AmeriCorps Salaries and Expenses
COVID-19 Activity						
Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from PY	\$	-	\$ 519,401	\$ -	\$ 70,503	\$ -
New Budgetary Resources (+)		7,000	-	102,270	-	8,182
Rescissions (-)/Other Changes (+/-) to Budgetary Resources		-	157,249	-	-	-
Budgetary Resources Obligated (-)		-	372,702	72,081	15,041	2,468
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	\$	7,000	\$ 303,948	\$ 30,189	\$ 55,462	\$ 5,714
Outlays, Net (Total)	\$	-	\$ 49,586	\$ (99,858)	\$ 12,210	\$ (6,864)

Independent Auditors' Report on the Consolidated Financial Statements (Unaudited)



OFFICE OF INSPECTOR GENERAL

**AUDIT OF AMERICORPS' FISCAL YEAR 2023
CONSOLIDATED FINANCIAL STATEMENTS**

OIG Report 24-01

Prepared by:

RMA Associates LLC
1005 North Glebe Road, Suite 610
Arlington, VA 22201



OFFICE OF INSPECTOR GENERAL


November 15, 2023

MEMORANDUM TO: Michael D. Smith
Chief Executive Officer


FROM: Monique P. Colter *Monique P. Colter*
Assistant Inspector General for Audit

SUBJECT: Audit of AmeriCorps' Fiscal Year 2023 Consolidated Financial Statements, OIG Report 24-01

We contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to audit the consolidated financial statements of AmeriCorps for the fiscal year (FY) ended September 30, 2023. The contract required RMA to express an opinion on whether AmeriCorps' FY 2023 financial statements are fairly presented, in all material respects; report on internal controls over financial reporting; and report on compliance with the provisions of laws, regulations, contracts, and grant agreements. The contract also required RMA to conduct the audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*.

- **Disclaimer of Opinion:** AmeriCorps continues to have unresolved accounting issues and material weaknesses in internal control that cause AmeriCorps to be unable to provide sufficient appropriate evidential matter in a timely manner for complete and accurate consolidated financial statements. As a result of these matters, RMA was unable to determine the effect of the lack of sufficient appropriate audit evidence, and whether any adjustments might have been found necessary in respect of recorded or unrecorded balances on AmeriCorps' consolidated financial statements as of and for the years ended September 30, 2023 and 2022.
- **12 material weaknesses and two significant deficiencies in AmeriCorps' internal control over financial reporting.** RMA reported the following material weaknesses and two significant deficiencies, Information Technology Security Controls (Modified Repeat) and Internal Software Cost (Modified Repeat), as described in [Exhibits I and II](#) of this report:
 1. Internal Controls Environment (Modified Repeat)
 2. Financial Reporting (Modified Repeat)

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OFFICE OF INSPECTOR GENERAL


3. General Ledger Adjustments (Modified Repeat)
4. Undelivered Orders – Grants and Grant Activity (Modified Repeat)
5. Other Disbursements (New)
6. Undelivered Orders – Procurement and Accounts Payable (Repeat)
7. Trust Obligations and Liability Model (Repeat)
8. Recoveries of Prior Year Obligations (Modified Repeat)
9. Grant Processes
10. Advances from Others (Modified Repeat)
11. Migration to Shared Service (Modified Repeat)
12. Other Liabilities (Modified Repeat)

- RMA considered AmeriCorps’ compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, RMA does not express such an opinion.


Had the scope of RMA’s work been sufficient to enable RMA to express an opinion on the consolidated financial statements, other instances of noncompliance or other matters may have been identified and reported.

As part of our contract oversight, we reviewed RMA’s report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with GAGAS, was not intended to enable us to express, and we do not express, an opinion on the consolidated financial statements.

RMA is responsible for the attached independent auditors’ report, dated November 15, 2023, and the conclusions expressed therein. However, our review disclosed no instances where RMA did not comply, in all material respects, with GAGAS.

cc: Jenny Mauk, Chief of Staff
 Gina Cross, Chief Operating Officer
 Malena Brookshire, Chief Financial Officer
 Prabhjot Bajwa, Chief Information Officer
 Fernando Laguarda, General Counsel
 Jill Graham, Chief Risk Officer
 Rachel Turner, Audits and Investigations Program Manager
 Stephen Ravas, Acting Inspector General
 Debra Thomas, Partner, RMA Associates LLC

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Independent Auditor's Report

Board of Directors, Chief Executive Officer, and Inspector General
AmeriCorps:

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of AmeriCorps, which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of net cost, consolidated statements of changes in net position, and the combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements (collectively, referred to herein as the 'consolidated financial statements').

We do not express an opinion on the accompanying consolidated financial statements of AmeriCorps. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence in a timely manner to provide a basis for an audit opinion on the consolidated financial statements.

Basis for Disclaimer of Opinion

AmeriCorps continues to have unresolved accounting issues and material weaknesses in internal control that cause AmeriCorps to be unable to provide sufficient appropriate evidential matter in a timely manner for complete and accurate consolidated financial statements. As a result of these matters, we were unable to determine the effect of the lack of sufficient appropriate audit evidence, and whether any adjustments might have been found necessary in respect of recorded and unrecorded balances on AmeriCorps' consolidated financial statements as of and for the years ended September 30, 2023 and 2022.

Furthermore, the consolidated financial statements and accompanying notes as of and for the years ended September 30, 2023 and 2022 (1) were not in accordance with U.S. generally accepted accounting principles, (2) were not in compliance with the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, (OMB A-136), and (3) had mathematical errors and inconsistencies.

Other Matters – Interactive Data

Management has elected to reference information on websites or other forms of interactive data outside the Annual Management Report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or other interactive data has not been subjected to any of our procedures, and accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of AmeriCorps' consolidated financial statements in accordance with the U.S. generally accepted auditing standards (GAAS), *Government Auditing Standards*, and OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence in a timely manner to provide a basis for an audit opinion on these consolidated financial statements.

We are required to be independent of AmeriCorps and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Required Supplementary Information

U.S. generally accepted accounting principles require the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context.

We were unable to apply certain limited procedures to the Required Supplementary Information in accordance with GAAS because management did not provide sufficient appropriate evidential matter in a timely manner. We do not express an opinion or provide any assurance on the information.

Report on Internal Control over Financial Reporting

In connection with our engagement to audit AmeriCorps' consolidated financial statements, we considered AmeriCorps' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of AmeriCorps' internal control. Accordingly, we do not express an opinion on the effectiveness of AmeriCorps' internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying [Exhibit I](#) and [Exhibit II](#), we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies, respectively. The status of prior year recommendations is in [Exhibit III](#).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Report on Compliance and Other Matters

In connection with our engagement to audit the basic consolidated financial statements, we considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion.

We were not able to perform the applicable tests of compliance due to the aforementioned inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the consolidated financial statements.

AmeriCorps' Response to Audit Findings and Recommendations

AmeriCorps' Response to Audit Findings and Recommendations comments can be found in [Appendix A](#). AmeriCorps expressed concurrence and nonconcurrence to our findings and recommendations. AmeriCorps' response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The Purpose of the Other Reporting Required by *Government Auditing Standards*

The purpose of the communication described in the Other Reporting on Internal Control and the Report on Compliance and Other Matters sections is solely to describe the deficiencies we consider to be material weaknesses and significant deficiencies, the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

RMA Associates

Arlington, VA
November 15, 2023

Exhibit I – Material Weaknesses

I. Internal Control Environment (Modified Repeat)

Establishing internal controls that meet Federal standards is a core responsibility of AmeriCorps' management.¹ Thus, AmeriCorps' executive leadership made financial and operational reform a top priority and began making significant investments in its financial management operations, including procuring contractor support to advise senior leadership on financial reform and work with management to develop processes and accompanying policies and procedures. However, in its statement of no assurance dated October 17, 2023, AmeriCorps acknowledged its system of internal control does not currently provide the necessary level of assurance in any of the three required areas, internal control over operations, reporting, and compliance.

AmeriCorps continues to demonstrate an ineffective internal control program. Specifically, AmeriCorps' risk profile was not sufficiently designed to achieve its stated control objectives, appropriate processes were not in place to provide assurances over the reliability and completeness of its financial and performance data, and knowledge and skills gap continue to exist with AmeriCorps personnel related to financial management.² Also, AmeriCorps needs to identify the correlation between financial reporting and the potential and known fraud committed by grantee and subgrantee recipients.

A. Risk Management (Modified Repeat)

Federal Managers Financial Integrity Act (FMFIA) requires management to continuously monitor, assess, and improve the effectiveness of internal control objectives identified as part of its risk profile to support the annual assessment and report on internal control. Management must have processes in place to assess whether risks continue to exist, new risks have emerged, and the impact of those risks in providing assurance on the effectiveness of controls. Entity-level controls (ELCs) are controls that have a pervasive effect on an entity's internal control system and may pertain to multiple components. ELCs may include controls related to the entity's risk assessment process, control environment, service organizations, management override, and monitoring.

AmeriCorps' Office of Chief Risk Officer (OCRO) reported in its ELC Assessment that 8 of the 17 principles were not sufficiently designed to achieve its stated control objectives for

¹ Federal Managers Financial Integrity Act of 1982 (FMFIA), Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and the Government Accountability Office's *Standards for Internal Control in the Federal Government* (GAO Green Book).

² Technology issues exist as a contributing factor to the poor internal control environment. Refer to Migration to Shared Service.

effective internal control based on the Government Accountability Office (GAO) Green Book³ framework.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

1. Design and implement control activities to address 8 of the 17 Government Accountability Office Green Book framework principles that were not sufficiently designed during its FY 2023 Entity Level Control Assessment. (New)

B. Processes (Modified Repeat)

Although AmeriCorps' management was able to begin making progress towards addressing the prior year's recommendations, which stated that AmeriCorps "*must complete a performance diagnostic, which includes a root cause analysis, and then develop, design, and implement a plan towards short- and long-term goals,*" AmeriCorps continued to lack sufficient processes to support the transaction and account balances reported in its consolidated financial statements and accompanying notes for the following:

- Consolidated balance sheet: advances to others, accounts payable, advances from others, other liabilities, trust service award liability, and net position.
- Consolidated statement of net cost: total gross program cost.
- Consolidated statement of changes in net position: beginning and ending balances, appropriations received, and appropriations used.
- Combined statement of budgetary resources: unobligated balance from prior year budget authority (net), appropriations, new obligations, unobligated-unapportioned-unexpired balances, and outlays (net).

In addition, AmeriCorps was unable to provide sufficient adequate support in a timely manner for the following:

- Consolidated financial statements and accompanying notes as of and for the year/period ended September 30, 2023 and June 30, 2023;
- Interim and draft year-end AMR; and
- Compliance with certain provisions of laws, regulations, contracts, and grant agreements. Noncompliance with these requirements could have a direct and

³ Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book).

material impact on the consolidated financial statements (e.g., OMB A-136, *Financial Reporting Requirements*, Antideficiency Act (ADA)).

Further, AmeriCorps did not provide evidence of the remediation of corrective action plans (CAPs) for the grant accrual and advances, accounts payable, advances from others, undelivered orders, recoveries of prior year obligations, journal entries, other liabilities, trust service award liability, and fluctuation analysis (financial reporting) which were expected to be completed during FY 2023. As a whole, the CAPs are intended to be remedial actions undertaken to develop internal controls and processes designed to produce credible financial information.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

C. Knowledge and Skills Gap⁴ (Modified Repeat)

AmeriCorps personnel did not have the appropriate knowledge and skills to ensure its internal control environment was operating effectively and provide sufficient appropriate evidence in a timely manner to support complete and accurate consolidated financial statements or its performance data. The information we received continued to demonstrate a lack of understanding related to (1) Federal accounting standards, (2) Federal financial reporting, (3) effective financial management practices (i.e., people, processes, and systems), and (4) the proper internal control environment that mitigates risk.

The lack of adequate understanding, proper use, effective review, and approval processes over financial information may result in inconsistent, incomplete, and unreliable financial statements and note disclosures.

In addition, the accounts payable walkthrough was incomplete and the post-award grant process was not conducted. The accounts payable walkthrough did not adequately demonstrate or communicate AmeriCorps' controls and processes. We communicated the weaknesses to AmeriCorps regarding the inadequacies of this walkthrough and why we assessed the walkthrough as incomplete. We were initially informed that the post-award grant process walkthrough could be performed in August and no later than early September. However, as of the end of September, we were informed that the post-award grant process was still under review and therefore needed to be postponed. These

⁴ In FY 2022, the knowledge gap was identified as a stand-alone material weakness. However, in FY 2023, AmeriCorps undertook steps to bring in temporary contracted support to assist in improving financial management practices, for a portion of FY 2023. We have combined the knowledge gap weakness into a broader internal control NFR due to the existence of contract support and filling key positions, including the Budget Director.

walkthroughs were necessary to obtain an understanding of internal controls over the following financial statement line items:

- Consolidated balance sheet: advances and prepayments, and accounts payable.³
- Consolidated statement of net cost: total gross program cost.
- Consolidated statement of changes in net position: appropriations used.
- Combined statement of budgetary resources: unobligated balance from prior year budget authority (net), new obligations, and outlays (net).

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

2. Identify resource capabilities and needs, then recruit, train, develop, and retain financial leaders and personnel with relevant Federal financial management capabilities to achieve operations, reporting, and compliance objectives, complete and document performance evaluations in a readily accessible form, and hold individuals accountable for related control responsibilities. **(Modified Repeat)**

D. *Fraud Risk Management (New)*

Management is required to analyze and respond to identified fraud risks, estimate their significance, and implement appropriate risk responses. Changes in internal and external conditions should be promptly identified and communicated within the organization. Such changes may necessitate revisions to the internal control system to maintain its effectiveness. Additionally, new risks or modifications to existing risks should be assessed as part of the analysis and response to changing conditions, which may require adjustments to risk tolerances and responses.⁶

During our annual fraud risk inquiries with AmeriCorps management, we discovered AmeriCorps' management did not understand:

- The connection between the impact of known and potential fraud by AmeriCorps' grantee and subgrantee recipients to its consolidated financial statements, specifically, the Trust fund liability; and

³ Grant accruals are embedded in the accounts payable (other than intragovernmental) line item in the balance sheet.

⁶ Government Accountability Office's (GAO), *Standard for Internal Control in the Federal Government (Green Book)*, Section 8.06 and 8.07.

- The need to evaluate its known fraud, the increased fraud risks, and the related impact on its consolidated financial statements.

Failure to identify the correlation between financial reporting and the financial data reported by grantee and subgrantee recipients such as false certifications, fictitious expense, mischaracterized, and/or ineligible expenses, could result in misstatement(s) to AmeriCorps annual financial statements and other financial reporting.

In addition, AmeriCorps' Financial Management Processes (i.e., standard operating procedures) regarding its Fraud Risk Profile did not:

- Require updates to its risk profile annually;
- Include an assessment of known, suspected, and alleged fraud risks associated with grantee and subgrantee recipients;
- Have guidance to train employees to rate risk accurately considering known or potential fraud; and
- Have guidance for adequate documentation on the risk determination reviews to match risk ratings or detect errors within the risk assessment.

As a result, AmeriCorps' fraud risk assessment practices may result in masking fraud risk that warrants mitigation.

We recommend AmeriCorps:

3. Ensure its fraud risk management process includes external risk factors such as grantee and subgrantee recipients in its standard operating procedures for the agency risk profile. This process should include:
 - a. A scheduled risk assessment, mitigation plan, and monitoring and reporting (e.g., relating to grantee and subgrantee recipients);
 - b. An integration of the fraud risk components for known, suspected, and alleged fraud risks;
 - c. Documentation on how the fraud risk components integrate;
 - d. How the risk scoring is conducted and applied;
 - e. The use of the results of monitoring, evaluation, audits, and investigations to improve fraud prevention, detection, and response; and
 - f. Guidance for adequate documentation on the risk determination reviews to match risk ratings or detect errors within the risk assessment. (New)

4. Provide internal training that addresses:
 - a. Management's overall responsibility for establishing internal controls to manage the risk of fraud, and the related impact on the financial statements; and
 - b. The connection between potential and known fraud by the grantee and subgrantee recipients and the impact that fraud may have on the underlying financial data being provided by the recipients and ultimately used for the preparation of information reported in the financial statements. (New)

II. Financial Reporting (Modified Repeat)

The financial reporting compilation function is central to an entity's internal control environment, and its ability to accurately report to Congress, the public, and other stakeholders about its stewardship of Federal funds. AmeriCorps made little progress in improving its financial reporting in FY 2023, therefore, several critical areas remain unresolved.

AmeriCorps' draft interim and year-end consolidated financial statements were not prepared in accordance with U.S. generally accepted accounting principles, did not comply with OMB A-136, and contained mathematical errors throughout.

A. *Preparing and Reviewing Financial Reports* (Modified Repeat)

AmeriCorps did not effectively implement its CAPs related to financial reporting to ensure financial statements were properly validated, reviewed, and approved by appropriate personnel. AmeriCorps' financial reporting lacked sufficient processes and effective internal control to ensure complete, reliable, timely, and accurate consolidated financial statements, which were free from material misstatement, whether due to fraud or error. AmeriCorps failed to correct errors identified and communicated relating to its June 30, 2023 consolidated financial statements, and some of the same errors continued to exist at year-end.

The draft year-end AMR was not received in a timely manner. Based on our limited procedures, we observed the following:

- Target and actual amounts reported in the Performance Goals, Objectives, and Results were not provided;
- The Analysis for Financial Statements contained within the Management Discussion and Analysis section did not present any discussion related to the consolidated financial statements; and

- No discussion on significant changes in the Analysis of Financial Statements.⁷

In addition, AmeriCorps FY 2023 consolidated financial statements and the accompanying notes presentation contained:

- Inadequate review performed to address compliance, technical, editorial, and consistency errors;
- Incomplete note disclosure for the reconciliation of the net cost to net outlays required by SFFAS 53.⁸ In AmeriCorps' Note 16, *Reconciliation of Net Cost to Net Outlays*, did not properly explain the purpose, nature, and the material line items included in the reconciliation. Additionally, the reconciliation did not include any prior year note schedule for comparative purposes;
- Excluded the 'Combining SBR', which was communicated to AmeriCorps at interim and year-end;
- Excluded 'Commitments and Contingencies' line item on its consolidated balance sheet;
- Missing note disclosures and/or the amounts in note schedules did not agree with the principal statements;
- Prior year amounts did not agree, due to differences in rounding applied this year; and
- Inaccurate reference to its accounting standards.

Additionally, AmeriCorps' internal controls related to its financial statement preparation and compilation failed to detect and prevent the following items on its consolidated financial statements as of and for the period ended June 30, 2023:

- Include the required Budget to Actual Reconciliation note schedule and note narrative disclosure as required by SFFAS 53;
- Ensure the presentation complies with OMB A-136 (e.g., Include 'Commitments and Contingencies' Line Item is not on the Balance Sheet);
- Ensure financial statements and notes comply with the United States Standard General Ledger crosswalk;
- Include a note disclosure for Other Liabilities; and

⁷ Required per OMB No. A-136, II.2.3 *Analysis of Financial Statements*.

⁸ SFFAS 53, *Budget and Accrual Reconciliation*, Amending SFFAS 7 and 24, and Rescinding SFFAS 22.

- Include Note 26: Statement of Budgetary Resources note that includes a reconciliation of prior year's unobligated balance, end of year, to the current year's unobligated balance from prior year budget authority, net.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

5. Establish policies and procedures on financial reporting in compliance with standards and guidance (i.e., U.S. generally accepted accounting principles, Office of Management and Budget Circular No. A-136, and the U.S. Standard General Ledger), which should include an end-to-end business process and flowcharts. (New)

B. Adequate Support for Financial Information in a Timely Manner (Modified Repeat)

AmeriCorps continued to struggle throughout FY 2023 in preparing, reviewing, and providing documentation to support its reported financial activity. In some cases, the information was not provided timely or completely, and in others, it was not provided at all because there were no policies and procedures for various processes. For example, we observed the following:

- AmeriCorps reported Unapportioned, Unexpired Accounts totaling \$206.6 million, an understatement of approximately \$33.5 million of the total unapportioned amount of \$240.1 million which was reported on the Standard Form-132⁹ (SF 132).
- AmeriCorps' current process over the SF 132 and the SF 133¹⁰ reconciliation was incomplete and ineffective. AmeriCorps only conducts a manual/visual check to validate the appropriation and the spending authority balances reported on the SF 133 agrees to what is apportioned on the SF 132 and documents any discrepancies in a Microsoft Word document. There is no evidence of review and approval and there is no additional documentation to show what was reconciled. Additionally, the reconciliation between the SF 132 and the SF 133 was not provided timely and had no evidence of when the reconciliation was completed.
- Similar to previous years, AmeriCorps did not document its financial account balance fluctuation expectations based on its operating environment nor were they able to explain significant fluctuations in its financial activity from period to period. Without effective analysis of financial activity, such as analyzing changes in balances from one period to another, AmeriCorps' consolidated financial statements may have significant omissions or misstatements that may not be detected and corrected in a

⁹ SF 132, Apportionment and Reapportionment Schedule.

¹⁰ SF 133, Report on Budget Execution and Budgetary Resources.

timely manner, which could lead to an increased risk of error, some of which may be material.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

6. Establish policies and procedures that define its roles and responsibilities and those of its service provider to ensure that required internal policies and procedures regarding the SF 132, *Apportionment and Reapportionment Schedule* and SF 133, *Report on Budget Execution and Budgetary Resources* reconciliations are completed in timely. (New)
7. Develop and implement standard operating procedures for a comprehensive reconciliation that includes reviews and approval and proper documentation to support the SF 132 and SF 133 reconciliation. (New)
8. Develop and implement standard operating procedures to ensure the applicable line items in the combined Statement of Budgetary Resources are properly reconciled in a timely manner to the SF 132, *Apportionment and Reapportionment Schedule* and differences are properly documents, explained, and available upon request. (New)
9. Complete a comprehensive fluctuation analysis for its consolidated financial statements that is supported and detailed enough to allow management to detect accounting errors or evaluate the reasonableness of balances. (Modified Repeat)
10. Develop and implement standard operating procedures for a comprehensive fluctuation analysis to ensure the fluctuation analysis is properly reviewed, approved, and validated in a timely manner by appropriate AmeriCorps resources and account balances are accurate as of and through the reporting period. (Modified Repeat)

III. General Ledger Adjustments (Modified Repeat)

AmeriCorps continues to rely heavily on journal entries to correct financial reporting issues instead of fixing the root causes driving the need for these journal entries. Table 1 shows large dollar transactions in FY 2020, attributable to clean-up efforts preceding the conversion to shared services. Despite the decrease in the number of manual journal entries, the value of the entries continued to increase significantly post migration to shared services between FY 2021 and FY 2023.

Table 1: JE Detail

Year	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Count of JEs	120	395	337	281
Total \$ Value of JEs (in Millions)	\$22,539.1	\$13,275.8	\$19,348.6	\$33,271.1

Finally, during FY 2023, AmeriCorps was unable to provide the requested reconciliation of the journal entry detail to its general ledger for the period ended June 30, 2023, because policies and procedures defining the roles and responsibilities of AmeriCorps and its service provider regarding journal entries were not established.

Therefore, the prior year’s material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

11. Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider, such as an end-to-end business processes narrative with flowcharts related to journal entries activity. (New)

IV. Undelivered Orders – Grants and Grant Activity (Modified Repeat)

AmeriCorps was unable to provide a reconciled detailed list of its undelivered orders (UDOs) as of June 30, 2023, because policies and procedures regarding the reconciliation of UDOs were not established. AmeriCorps reported a UDO balance of \$1.75 billion. Its UDOs are comprised of grant, non-grant, and trust transactions. The amount supported by the subsidiary ledgers totaled \$1.77 billion for a net difference of approximately \$20.2 million, comprised of:

Table 2: UDO Reconciliation as of June 30, 2023

Item	Trial Balance Amount (in millions)	Subledger Amount (in millions)	Absolute Difference (in millions)
Non-Grant UDO	\$ 83.7	\$ 84.0	\$ 0.3
Grants UDO	\$ 1,494.1	\$ 1,506.5	\$ 12.4
Trust UDO	\$ 179.5	\$ 181.9	\$ 2.4
Journal Entries	\$ (5.1)	-	\$ 5.1
Total:	\$ 1,752.2	\$ 1,772.4	\$ 20.2

AmeriCorps is unable to determine how much of the total net difference of approximately \$20.2 million represents an overstatement or understatement of its UDO balance and is unable to determine a net adjustment to correct the balance. Therefore, AmeriCorps' consolidated financial statements are misstated, and unsupported by an undetermined amount.

Management did not have written policies and procedures, including defined end-to-end business processes, defined roles and responsibilities at all levels, as well as updates necessary to the systems used to track the UDOs. In addition, we were unable to determine the potential impact of what the overall effect might have on AmeriCorps' compliance with ADA.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

12. Identify the root cause for the differences between the trial balance and the subsidiary ledger details for its undelivered orders. (New)
13. Establish, document, and implement the required accounting policies and standard operating procedures, as well as establish an efficient control framework for reconciling undelivered order balances in the trial balance and the subsidiary ledgers on a routine basis. (New)
14. Assess the training necessary to ensure established policies and procedures are followed, undelivered orders are recorded in the financial system, and amounts are properly supported. (New)
15. Establish, document, and implement policies and procedures to monitor outstanding balances resulting from financial system configuration issues and fix the issues for future transactions to be interfaced into shared service provider's financial management system. (New)

V. Other Disbursements (New)

Federal agencies are required to preserve records containing adequate and proper documentation of the organization, policies, procedures, and essential transactions of the agency.¹¹ Additionally, each Federal agency shall establish safeguards against the removal or loss of records the head of such agency determines to be necessary and required by regulations of the Archivist.¹²

¹¹ Federal Records Act, Title 44, Chapter 31, section 3101 ([Title 44 USC 3101](#)).

¹² Federal Records Act, Title 44, USC 3105.

We selected 35 disbursement samples from a population of \$82.1 million¹³ for the quarter ended June 30, 2023. Through our testwork, we identified one substantive exception and one internal control exception, that resulted from the following:¹⁴

- For one of the 35 samples, AmeriCorps was unable to provide sufficient documentation to substantiate its disbursement. The invoice amount did not agree to the disbursement amount, resulting in a total potential overstatement of \$2.6 million.
- For another sample, AmeriCorps was unable to provide sufficient documentation to support its controls were operating effectively. AmeriCorps was not able to provide the purchase requisitions to validate proper approval of the procurement.

AmeriCorps management did not have policies and procedures in place to establish an effective internal control environment with end-to-end business processes and quality assurance processes to ensure all balances recorded are supported by underlying source documentation.

In addition, we were unable to determine the potential impact of what the difference might have on AmeriCorps' compliance with ADA.

We recommend AmeriCorps:

16. Identify the root cause of why documentation for all financial transactions were not properly documented, maintained, and readily available for examination as required by Federal laws and regulations. (New)
17. Develop, implement, and document the necessary standard operating procedures to establish an effective internal control environment, along with the end-to-end business processes and quality assurance process to ensure all balances recorded are supported by underlying source documentation. (New)
18. Conduct the training necessary to ensure established policies and procedures for records management are communicated in effectively implemented. (New)

VI. Undelivered Orders-Procurement and Accounts Payable (Repeat)

UDOs reflect legally binding agreements for which AmeriCorps has not yet received the contracted good or service.¹⁵ AmeriCorps was unable to support the initial UDO amounts, along with related contracted activities and accounts payables. The combination of these deficiencies results in a material weakness in internal control related to UDO activity and accounts payable. Therefore, AmeriCorps is unable to report accurately the amount of its

¹³ Samples were selected using the Stratified Probability Proportional to Size (PPS) methodology.

¹⁴ The initial unsupported sample as of October 20, 2023, was 26 items with a potential overstatement of \$13.3 million.

¹⁵ Delivered orders and the related expenses are incurred and recognized when AmeriCorps obtains goods and services from the public or other Federal entities.

UDOs. Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

VII. Trust Obligations and Liability Model (Repeat)

The National Service Trust holds the funds set aside to pay the education awards of national service members who successfully complete their service terms. Responsibility for the education awards that have been earned or will be earned in the near future is the largest liability on AmeriCorps' financial statements at \$315 million. The liability is estimated based on historical data, including the number of filled member slots, the percentage of members who earn an education award by successfully completing their service terms, the rate and time at which members use the education awards that they have earned, and similar factors.

The Trust Obligation and Trust Service Award Liability may be materially misstated because the data input has not been verified and validated. Therefore, AmeriCorps' methodology to calculate the value of the Trust Liability could have incorrect assumptions, ultimately impacting the output of the financial information.

In the first quarter of FY 2019, AmeriCorps began to apply a new actuarial model (the Trust Obligation Liability Model or TOLM) to the member data. Although AmeriCorps originally committed to perform data validation in the third quarter of 2023, the validation is not scheduled to be completed until FY 2025. Management's methodology is subject to change after an assessment of the underlying input data is completed.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

VIII. Recoveries of Prior Year Obligations (Modified Repeat)

During our audit planning process, AmeriCorps represented that previously identified findings related to its recoveries of prior year obligation balances were remediated. However, AmeriCorps was unable to provide any support for the 78 sample items selected, totaling \$154 million absolute value because management did not have policies and procedures defining the roles and responsibilities of AmeriCorps and its service provider to provide timely documentation. There is a risk the balance of prior year recoveries, along with related obligation and/or unobligated amounts, is materially misstated on the combined statement of budgetary resources. AmeriCorps may be recording more budgetary resources than those available. We are unable to determine the impact this potential error has on the status of budgetary resources section and the combined statement of budgetary resources.

In addition, we were unable to determine the potential impact of what the difference might have on AmeriCorps' compliance with ADA. Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

19. Establish policies and procedures related to prior year recoveries that define the roles and responsibilities of AmeriCorps and its service provider to provide supporting documentation in a timely manner, such as an end-to-end business process and flowcharts. (New)

IX. Grant Processes (includes Grant Accrual, Advances, and Undelivered Orders) (Modified Repeat)

Sufficient internal controls are not in place to provide assurance over the grants process. During the audit, AmeriCorps was unable to accommodate a walkthrough, stating that a new grants process was still going through approval. Additionally, AmeriCorps personnel were unable to articulate or provide documentation supporting the post-award grants process. Furthermore, AmeriCorps' management did not have policies and procedures, including defined end-to-end business processes, and defined roles and responsibilities at all levels related to its grant process.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

20. Establish policies and procedures related to grant accruals that define the roles and responsibilities of AmeriCorps and its service provider to provide supporting documentation in a timely manner, such as an end-to-end business process and flowcharts. (New)
21. Assess resource capabilities and needs, followed by the recruitment, training, development, and retention of personnel possessing pertinent grant management expertise, in order to attain operational, reporting, and compliance objectives. (New)

X. Advances from Others (Modified Repeat)

AmeriCorps has open recommendations related to Advances from Others, which were intended to be completed by the end of FY 2023 based on AmeriCorps' presentation on April 6, 2023. However, AmeriCorps was unable to provide sufficient appropriate evidence in a timely manner to support its implementation of the recommendations because it did not have policies and procedures relating to maintaining adequate and reasonable documentation.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

22. Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider relating to Advances from Others, including an end-to-end business processes narrative with flowcharts. (New)

XI. Migration to Shared Service (Modified Repeat)

According to AmeriCorps, prior year recommendations related to migrating data to its shared service provider's financial management system (Migration to Shared Service) were completed by the end of FY 2022. However, AmeriCorps was unable to provide sufficient appropriate evidence in a timely manner related to journal entry and grant obligation test work procedures. Therefore, we were unable to achieve the objectives of the audit because configuration and compatibility issues remain unresolved.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

23. Monitor outstanding balances resulting from financial system configuration issues and fix the issues for future transactions to be interfaced into the shared service provider's financial management system. (Modified Repeat)

XII. Other Liabilities (Modified Repeat)

AmeriCorps has had long-standing open recommendations related to its Other Liabilities. We were informed by AmeriCorps that the planned remediation related to Other Liabilities would not be completed in time for us to audit during FY 2023. Additionally, during the audit, we found that management did not have written policies and procedures for processes over recording and reporting other liabilities. Also, management was unable to provide evidence that any remediation had occurred. Therefore, we were unable to test other liabilities balances.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

24. Establish, implement, and document policies and procedures that define the roles and responsibilities of AmeriCorps and its service provider relating to Other Liabilities, including an end-to-end business processes narrative with flowcharts. (New)

Exhibit II – Significant Deficiency

I. Information Technology Security Controls (Modified Repeat)

AmeriCorps relies extensively on information technology (IT) systems to initiate, authorize, record, process, summarize, and report financial transactions in the preparation of its financial statements. Internal controls over these financial and supporting operations are essential to ensure critical data's integrity, confidentiality, and reliability while reducing the risk of errors, fraud, and other illegal acts.

To balance high levels of service and reduce costs, AmeriCorps' Office of Information Technology has outsourced the operation, maintenance, and support of most of its IT systems. This was the third year AmeriCorps outsourced its financial operations to a shared service provider. Shared service provider systems interface with a legacy application for the purpose of retrieving grants management data from the Electronic-System for Programs Agreements and National Service Participant (eSPAN).

AmeriCorps plans to complete data migration from the mainframe legacy application to an up-to-date shared cloud service provider by December 2024. In FY 2023, we found unsupported software not patched, and AmeriCorps continued not to devote sufficient resources to complete general ledger account configuration and compatibility issues. The compatibility issues identified in FY 2022 and evidenced by the significant use of journal entries and differences when reconciling the two ledgers, continue in FY 2023. Additionally, the Grants UDOs reconciliation between Oracle and the legacy application displayed numerous differences attributed to how spending adjustments are posted and certain activities within the legacy application's report were not being captured. The challenge arises when financial reporting issues previously identified in the mainframe legacy environment continue to exist. As such, the balances reported on the consolidated financial statements are unreliable, as there is no assurance of the balances' completeness, existence, and accuracy.

Outsourcing introduces special considerations and risks regarding the protection of information and information systems. Despite outsourcing IT systems, AmeriCorps, by law, retains responsibility for complying with the requirements of the security control implementation.

While AmeriCorps has taken some steps to remediate previously identified information security control weaknesses,¹⁶ AmeriCorps continues to face challenges in consistently implementing its information security program and monitoring security controls. In addition,

¹⁶ We identified security control weaknesses that were corrected for certain control activities. Examples of AmeriCorps' improvements in its IT control environment include conducting background investigations and reinvestigations of current employees and enhancing physical access controls to safeguard personally identifiable information.

we identified new and continued control weaknesses in the information security program that need to be addressed, most importantly pertaining to configuration management controls, including vulnerability management, access controls, and organization-wide risk management. Specifically, we identified enterprise findings for each of the following domains:

Security Management

- AmeriCorps did not maintain a complete and accurate inventory of all its information systems. During fieldwork, AmeriCorps provided its Information System Inventory List, and we observed one system, the ARC Financial System, was not maintained as part of the information system inventory.
- AmeriCorps did not upgrade to a supported version for one of its systems. For one of four selected systems for testing, we determined the FY 2023 Business Impact Analysis (BIA) included unsupported software. The support for this software version ended on March 1, 2020. However, the software continues to provide business capabilities to AmeriCorps' operation, which is critical because it contains AmeriCorps' transactions.
- AmeriCorps did not update its Authorization to Operate (ATO) documentation in accordance with its policies. An ATO signifies the system has met the required standards and has been authorized to operate within a specific organization. Specifically, ATO letters for eSPAN and another system selected for testing were not updated within three years in accordance with AmeriCorps policies and procedures.
- AmeriCorps did not authorize the System Security Plans (SSP) for eSPAN, General Support System (GSS), and another system selected for testing. The SSPs were marked draft and without the approval signatures.
- AmeriCorps was unaware they needed to account for third-party systems and prepare an authorization package, including SSPs, Authorization to Use, and Security Assessment Report for the ARC Financial System.
- AmeriCorps did not develop, document, and communicate an overall Supply Chain Risk Management strategy, implementation plan, and related policies and procedures to guide and govern supply chain risk management activities.
- AmeriCorps did not ensure individuals with access to personally identifiable information (PII) completed annual privacy-role-based training.

Configuration Management

- AmeriCorps did not resolve critical and high-risk vulnerabilities within the timeframes specified by its internal operating policies. Our evaluation identified delays in applying patches and fixes for critical and high-severity vulnerabilities. Approximately 24 percent of the discovered critical and high vulnerabilities were over 12 months old. As a result, vulnerabilities related to patch management, configuration management, and

unsupported software continue to expose AmeriCorps' network to critical and high-severity vulnerabilities. The longer the vulnerability is exposed on the network, the greater the risk that the vulnerability can be exploited. An independent network vulnerability scan noted exploitable vulnerabilities that could compromise a complete system. The vulnerability could allow unauthorized access to the targeted system. If an exploitable system were compromised, the malicious attacker could operate for an extended time without detection.

Access Control

- AmeriCorps did not annually review and update its enterprise-wide Incident Response Plan (IRP) as defined within the AmeriCorps Security Controls Catalog. During the evaluation, AmeriCorps provided an IRP dated May 5, 2021; no updates have been made to the document since April 2021. AmeriCorps Officials stated the most recent version of the IRP was under review and was presented at the AmeriCorps Policy Council Meeting on June 21, 2023.
- AmeriCorps did not meet the logging requirements set forth by the OMB M-21-31, which requires agencies to reach a tier maturity within 18 months of the M-21-31 memorandum issued on August 27, 2021. As of June 27, 2023, or 22 months since issuance, AmeriCorps has not implemented the requirement to retain logs in acceptable formats.

Contingency Planning

- AmeriCorps did not conduct the Disaster Recovery Exercise for four systems, GSS/eSPAN, ARC Financial System, and another system selected for testing, in FY 2023.
 - The last exercise was conducted for the GSS and eSPAN systems from October 2021 to November 2021.
 - The last exercise for one of the systems selected for testing was conducted in May 2022.
 - The ARC Financial System was not included in the previous year's Disaster Recovery exercises or the FY 2023 exercise.
- AmeriCorps did not have the minimum requirements for one of the systems selected for testing BIA to:
 - Identify essential mission/business processes and determine the impact of a system disruption on those processes along with outage impacts and estimated downtime; and
 - Identify recovery priorities for system resources.
- AmeriCorps did not perform a contingency plan and BIA for the ARC Financial System.

Many of these weaknesses can be attributed to inconsistent enforcement of the agency-wide information security program across the enterprise. These deficiencies can increase the risk of unauthorized access to AmeriCorps' systems to capture, process, and report financial

transactions and balances. Effective system security begins with strong governance, including agency-level oversight and control monitoring of AmeriCorps' field offices. This includes ensuring accountability within the Office of Information Technology leadership for accomplishing milestones and achieving measurable results in support of a strategy to achieve an effective level of information security at AmeriCorps.

By not effectively implementing and enforcing IT policies and procedures and working towards automation, continuous monitoring, and consistent application of controls, there is an increased risk that financial information and PII may be inadvertently or deliberately misused and may result in improper disclosure or theft without detection. Without remediating all significant security vulnerabilities, systems could be compromised, resulting in potential harm to the confidentiality, integrity, and availability of AmeriCorps' financial and sensitive data.

Therefore, the prior year's significant deficiency and the related recommendations in [Exhibit III](#) remain open and unimplemented.

II. Internal Software Cost (Modified Repeat)

AmeriCorps did not properly record and account for capital expenses associated with its development of internal use software in accordance with the SFFAS 10, *Accounting for Internal Use Software*. As of June 30, 2023, AmeriCorps capitalized approximately \$2 million for the development of its new grant system. However, AmeriCorps continues to have unresolved accounting issues identifying direct and indirect costs incurred internally by management related to payroll cost for its employees who are working on the software development project.

Therefore, the prior year's material weakness and the related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

25. Establish and implement periodic training requirements to enhance knowledge of Federal capitalization standards and AmeriCorps capitalization policy for internal use software. (Modified Repeat)
26. Develop and implement a project management tool to track and monitor all project costs associated with the software in development including direct and indirect cost (e.g., labor). (New)

Exhibit III – Status of Prior Year Recommendations

The summary of the status¹⁷ of FY 2019, FY 2021, and FY 2022 financial statement audit recommendations in FY 2023 is in Table 3. The details of each open FY 2019, FY 2021, and FY 2022 recommendations are presented in Table 4, Table 5, and Table 6, respectively.

Table 3: Summary of the Status of FY 2019, 2021, and 2022 Financial Statement Audit Recommendation in FY 2023

Status in FY 23	Count of Recommendations in FY 19	FY 19 Audit Report Recommendation Number	Count of Recommendations in FY 21	FY 21 Audit Report Recommendation Number	Count of Recommendations in FY 22	FY 22 Audit Report Recommendation Number
Closed Recommendations	7	58, 64, 65, 66, 67, 68, 69	0	-	0	-
Modified Repeat – Superseded by FY 23 Recommendations	1	44	2	2, 11	2	3, 4
Repeat – Open Recommendations	40	-	10	-	19	-
Total:	48		12		21	

¹⁷ No financial statement audit conducted in FY 2020.

Table 4: Status in FY 2023 and Detail Description of Each Recommendation from FY 2019 Financial Statement Audit

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
Material Weakness Financial System and Reporting	17	Strengthen coordination between Accounting and Financial Management Services and the Office of Budget to ensure that transactions are recorded accurately and timely.	Repeat – Open
Material Weakness Trust Obligations and Liability Model	21	Complete the Trust Accounting Handbook to clearly reflect the assumptions used in the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator, including establishing control activities; finalize materiality thresholds applied; update accounting transactions, and clearly identify periods when adjustments will be made regardless of materiality.	Repeat – Open
	22	Develop a more standardized, secure, and automated method to estimate the Trust obligations and Trust Service Award Liability that ensures minimal human errors. As part of the ongoing AmeriCorps transition to shared service, coordinate with the service provider to determine methods that would enhance the security and quality of the existing estimation models.	Repeat – Open
	23	Strengthen controls to ensure the Trust modeling is performed by trained personnel to: a. Conduct detailed analysis and validation of data sources. b. Review and ensure the reasonableness of assumptions used and document the rationale behind estimation assumptions.	Repeat – Open

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FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
		<p>c. Consider changes in conditions or programs that require further research and analysis. Update the assumptions when necessary.</p> <p>d. Compare estimates with subsequent results to assess the reliability of the assumptions and data used to develop estimates.</p>	
	24	<p>Document and implement policies and procedures to include the following:</p> <p>a. establish a thorough and robust quality control process to ensure that the Trust Obligation and Liability Model (TOLM) and Monthly Obligation and Liability Calculator (Calculator) are reviewed by qualified AmeriCorps personnel prior to relying on its outputs to record transactions. All errors identified for which management ultimately decided against making updates to the TOLM or Calculator should be documented along with an explanation as to how management arrived at the final decision;</p> <p>b. perform monthly reviews and reconciliations of the recorded new and outstanding obligations to ensure the accounting information is valid and proper; review obligation amounts to ensure amounts accurately reflect the status of the obligation;</p> <p>c. review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation);</p> <p>d. ensure obligations are sufficiently supported (i.e., by documentary evidence); and</p> <p>e. perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved.</p>	Repeat – Open

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FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
	25	Coordinate with the Office of the Chief Risk Officer (OCRO) to properly identify the National Service Trust Fund’s financial reporting risks and incorporate those risks into the OCRO’s annual testing of key controls.	Repeat – Open
	26	Develop a succession plan to ensure the required expertise is available in anticipation of planned employee turnover, particularly with respect to the complex trust calculations. AmeriCorps needs to: a. Train, mentor, and work to retain qualified employees; b. Cross-train employees so that knowledge of the model will reside with multiple staff rather than with one person; and c. Implement a peer review process to carry out the necessary quality control reviews of the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator.	Repeat – Open
Material Weakness Grants Accrual Payable and Advances	27	Coordinate with the program and grant officers to gather and analyze key grant programs’ (AmeriCorps State and National and Senior Corps) historical data and the grantees’ spending pattern to develop the following key factors for grant accrual estimation: - Percentage of AmeriCorps grantees who drawdown funds in advance versus those on a reimbursable basis and their related grant amounts to its grant spending as a whole. If different key programs have different spending patterns, perform this analysis at the program level; - An inventory of relevant and reliable grant data to be used for the grant accrual assumptions and documentation to support	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
		what data is considered relevant and reliable; - Grantees' incurred but not reported (IBNR) reporting pattern from when the expenses have been incurred to the time those expenses are included the grantees' Federal Financial Reports (FFR). Grantee surveys may be conducted to confirm the reasonableness of an IBNR estimate methodology. When alternative procedures are used, management should provide its data-based analysis to validate its assertion; and - Post-accrual analysis to compare the accrual (without the IBNR) and the expenditures reported in the FFRs for the same quarter. Thresholds should be established and documented based on materiality and the degree of risk that management is willing to accept. When grantees' reported spending pattern deviates from its methodology, an analysis should be performed to determine whether any deviation is acceptable, or the methodology should be further refined to reflect the actual grantees' reported expenditure pattern.	
	28	Revise and implement policies and procedures for the grant accrual methodology so that: - A validation process is established for management to verify the accuracy of the grant accrual, so that management can make any necessary adjustments to improve the precision of the grant accrual and to account for grant advances and payables to ensure the resulting amounts are materially consistent with grantees' drawdown and spending patterns; and - It addresses how the calculations are used to arrive at the	Repeat – Open

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FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
		Grants Payable and Advances to Other line items in the financial statements.	
Material Weakness Undelivered Orders and Accounts Payable - Procurement	31	Strengthen internal control to ensure procurement documents are properly approved and retained.	Repeat – Open
	32	Analyze procurement undelivered orders balances quarterly to verify that balances are still valid for those without financial activities for an extended period.	Repeat – Open
	33	Research, resolve and document the disposition of any abnormal undelivered orders transactions/balances.	Repeat – Open
	35	Document the accounts payable accrual methodology to include the recognition and reporting of the incurred but not reported. The methodology should also document key controls related to review and approval process of the accrual estimation; materiality and how it is applied; reviewing, approving, and recording of invoices prior to processing payments; inputs to be used in the validation consideration of payment types; and the basis for including or excluding typical factors in estimating accruals, such as period of performance, type of contract, billing patterns, and others.	Repeat – Open ¹⁸
	36	Conduct validation assessment of amounts accrued for the incurred but not reported on a periodic basis. As part of the validation, AmeriCorps should consider the following: a. Subsequent activities against the amount estimated to determine the level of precision in the estimation;	Repeat – Open

¹⁸ This recommendation is asking AmeriCorps to document an accrual methodology taking into account certain factors to be included. Refer to Recommendation 22.13 as a continuation to this recommendation.

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
		b. Trend the validation results and adjust the incurred but not reported estimation process to address any recurring significant fluctuations; and c. Update the incurred but not reported estimation process as necessary to reflect changes in payment patterns.	
	37	Evaluate the materiality thresholds used in the accrual estimation to ensure it is appropriate to prevent misstatements. The materiality threshold used should be appropriate that, in the aggregate, identified misstatements would not rise to a level that will significantly impact management's assertions on the financial statements.	Repeat – Open
	38	Implement controls to ensure that transactions interfaced from eGrants are reflected in Momentum for the correct amounts, accounts, and number of transactions	Repeat – Open
Former Material Weakness Property and Equipment	40	Update AmeriCorps policy to recognize and record capitalized costs in the period incurred.	Repeat – Open
	41	Update AmeriCorps policy to include requirements for compliance with accounting standards; track direct labor and other indirect costs, including hours, worked and payroll costs dedicated to existing and new software-in-development projects; track and amortize tenant improvement costs in accordance with the lease agreement.	Repeat – Open
	43	Consult with the future shared service provider and other stakeholders to determine the feasibility of procuring and using project management software to track project costs from the	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
		inception to completion. The results of the analysis should be documented and made readily available.	
	44	Establish and implement periodic training on capitalization accounting standard, and AmeriCorps Capitalization Policy for accounting, program, Office of Facility Support Services, and information technology staff.	Modified Repeat – Superseded by FY 23 Recommendation #25
Material Weakness Undelivered Orders - Grants	46	Determine the root cause behind the differences noted in the Undelivered Orders balance between Momentum and the Undelivered Orders balance derived from the net of grant award amount from the Notice of Grant Award and the grant expenditures from the Payment Management System and take the appropriate steps in resolving the reason behind the variances that are occurring.	Repeat – Open
	47	Determine the root causes and resolve discrepancies in the grant award amounts recorded in the NGA in eGrants and in Momentum to prevent such differences from occurring in the future.	Repeat – Open
	48	Determine the root causes and resolve expenditure differences between the Payment Management System and Momentum.	Repeat – Open
	49	Strengthen controls around the review of expired grant obligations by ensuring that: a. All financial, performance and other required reports are submitted no later than 90 calendar days after the end date of the period of performance. b. Document justifications for all required reports submission extensions granted to the grantee.	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
	50	Update the AmeriCorps transaction code posting logic for recording grant expenditures to comply with the United States Standard General Ledger guidance	Repeat – Open
Material Weakness Recoveries of Prior Year Obligations	51	Establish a requirement for Grant Officer/Portfolio Managers to provide documented certification that all required grantee information has been received, accepted, and documented before the grant is closed out.	Repeat – Open
	53	Establish a control requiring the Grant Officer/Portfolio Manager to provide documented certification, upon grant closeout, verifying the total award amount to total award expenses for the deobligated recovery amount.	Repeat – Open
	55	Inform all Grant Officers/Portfolio Managers to ensure that a reduction in funding to the award of a grant should be documented in eGrants which would result in modified Notice of Grant Awards.	Repeat – Open
Material Weakness Other Liabilities	56	Reconcile the amounts reported in Other Liabilities to supporting documents to verify that Other Liabilities are supported by valid transactions and properly classified.	Repeat – Open
	57	Strengthen financial reporting internal controls and ensure that financial statements accounting line items are reviewed and reconciled to supporting documents prior to recording. The internal control activities should ensure proper posting of Member Payroll related liabilities on the Balance Sheet.	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
Significant Deficiency (SD) IT Security Controls	58	Develop a multi-year strategy to better strategically prioritize and allocate resources to address the new and continuing weaknesses identified and work towards automation, continuous monitoring, and consistent application of controls	Closed
	59	Enforce the agency-wide information security program across the enterprise and improve performance monitoring to ensure controls are operating as intended at all facilities.	Repeat – Open
	60	Strengthen and refine the process for communicating AmeriCorps facility-specific control deficiencies to AmeriCorps facility personnel, and coordinate remediation of the control deficiencies.	Repeat – Open
	61	Strengthen and refine the process for holding system owners and information system security officers accountable for remediation of control deficiencies and ensuring that the appropriate security posture is maintained for AmeriCorps information systems.	Repeat – Open
	62	Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in AmeriCorps information systems.	Repeat – Open
	63	Implement all detailed recommendations in the FY 2019 FISMA Evaluation report. Specifically, they are FY 2019-Recommendations 1, 2, 4, 6, 7, 23 and 25.	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
<p>Significant Deficiency</p> <p>AR & Allowance for Doubtful Accounts</p>	64	Reconcile the Accounts Receivable subsidiary ledger to the general ledger monthly.	Closed
	65	Reevaluate the policies and procedures for calculating the allowance for doubtful accounts. Related policies and procedures should include: (a) Chief Financial Officer (CFO) Office's staff's periodic review of the accounts receivable aging report, (b) assessment of the collectability of outstanding balances based on the age of the debt, collections attempted and received thus far and other information about the debtor and (c) determination for possible write-offs.	Closed
	66	Revise the Allowance for Doubtful Accounts methodology to be consistent with the Debt Management Policy.	Closed
	67	Develop a process and proactively monitor and follow-up on delinquent accounts receivables. Document any procedures performed and results reached as part of the follow-up process.	Closed
	68	Track and revise collection efforts based on data analysis to understand vendor payment characteristics. A reasonable timeframe for write-offs should be established for accounts receivable without any activity. Once an outstanding receivable is deemed uncollectible, it should be written off in accordance with management's established policy.	Closed
	69	Establish a documented process between accounting and the Office of Chief Risk Officer (OCRO) to ensure that key controls related to the Accounts Receivable cycle are properly identified and implemented. These key controls should be considered for testing as part of OCRO's annual internal control assessments	Closed

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FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
Non-Compliance Single Audit Compliance	70	Develop, implement, and document procedures to identify all AmeriCorps grantees that are required to submit single audit reports with their due dates.	Repeat – Open
	71	Develop, implement, and document procedures on timely follow-up for those grantees whose audits have become past due, and to ascertain why report submission was late, when the audit report will be submitted to the Federal Audit Clearinghouse, and what corrective action has been taken to prevent a report submission delay in future.	Repeat – Open
	72	Develop a practice to capture the single audit data to assess the effectiveness of the single audit report submission for all its grantees.	Repeat – Open
	73	Develop, implement, and document procedures for implementing Office of Budget and Management (OMB) approved single audit report submission extensions, so that OMB approved extension approvals are documented and tracked as part of the single audit monitoring process.	Repeat – Open
	74	Update the Single Audit Resolution Policy to: - Reflect the current monitoring process to track all audit findings related to AmeriCorps-funded grants, and - Address AmeriCorps' responsibilities as the cognizant/oversight agency and how these responsibilities would be carried out.	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
	75	Develop and implement procedures to monitor the effectiveness of the single audit monitoring process in accordance with the Uniform Grant Guidance, 2 Code of Federal Regulation §200.513 Responsibilities, (a) (3) (iv), related to monitoring the effectiveness of single audit findings follow-up and the effectiveness of single audits in improving grantee accountability and in their use by AmeriCorps in making award decisions.	Repeat – Open

Table 5: Status in FY 2023 and Detail Description of Each Recommendation from FY 2021 Financial Statement Audit

FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
Material Weakness Migration to Shared Service	1	Perform a risk assessment over the current state of the conversion to ARC and work jointly with ARC, senior leadership, OCRO, and functional groups affected by the risk to develop a mitigation strategy and execute a realistic and properly designed corrective action plan.	Repeat – Open
	2	Fix incorrect outstanding balances, missing data, and missing supporting contract documentation resulting from financial system configuration issues and ensure future interfaces with Oracle do not have the same issues.	Modified Repeat – Superseded by FY23 Recommendation #23
	3	Continue coordinating with ARC to ensure that its accounting platform is compatible with AmeriCorps’ operations and the type of accounting transactions that AmeriCorps processes.	Repeat – Open

FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
	4	Conduct a review of transactions processed in Momentum and already migrated to Oracle through interface or reported in Oracle using journal entries, to ensure that correct object class codes were applied.	Repeat – Open
Material Weakness (MW) Internal Control Program (FMFIA)	8	Establish controls and training to ensure that each functional office/unit performs an independent assessment of internal controls to inform the CEO’s statement of assurance, even if unfavorable outcomes are expected. This proactive approach will promote the early detection of potential findings and allow for prompt remediation.	Repeat – Open
Material Weakness	10	Develop and implement audit readiness procedures to ensure that audit information is complete, accurate, has undergone proper quality control procedures, and readily available or can be retrieved timely. The audit readiness procedures should include audit coordination protocol with ARC that clearly define roles and responsibilities of all parties involved in the process.	Repeat – Open
Financial System and Reporting	11	Develop comprehensive policies and procedures to document its financial statement preparation process. The policies and procedures should clearly delineate responsibilities among various members of the Accounting and Financial Management Service (AFMS) group and team leads and those performed by AmeriCorps’ shared services provider, clarifying the responsibility of AmeriCorps for the accuracy of the reported information. The policies and procedures should address the	Modified Repeat – Superseded by FY 23 Recommendations #9 and #10

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FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
		following aspects: a. The process to determine and document AmeriCorps' balance fluctuation expectations based on a combination of internal and external operating factors, and program and financial relevant information available. b. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have the supporting documentation readily available. c. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis. d. Address fatal and non-fatal GTAS edit failures prior to GTAS certification. e. Document resolution for all balance differences and retain supporting documentation of related research.	
	12	Continue working with ARC to review and correct AmeriCorps' balances in detail to ensure they are properly supported and that balances migrated to the ARC platform are complete, accurate, and reliable.	Repeat – Open
	13	Strengthen its policies and procedures over the processing of journal entries going forward now that AmeriCorps has transitioned to the shared service environment. The policies and procedures should cover the following: a. A process to track the sequence of journal entries transactions for completeness.	Repeat – Open

FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
		b. A policy as to when it is appropriate to use a journal entry and approval procedures for journal entries recorded to ensure segregation of duties. c. A requirement to provide a fact-specific description of the purpose of the journal entries, along with adequate supporting documentation. d. Documentation needed to support journal entries and how it will be maintained.	
	14	Validate and ensure journal entries are properly supported, documented, and are readily available for examination.	Repeat – Open
Material Weakness Grants Accrual Payable and Advances	15	Develop a process to validate grant advances, IBNR and payable estimates. Such validation should be performed over a few years to show a trend of the estimates. Any benchmarks to assess reasonableness should be vetted for completeness and reliability. For example, the use of eGrants FFRS should be vetted to ensure inclusion of IBNR. Large (exceeding AmeriCorps acceptable range) and unusual fluctuations, if any, should be investigated and the research conclusions documented by management. Fluctuations should be reviewed at the absolute variances level and not using net differences.	Repeat – Open ¹⁹
	16	Validate that the underlying data used in the accrual methodology, such as the use of grantee Undelivered Order balances to allocate accrual amounts, is reliable by ensuring previously reported conditions are remediated and recommendations are implemented.	Repeat – Open

¹⁹ This recommendation is asking AmeriCorps to develop a process to validate grant advances and payable estimates. Refer to Recommendation 22.18 as a continuation to this recommendation.

Table 6: Status in FY 2023 and Detail Description of Each Recommendation from FY 2022 Financial Statement Audit

FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
Material Weakness (MW) Knowledge Gap throughout Financial Management Operations	1	Complete a detailed performance diagnostic and gap analysis on AmeriCorps' financial management personnel, processes, and systems, including a root cause analysis, and then develop, design, and implement a plan toward short- and long-term executable goals.	Repeat – Open
	2	Perform intermediate assessments of the effectiveness of its executed plans and final evaluations of its financial management operations to ensure desired results are achieved.	Repeat – Open
	3	Recruit financial leaders with relevant Federal financial management capabilities.	Modified Repeat – Superseded by FY 23 Recommendation #2
	4	Implement core and specialized training to develop competencies in internal control and financial management, including the development of hands-on workshops to address existing and future standards, and financial management and reporting requirements.	Modified Repeat – Superseded by FY 23 Recommendation #2
Material Weakness (MW) Internal Control Program (FMFIA)	5	Develop a process to understand the root causes and conditions behind each control deficiency and the discrepancies between the control deficiencies identified by AmeriCorps' internal control testing and those reported by the external auditors. The document should consider the information presented to the Risk Management Council and their decisions, as well as any other considerations used in determining the classification of the control deficiency.	Repeat – Open

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FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
		Furthermore, this understanding should be used to develop and implement CAPs to address the deficiencies.	
	6	Require each department head to be responsible and accountable for timely developing and implementing CAPs and require each department's staff to test the design and effectiveness of each CAP as implemented to ensure that it achieves the desired results.	Repeat – Open
	7	Revise the Business Process Narratives to incorporate significant changes in the current financial and control environment.	Repeat – Open
Material Weakness Financial System and Reporting	8	Develop and implement effective controls, including a quality assurance process, necessary to ensure that: a. accounting and reporting are in accordance with U.S. GAAP and financial information is presented in compliance with OMB Circular A-136. b. account balances are accurate as of and through the reporting period. c. the proper validation, review, and approval over financial reporting and the AMR compilation.	Repeat – Open
	9	Develop, identify and make available the training necessary to ensure that staff obtain and update the skills necessary to ensure compliance with: a. FASAB concept and accounting standards. b. OMB A-123. c. OMB A-136. d. GAO Disclosure checklist.	Repeat – Open

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FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
		e. Treasury's U.S. Standard General Ledger annual update. f. the correct use of the BETC when submitting transactions to Treasury.	
Material Weakness General Ledger Adjustments	10	Develop and implement financial reporting internal controls to analyze and address the root causes of the need for journal entries and the corrective actions in financial management systems to reduce the necessity of future journal entries.	Repeat – Open
Material Weakness Undelivered Orders and Accounts Payable - Procurement	11	Determine the root cause behind the differences noted in the UDO balance derived from the procurement documents and the expenditures and the recorded GL amount and take the appropriate steps in resolving the reason behind the variances that are occurring.	Repeat – Open
	12	Strengthen controls to ensure proper authorization signatures on all contracts and amendments that require bi-lateral signatures for the proper execution of the award.	Repeat – Open
	13	Develop and implement its accounts payable accrual methodology and perform tests of design and effectiveness over its UDO and accounts payable accrual process.	Repeat – Open ²⁰

²⁰ Recommendation 22.13 is a continuation of Recommendation 19.35, which asks AmeriCorps to perform test of design and effectiveness over the methodology developed based on Recommendation 19.35.

FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
Material Weakness	14	Verify and validate the underlying input data to the TOLM.	Repeat – Open
Trust Obligations and Liability Model	15	After the verification and validation, reassess its assumptions and consider expanding the subjective elements of the calculation (i.e., those based on changes to the economy and the job market) to include changes in the way awards are utilized.	Repeat – Open
Material Weakness Recoveries of Prior Year Obligations	16	Establish a requirement for the Office of Grant Administration (OGA) or an appropriate AmeriCorps official to prepare a summary report, as part of the closeout process, verifying all required grantee information has been received and accepted, and the recovery amount reconciles to the underlying support (e.g., Notice of Grant Award for de-obligation, Final Federal Financial Report, Payment Management Services, etc.).	Repeat – Open
	17	Develop and implement financial reporting internal controls to analyze and address the root causes of the reconciliation errors.	Repeat – Open
Material Weakness Grants Accrual	18	Revamp the grant accrual processes to include internal controls such as reconciliations, calculation documentation, quality control reviews, and basis for the accrual methodologies to mitigate the risk of error.	Repeat – Open ²¹

²¹ Recommendation 22.18 is a continuation of Recommendation 21.15, which asks AmeriCorps to revamp the internal controls including basis for the accrual methodology covered in Recommendation 21.15.

FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
Payable and Advances	19	Provide training to all personnel involved in the grant processing to ensure proper classification of funds in the Oracle system and ensure timely resolution of the variances between identified between the Momentum, Oracle, and Payment Management System (PMS) systems.	Repeat – Open
Material Weakness	20	Develop standard operating procedures to ensure all balances recorded in the Reimbursable Analysis are supported by underlying source documentation (e.g., invoices).	Repeat – Open
Advances from Others	21	Assess the training necessary to ensure advance liquidations are properly maintained, documented, and are readily available for examination.	Repeat – Open

Appendix A – Management’s Response to Audit Report



MEMORANDUM FOR: Stephen Ravas
Acting Inspector General

FROM: Maleni Brookshire  1/15/2023
Chief Financial Officer

SUBJECT: Management Response for the Fiscal Year 2023 Consolidated
Financial Statements and National Trust Financial Statements

On behalf of AmeriCorps, I am responding to the Independent Auditor’s Report on AmeriCorps’ Fiscal Year 2023 Consolidated Financial Statements and National Trust Financial Statements, which is included in our Fiscal Year 2023 Annual Management Report.

The independent audit of AmeriCorps’s financial statements and related processes provide an opportunity for continuous improvement of our financial management program. While I may not agree with certain conclusions in the audit report, I, along with the entire AmeriCorps leadership team, have confidence in the Financial and Operational Reform (FOR) plan as a catalyst for transforming the agency’s financial and operational infrastructure that has suffered from a lack of sustained investment to deliver on its mission efficiently and effectively. Through the agency’s FOR plan, AmeriCorps is investing in modernizing its information technology systems, and standardizing and automating its processes to support improved performance by agency staff.

Additionally, my office, the Office of the Chief Financial Officer, is finalizing a comprehensive organizational strategy. The organizational strategy will be informed by a comprehensive analysis on infrastructure gaps and will outline actionable efforts to sustain the FOR plan framework, operational improvements, and improvements in our internal controls and financial policies.

While much work remains ahead, and we expected this year’s audit report to read like last years, we are focusing our efforts on remediating long-standing issues. AmeriCorps is making significant improvements that strengthen the agency and ensure the effective stewardship of federal resources dedicated to national and community service. Highlights of the tremendous progress we are making along this multi-year journey include:

- Developed a FOR plan governance structure that is fully functional and we are executing on a framework that provides a clear vision for current and future remediation efforts.
- Engaged an advisor and contractors who were directly involved in the Department of Housing and Urban Development’s transformational efforts, and with their help we are carrying out key remediation efforts to address observations and recommendations in targeted audit areas.
- Established a Reporting Compliance and Audit office that manages the financial statement audit process and has implemented improvements such as: a shared audit coordination site, improved communication protocols, standardized walkthrough templates, and an enhanced quality review process.



- Migrated our financial statements to a web-based tool to support automated, standardized presentation of the agency's financial statement tables and notes to the financial statements to ensure compliance with OMB A-135 presentations, and reduce risk for mathematical and manual errors.
- Onboarded a statistician to support the continued analysis and development of an accurate presentation of grant accruals, advances and overall financial activity.
- Established ongoing collaboration with the grants modernization team to align key project milestones and dependencies.
- Awarded a Comprehensive and Targeted Reform Services contract that provides support across a wide range of areas including but not limited to internal controls design, policy and procedures standardization and documentation, data analytics support, process automation, and project management and change management.
- Continued to implement the agency's existing fraud risk framework, which includes real-time, dynamic information regarding grant recipient fraud risk, internal and external fraud risk profiles which are updated annually; and multiple fraud risk analyses within the agency's internal controls assessment. In FY23, we focused on maturing our approach to fraud risk management, with the re-establishment of the agency's fraud risk subcommittee and the beginning of fuller integration of the agency's fraud risk approach with internal controls and enterprise risk management.

I acknowledge the independent public accounting firm's RMA Associates, LLC, *disclaimer of opinion* on AmeriCorps' Fiscal Year 2023 Financial Statements and AmeriCorps' National Trust Financial Statements. AmeriCorps has reviewed and concurs with 3 material weaknesses and the 2 significant deficiencies. AmeriCorps does not concur with 9 material weaknesses based on inaccurate conditions depicted within Notices of Findings and Recommendations. Specific evidence presented in findings, and sufficient time and opportunity for review and discussion, would support more effective remediation.

I am pleased that AmeriCorps was able to close seven prior year recommendations, eliminating the significant deficiency in accounts receivable. AmeriCorps is finalizing a detailed remediation roadmap as part of our TOR Plan to include sustained efforts toward achieving corrective action plans to continue to advance progress toward reforming the agency's operational infrastructure and to address longstanding findings.

AmeriCorps recognizes the importance of remediating underlying operational infrastructure issues and enhancing communications between the auditors and AmeriCorps personnel to facilitate education on the results of those remediation actions. As we continue working to improve and sustain progress of our internal controls and systems that support effective financial processes and reporting, we look forward to engaging in productive audit planning discussions with the OIG and auditors as AmeriCorps continues on its path to sound financial management.

We appreciate the opportunity to review this year's audit report and look forward to continuing our professional working relationship with your office.



OFFICE OF INSPECTOR GENERAL
 **AmeriCorps**

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National Service Trust Funds Financial Statements (Unaudited)

AMERICORPS
TRUST BALANCE SHEETS
AS OF SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Assets:		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 219,508	\$ 353,063
Investments, Net (Note 3)	1,396,418	1,078,367
Total Intragovernmental Assets	<u>\$ 1,615,926</u>	<u>\$ 1,431,430</u>
Other than Intragovernmental Assets:		
Accounts Receivable, Net	20	-
Total Other than Intragovernmental Assets	<u>\$ 20</u>	<u>\$ -</u>
Total Assets	<u>\$ 1,615,946</u>	<u>\$ 1,431,430</u>
Liabilities (Note 4):		
Intragovernmental Liabilities:		
Other Liabilities (Note 5):		
Other Current Liabilities - Benefit Contributions Payable	\$ 28	\$ -
Total Intragovernmental Liabilities	<u>\$ 28</u>	<u>\$ -</u>
Other than Intragovernmental Liabilities:		
Accounts Payable	205	-
Federal Employee and Veteran Benefits Payable	141	-
Other Liabilities (Note 5):		
Trust Service Award Liability (Note 6)	315,389	339,761
Other Liabilities	74	-
Total Other than Intragovernmental Liabilities	<u>\$ 315,809</u>	<u>\$ 339,761</u>
Total Liabilities	<u>\$ 315,837</u>	<u>\$ 339,761</u>
Commitments and Contingencies (Note 7)		
Net Position:		
Total Cumulative Results of Operations - Funds from Other than Dedicated Collections	\$ 1,300,109	\$ 1,091,669
Total Net Position	<u>\$ 1,300,109</u>	<u>\$ 1,091,669</u>
Total Liabilities and Net Position	<u>\$ 1,615,946</u>	<u>\$ 1,431,430</u>

The accompanying notes are an integral part of these principal financial statements.

AMERICORPS
TRUST STATEMENTS OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Gross Program Costs:		
VISTA:		
Gross Costs	\$ 10,328	\$ 11,989
Net Program Costs	<u>\$ 10,328</u>	<u>\$ 11,989</u>
NCCC:		
Gross Costs	\$ 488	\$ 729
Net Program Costs	<u>\$ 488</u>	<u>\$ 729</u>
STATE AND NATIONAL:		
Gross Costs	\$ 75,850	\$ 88,044
Less: Earned Revenue	<u>(39,408)</u>	<u>(6,112)</u>
Net Program Costs	<u>\$ 36,442</u>	<u>\$ 81,932</u>
Net Cost of Operations	<u><u>\$ 47,258</u></u>	<u><u>\$ 94,650</u></u>

The accompanying notes are an integral part of these principal financial statements.

AMERICORPS
TRUST STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Cumulative Results of Operations:		
Beginning Balance	\$ 1,091,669	\$ 801,247
Beginning Balance, as Adjusted	\$ 1,091,669	\$ 801,247
Donations and Forfeitures of Cash and Cash Equivalents	(23)	23
Transfers In/Out Without Reimbursement	255,721	385,049
Net Cost of Operations	(47,258)	(94,650)
Net Change in Cumulative Results of Operations	<u>\$ 208,440</u>	<u>\$ 290,422</u>
Total Cumulative Results of Operations	<u>\$ 1,300,109</u>	<u>\$ 1,091,669</u>
Net Position	<u>\$ 1,300,109</u>	<u>\$ 1,091,669</u>

The accompanying notes are an integral part of these principal financial statements.

AMERICORPS
TRUST STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(In Thousands)

	Unaudited 2023	Unaudited 2022
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) (Note 9)	\$ 730,435	\$ 538,713
Appropriations (Discretionary and Mandatory)	<u>256,205</u>	<u>386,504</u>
Total Budgetary Resources	<u>\$ 986,640</u>	<u>\$ 925,217</u>
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (total)	\$ 209,407	\$ 272,946
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	679,938	452,353
Unapportioned, Unexpired Accounts	<u>97,295</u>	<u>199,918</u>
Unexpired Unobligated Balance, End of Year	<u>\$ 777,233</u>	<u>\$ 652,271</u>
Unobligated Balance, End of Year (total)	<u>\$ 777,233</u>	<u>\$ 652,271</u>
Total Budgetary Resources	<u>\$ 986,640</u>	<u>\$ 925,217</u>
Outlays, Net and Disbursements, Net:		
Outlays, Net (total) (Discretionary and Mandatory)	\$ 110,633	\$ 116,802
Distributed Offsetting Receipts	<u>(230,000)</u>	<u>-</u>
Agency Outlays, Net	<u>\$ (119,367)</u>	<u>\$ 116,802</u>

The accompanying notes are an integral part of these principal financial statements.

Notes to the National Service Trust Funds Financial Statements (Unaudited)



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (UNAUDITED)

A. Reporting Entity

AmeriCorps³⁹ provides opportunities for Americans to make an ongoing, intensive commitment to service through the following programs:

- AmeriCorps State and National⁴⁰
- AmeriCorps VISTA⁴¹
- AmeriCorps NCCC⁴²
- AmeriCorps State Service Commission Support Grants (State Commission Support)⁴³
- AmeriCorps Seniors⁴⁴

AmeriCorps was created by the National and Community Service Trust Act of 1993 (Public Law 103-82). To meet its mission, AmeriCorps provides grants and other assistance to states, local communities, and nonprofit organizations to help communities meet critical challenges in the areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and veterans and military families through service.

³⁹ <https://americorps.gov/>

⁴⁰ <https://americorps.gov/serve/fit-finder/americorps-state-national>

⁴¹ <https://americorps.gov/serve/fit-finder/americorps-vista>

⁴² <https://americorps.gov/serve/fit-finder/americorps-nccc>

⁴³ <https://www.americorps.gov/grantees-sponsors/state-commissions>

⁴⁴ <https://americorps.gov/serve/americorps-seniors>

B. Basis of Accounting and Presentation

The accompanying trust financial statements have been prepared in accordance with U.S. GAAP and accounting standards issued by the Federal Accounting Standards Advisory Board and in the format prescribed by the OMB Circular No. A-136, Financial Reporting Requirements, as amended. The Federal Accounting Standards Advisory Board is recognized by the American Institute of Certified Public Accountants as the official accounting standards-setting body for US government entities. The trust financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of AmeriCorps, as required by the CFO Act of 1990, the Government Management Reform Act of 1994, and the Government Corporation Control Act (31 U.S.C. §9106).

Throughout the trust financial statements and notes, certain assets, liabilities, earned revenue, and costs have been classified as intragovernmental, which is defined as transactions made between two reporting entities within the federal government. Transactions are recorded on both an accrual and budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred without regard to receipt or payment of cash. Budgetary accounting principles, on the other hand, are designed to facilitate compliance with the legal requirements, controls, monitoring, and reporting on the use of federal funds.

AmeriCorps presents the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position on a consolidated basis, which is a summation of the AmeriCorps programs. The Statement of Budgetary Resources is presented on a combined basis, which is the summation of Budgetary Resources, Status of Budgetary Resources, and Outlays, Net. The balances and activity of budgetary accounts are used to prepare the Statements of Budgetary Resources.

C. Accounting for Intragovernmental and Other than Intragovernmental

The Treasury Financial Manual, Volume I, Part 2, Chapter 4700, provides guidance for reporting and reconciling intragovernmental balances. The Statement of Federal Financial Accounting Standards No. 1, *Accounting for Selected Assets and Liabilities*, defines recognition, measurement, and disclosure requirements for intragovernmental assets and liabilities.

Intragovernmental assets and liabilities represent transactions that are made between Federal reporting entities. Intragovernmental assets are claims that other federal reporting entities owe to AmeriCorps. Intragovernmental liabilities are claims that AmeriCorps owes to other federal reporting entities. Other than intragovernmental assets and liabilities represent transactions with public entities, such as state and local government or any agency, office or department run by a state and local

government. Other than intragovernmental assets are claims that public entities owe to AmeriCorps. Other than intragovernmental liabilities are claims that AmeriCorps owes to public entities.

Intragovernmental asset and liability transactions are reported separately from other than intragovernmental asset and liability transactions.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. Fund Balance with Treasury represents the aggregate amount of the agency's accounts with the Department of Treasury (Treasury) available to pay current liabilities and finance authorized purchases, except as restricted by law. AmeriCorps' Fund Balance with Treasury balances are primarily appropriated expenditure, receipt, revolving, trust, and deposit fund accounts remaining as of the end of the fiscal year. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

AmeriCorps does not maintain commercial bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Funds are disbursed for the agency on demand.

For additional information, see Note 2, *Fund Balance with Treasury (Unaudited)*.

E. Investment, Net

AmeriCorps has the authority to invest in US government securities. The securities include marketable Treasury securities issued by the Bureau of the Fiscal Service. It is expected that investments will be held until maturity; therefore, they are classified as investment securities held to maturity and are carried at historical cost, adjusted for amortization of premiums and discounts. The amortization of premiums and discounts are recognized as adjustments to interest income using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

For additional information, see Note 3, *Investments, Net (Unaudited)*.

F. Use of Estimates

The preparation of the trust financial statements in conformity with GAAP requires management to make estimates and assumptions, and exercise judgment that affects the reported amounts of assets, liabilities as of the date of the trust financial statements, and the reported amounts of revenues and expenses incurred during the reporting period. These estimates are based on management's best knowledge of

current events, historical experience, actions that AmeriCorps may take in the future, and various other assumptions that are believed to be reasonable under the circumstances. Due to the size and complexity of many of the AmeriCorps programs, the estimates are subject to a wide range of variables, including assumptions on future economic and financial events. Accordingly, actual results could differ from those estimates.

G. Reclassification

Due to the Migration to Treasury's Administrative Resource Center, AmeriCorps is continuing to analyze certain FY 2023 balances to determine if they should be reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation. Until the research and analysis of the balances is completed, AmeriCorps will not be able to determine if reclassifications are needed.

H. Trust Service Award Liability

The Trust Service Award Liability represents unpaid education awards and eligible student loan interest forbearance costs, which are expected to be used upon certification. These amounts relate to participants who have completed service based on AmeriCorps' historical experience.

For additional information, see Note 5, *Trust Service Award Liability (Unaudited)*.

I. National Service Award Expense

Members serving in approved national service positions are eligible to earn a service award to pay for qualified education expenses. The National Service Trust also pays interest forbearance costs on qualified student loans during the period members perform community service.

For additional information, see Note 6, *National Service Award Expense (Unaudited)*.

NOTE 2. FUND BALANCE WITH TREASURY (UNAUDITED)

The Fund Balance with Treasury is an asset account that shows the available budget spending authority for AmeriCorps. Collections and disbursements increase or decrease the balance in the Fund Balance with Treasury account. Funds are available only for the purposes for which they are appropriated, and AmeriCorps reports changes to this account to the Treasury through monthly reporting.

Fund Balance with Treasury account balances as of September 30, 2023, and 2022 were as follows (in thousands, unaudited):

	Unaudited	2023	2022
Status of Fund Balance with Treasury:			
Unobligated Balance			
Available		\$ 679,938	\$ 452,352
Unavailable		351,582	433,875
Obligated Balance Not Yet Disbursed		560,804	540,193
Net of Unamortized Discount		(1,372,816)	(1,073,357)
Total		\$ 219,508	\$ 353,063

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph. The unavailable unobligated fund balances consist primarily of funds that are precluded from obligation by law. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

The net of unamortized discount represents the amount of investments purchased offset by the applied discounts and premiums and reflects the portion of the investment that remains to be amortized to interest income over the life of the investment. The discount is the amount by which the investment purchase price is lower than net asset value, which is dependent on market trends.

NOTE 3. INVESTMENTS, NET (UNAUDITED)

Investments, Net as of September 30, 2023, consist of the following (in thousands, unaudited):

Unaudited	Cost/ Aquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Investments:						
Market-based						
Bills	\$ 416,460	Interest	\$ 7,003	\$ -	\$ 423,463	\$ 423,103
Notes	956,355	Interest	14,629	1,971	972,955	967,355
Total Intragovernmental Investments	\$ 1,372,815		\$ 21,632	\$ 1,971	\$ 1,396,418	\$ 1,390,458

Note: There are no unrealized gains/(losses) to report for FY 2023 Investments.

Investments, Net as of September 30, 2022, consist of the following (in thousands, unaudited):

Unaudited	Cost/ Aquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Investments:						
Market-based						
Bills	\$ 545,381	Interest	\$ 3,370	\$ -	\$ 548,751	\$ 546,166
Notes	527,977	Interest	1,456	183	529,616	518,589
Total Intragovernmental Investments	\$ 1,073,358		\$ 4,826	\$ 183	\$ 1,078,367	\$ 1,064,755

Note: There are no unrealized gains/(losses) to report for FY 2023 Investments.

NOTE 4. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for AmeriCorps as of September 30, 2023, and 2022 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities (in thousands, unaudited):

	Unaudited	2023	2022
Other than Intragovernmental:			
Other			
Unfunded Leave	\$	141	\$ -
Total Other than Intragovernmental:	\$	141	\$ -
Total Liabilities Not Covered by Budgetary Resources	\$	141	\$ -
Total Liabilities Covered by Budgetary Resources		315,696	339,761
Total Liabilities Not Requiring Budgetary Resources		-	-
Total Liabilities	\$	315,837	\$ 339,761

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on AmeriCorps' behalf and payable to the Department of Labor. AmeriCorps also records an actuarial liability for future workers compensation claims based on the liability to benefits paid ratio provided by the Department of Labor and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly,

is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 5. OTHER LIABILITIES (UNAUDITED)

Other Liabilities includes amounts recognized in accordance with Statement of Federal Financial Accounting Standards 5, Accounting for Liabilities of the Federal Government, and consists primarily of Benefits Program Contributions Payable, Accrued Funded Payroll and Leave, and Trust Service Award Liability.

	Unaudited	2023	2022
Intragovernmental			
Other Current Liabilities - Benefit Contributions Payable	\$	28	\$ -
Total Intragovernmental Other Liabilities	\$	28	\$ -
Other than Intragovernmental			
Trust Service Award Liability		315,389	339,761
Accrued Funded Payroll and Leave		74	-
Total Other than Intragovernmental Other Liabilities	\$	315,463	\$ 339,761
Total Other Liabilities	\$	315,491	\$ 339,761

NOTE 6. TRUST SERVICE AWARD LIABILITY (UNAUDITED)

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The education award generally must be used within seven years of completion date of an approved term of national service. If the education award is transferred to an eligible individual or is a Summer of Service award (which was available to youth enrolled in grades six through nine), the use period is ten years. These awards, as well as interest forbearance payments on qualified student loans during the period members perform their service, are paid from the National Service Trust Fund. The Service Award Liability as of September 30, 2023, and 2022, is as follows (in thousands, unaudited):



	Unaudited	2023	2022
Cumulative Education Awards Earned	\$	4,637,455	\$ 4,490,202
Cumulative Interest Forbearance Earned		132,941	132,749
Total Cumulative Awards Earned	\$	4,770,396	\$ 4,622,951
Less: Discount for Usage and Statistics		(997,263)	(931,129)
Less: Cumulative Awards paid		(3,505,333)	(3,399,052)
Total Liability for Awards Earned	\$	267,800	\$ 292,770
Total Liability for Awards not yet Earned		47,589	46,991
Total	\$	315,389	\$ 339,761

Under the provisions included in its annual appropriations and under 42 U.S.C. 12601a, AmeriCorps is also authorized to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants.

NOTE 7. COMMITMENTS AND CONTINGENCIES (UNAUDITED)

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. AmeriCorps recognizes contingent liabilities in the balance sheet and statement of net cost when it is both probable and can be reasonably estimated. AmeriCorps discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote.

AmeriCorps does not have any commitments or contingencies as of September 30, 2023, and 2022.

NOTE 8. NATIONAL SERVICE AWARD EXPENSE (UNAUDITED)

Members serving in approved national service positions are eligible to earn a service award to pay for qualified education expenses. The National Service Trust also pays interest forbearance costs on qualified student loans during the period members perform community service.

AmeriCorps estimates the expense for national service awards based on the increase in its cumulative service award liability during the year. The total service award liability as of September 30, 2023, and 2022 has been adjusted to reflect the fact that earned awards are not always used (in thousands, unaudited):

	Unaudited	2023	2022
Estimated Education Awards		\$ 77,744	\$ 94,909
Estimated Interest Forbearance		4,144	5,068
National Service Award Expense		\$ 81,888	\$ 99,977
Trust American Recovery Plan Act Administrative Expense		4,778	785
Total National Service Award Expense		\$ 86,666	\$ 100,762

NOTE 9. STATEMENT OF BUDGETARY RESOURCES (UNAUDITED)

A. Unobligated Balances

Unobligated balances as of September 30, 2023, and 2022, were as follows (in thousands, unaudited):

	Unaudited	2023	2022
Unobligated Balance Brought Forward From Prior Year, October 1	\$	652,271	\$ 620,574
Recoveries of Prior Year Obligations		78,164	152,096
Other Changes in Unobligated Balances		-	(233,957)
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$	730,435	\$ 538,713

B. Agency Outlays, Net

Agency Outlays, Net as of September 30, 2023, was a negative balance due to incoming receipts exceeding total expenditures.

NOTE 10. RECONCILIATION OF NET COST TO NET OUTLAYS (UNAUDITED)

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information (in thousands, unaudited).

**RECONCILIATION OF NET COST TO NET OUTLAYS
BUDGET TO ACCRUAL RECONCILIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(In Thousands)**

	Unaudited	Intragovernmental	Other than Intragovernment	Total
Net Operating Cost (SNC)	\$	(39,036)	\$ 86,294	\$ 47,258
Components of Net Cost Not Part of the Budgetary Outlays				
Increase/(Decrease) in Assets:				
Accounts Receivable, Net	\$	-	\$ 20	\$ 20
Securities and Investments		18,593	-	18,593
(Increase)/Decrease in Liabilities:				
Accounts Payable		11	(200)	(189)
Federal Employee and Veteran Benefits Payable		-	(141)	(141)
Other Liabilities		(28)	24,283	24,255
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$	18,576	\$ 23,962	\$ 42,538
Components of the Budget Outlays That Are Not Part of Net Operating Cost				
Financing Sources:				
Donated Revenue	\$	-	\$ 23	\$ 23
Transfers Out (In) Without Reimbursements		(255,721)	-	(255,721)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$	(255,721)	\$ 23	\$ (255,698)
Misc Items				
Distributed Offsetting Receipts	\$	-	\$ (230,000)	\$ (230,000)
Other Temporary Timing Differences		1	(2)	(1)
Appropriated Receipts for Trust/Special Funds		276,536	-	276,536
Total Other Reconciling Items	\$	276,537	\$ (230,002)	\$ 46,535
Total Net Outlays (Calculated Total)	\$	356	\$ (119,723)	\$ (119,367)

**Independent Auditors' Report on the National Service Trust
Funds Financial Statements (Unaudited)**



OFFICE OF INSPECTOR GENERAL

**AUDIT OF AMERICORPS' FISCAL YEAR 2023
NATIONAL SERVICE TRUST FUND
FINANCIAL STATEMENTS**

OIG Report 24-02

Prepared by:

RMA Associates LLC
1005 North Glebe Road, Suite 610
Arlington, VA 22201



OFFICE OF INSPECTOR GENERAL


November 15, 2023

MEMORANDUM TO: Michael D. Smith
Chief Executive Officer


FROM: Monique P. Colter *Monique P. Colter*
Assistant Inspector General for Audit

SUBJECT: Audit of AmeriCorps' Fiscal Year 2023 National Service Trust Fund
Financial Statement, OIG Report 24-02

We contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to audit AmeriCorps' National Service Trust Fund financial statements (Trust financial statements) for the fiscal year (FY) ended September 30, 2023. The contract required RMA to express an opinion on whether AmeriCorps' FY 2023 financial statements are fairly presented, in all material respects; report on internal controls over financial reporting; and report on compliance with the provisions of laws, regulations, contracts, and grant agreements. The contract also required RMA to conduct the audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*.

- **Disclaimer of Opinion:** AmeriCorps continues to have unresolved accounting issues and material weaknesses in internal control that cause AmeriCorps to be unable to provide sufficient appropriate evidential matter in a timely manner for complete and accurate trust financial statements. As a result of these matters, RMA was unable to determine the effect of the lack of sufficient appropriate audit evidence, and whether any adjustments might have been found necessary in respect of recorded or unrecorded balances on AmeriCorps' trust financial statements as of and for the years ended September 30, 2023 and 2022.
- **Five material weaknesses and one significant deficiency in the Trust's internal control over financial reporting.** RMA reported the following material weaknesses and one significant deficiency, Information Technology Security Controls (Modified Repeat), as described in [Exhibit I](#) of this report:
 1. Internal Control Environment (Modified Repeat)
 2. Financial Reporting (Modified Repeat)

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OFFICE OF INSPECTOR GENERAL
 AmeriCorps

3. General Ledger Adjustments (Modified Repeat)
4. Trust Obligations and Liability Model (Repeat)
5. Migration to Shared Service (Modified Repeat)

- RMA considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, RMA does not express such an opinion.


Had the scope of RMA's work been sufficient to enable RMA to express an opinion on the trust financial statements, other instances on noncompliance or other matters may have been identified and reported.

As part of our contract oversight, we reviewed RMA's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the Trust financial statements in accordance with GAGAS, was not intended to enable us to express, and we do not express, an opinion on the Trust financial statements.

RMA is responsible for the attached independent auditors' report, dated November 15, 2023, and the conclusions expressed therein. However, our review disclosed no instances where RMA did not comply, in all material respects, with GAGAS.

cc: Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Prabhjot Bajwa, Chief Information Officer
Fernando Laguarda, General Counsel
Jill Graham, Chief Risk Officer
Rachel Turner, Audits and Investigations Program Manager
Stephen Ravas, Acting Inspector General
Debra Thomas, Partner, RMA Associates LLC

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Independent Auditor's Report

Board of Directors, Chief Executive Officer, and Inspector General
AmeriCorps:

Report on the Audit of the Trust Financial Statements

Disclaimer of Opinion

We were engaged to audit the trust financial statements of AmeriCorps, which comprise the balance sheets as of September 30, 2023 and 2022, and the related statements of net cost, statements of changes in net position, and the statements of budgetary resources for the years then ended, and the related notes to the trust financial statements (collectively, referred to herein as the 'trust financial statements').

We do not express an opinion on the accompanying trust financial statements of AmeriCorps. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence in a timely manner to provide a basis for an audit opinion on the trust financial statements.

Basis for Disclaimer of Opinion

AmeriCorps continues to have unresolved accounting issues and material weaknesses in internal control that cause AmeriCorps to be unable to provide sufficient appropriate evidential matter in a timely manner for complete and accurate trust financial statements. As a result of these matters, we were unable to determine the effect of the lack of sufficient appropriate audit evidence, and whether any adjustments might have been found necessary in respect of recorded and unrecorded balances on AmeriCorps' trust financial statements as of and for the years ended September 30, 2023 and 2022.

Furthermore, the trust financial statements and accompanying notes as of and for the years ended September 30, 2023 and 2022 (1) were not in accordance with U.S. generally accepted accounting principles, (2) were not in compliance with the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, (OMB A-136), and (3) had mathematical errors and inconsistencies.

Other Matters – Interactive Data

Management has elected to reference information on websites or other forms of interactive data outside the Annual Management Report to provide additional information for the users of its trust financial statements. Such information is not a required part of the trust financial

statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or other interactive data has not been subjected to any of our procedures, and accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Trust Financial Statements

Management is responsible for the preparation and fair presentation of the trust financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the trust financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Trust Financial Statements

Our responsibility is to conduct an audit of AmeriCorps' trust financial statements in accordance with the U.S. generally accepted auditing standards (GAAS), *Government Auditing Standards*, and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence in a timely manner to provide a basis for an audit opinion on these trust financial statements.

We are required to be independent of AmeriCorps and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Required Supplementary Information

U.S. generally accepted accounting principles require the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic trust financial statements. Such information is the responsibility of management and, although not a part of the basic trust financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic trust financial statements in an appropriate operational, economic, or historical context.

We were unable to apply certain limited procedures to the Required Supplementary Information in accordance with GAAS because management did not provide sufficient appropriate evidential matter in a timely manner. We do not express an opinion or provide any assurance on the information.

Report on Internal Control over Financial Reporting

In connection with our engagement to audit AmeriCorps' trust financial statements, we considered AmeriCorps' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the trust financial statements, but not for the purpose of expressing an opinion on the effectiveness of AmeriCorps' internal control. Accordingly, we do not express an opinion on the effectiveness of AmeriCorps' internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying [Exhibit I](#) and [Exhibit II](#), we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency, respectively. The status of prior year recommendations is in [Exhibit III](#).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the trust financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Report on Compliance and Other Matters

In connection with our engagement to audit the basic trust financial statements, we considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the trust financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion.

We were not able to perform the applicable tests of compliance due to the aforementioned inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the trust financial statements.

AmeriCorps' Response to Audit Findings and Recommendations

AmeriCorps' Response to Audit Findings and Recommendations comments can be found in [Appendix A](#). AmeriCorps expressed concurrence and nonconcurrence to our findings and recommendations. AmeriCorps' response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The Purpose of the Other Reporting Required by *Government Auditing Standards*

The purpose of the communication described in the Other Reporting on Internal Control and the Report on Compliance and Other Matters sections is solely to describe the deficiencies we consider to be material weaknesses and significant deficiencies, the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

RMA Associates

Arlington, VA
November 15, 2023

Exhibit I – Material Weakness

I. Internal Control Environment (Modified Repeat)

Establishing internal controls that meet Federal standards is a core responsibility of AmeriCorps' management.¹ Thus, AmeriCorps' executive leadership made financial and operational reform a top priority and began making significant investments in its financial management operations, including procuring contractor support to advise senior leadership on financial reform and work with management to develop processes and accompanying policies and procedures. However, in its statement of no assurance dated October 17, 2023, AmeriCorps acknowledged its system of internal control does not currently provide the necessary level of assurance in any of the three required areas, internal control over operations, reporting, and compliance.

AmeriCorps continued to demonstrate an ineffective internal control program. Specifically, knowledge and skills gap continue to exist with AmeriCorps personnel related to financial management and appropriate processes not in place to provide assurances over the reliability and completeness of financial and performance data.² Also, AmeriCorps' risk profile was not sufficiently designed to achieve its stated control objectives.

A. Risk Management (Modified Repeat)

Federal Managers Financial Integrity Act (FMFIA) requires management to continuously monitor, assess, and improve the effectiveness of internal control objectives identified as part of its risk profile to support the annual assessment and report on internal control. Management must have processes in place to assess whether risks continue to exist, new risks have emerged, and the impact of those risks in providing assurance on the effectiveness of controls. Entity-level controls (ELCs) are controls that have a pervasive effect on an entity's internal control system and may pertain to multiple components. ELCs may include controls related to the entity's risk assessment process, control environment, service organizations, management override, and monitoring.

AmeriCorps' Office of Chief Risk Officer (OCRO) reported in its ELC Assessment that 8 of the 17 principles were not sufficiently designed to achieve its stated control objectives for effective internal control based on the Government Accountability Office (GAO) Green Book³ framework.

¹ Federal Managers Financial Integrity Act of 1982 (FMFIA), Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and the Government Accountability Office's *Standards for Internal Control in the Federal Government* (GAO Green Book).

² Technology issues exist as a contributing factor to the poor internal control environment. Refer to Migration to Shared Service.

³ Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book).

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

1. Design and implement control activities to address 8 of the 17 Government Accountability Office Green Book framework principles that were not sufficiently designed during its FY 2023 Entity Level Control assessment. (New)

B. Processes (Modified Repeat)

Although AmeriCorps' management was able to begin making progress towards addressing the prior year's recommendation, which stated AmeriCorps "*must complete a performance diagnostic, which includes a root cause analysis, and then develop, design, and implement a plan towards short- and long-term goals,*" AmeriCorps continued to lack sufficient processes to support the transaction and account balances reported in its trust financial statements and accompanying notes for the following:

- Trust balance sheet: trust service award liability and net position.
- Trust statement of net cost: total gross program cost.
- Trust statement of changes in net position: beginning and ending balances.
- Trust statement of budgetary resources: unobligated balance from prior year budget authority (net), appropriations, new obligations, unapportioned-unexpired balances, and outlays (net).

In addition, AmeriCorps was unable to provide sufficient adequate support in a timely manner for the following:

- Trust financial statements and accompanying notes as of and for the year/period ended September 30, 2023 and June 30, 2023;
- Interim and draft year-end AMR; and
- Compliance with certain provisions of laws, regulations, contracts, and grant agreements. Noncompliance with these requirements could have a direct and material impact on the trust financial statements (e.g., OMB Circular No. A-136, *Financial Reporting Requirements*).

Further, AmeriCorps did not provide evidence of the remediation of corrective action plans (CAPs) for trust service award liability, undelivered orders, recoveries of prior year obligations, journal entries, and fluctuation analysis (financial reporting) which were expected to be completed during FY 2023. As a whole, the CAPs are intended to be remedial actions undertaken to develop internal controls and processes designed to produce credible financial information.

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

C. Knowledge and Skills Gap⁴ (Modified Repeat)

AmeriCorps personnel did not have the appropriate knowledge and skills to ensure its internal control environment was operating effectively and provide sufficient appropriate evidence in a timely manner to support complete and accurate trust financial statements or its performance data. The information we received continued to demonstrate a lack of understanding related to (1) Federal accounting standards, (2) Federal financial reporting, (3) effective financial management practices (i.e., people, processes, and systems), and (4) the proper internal control environment that mitigates risk.

The lack of adequate understanding, proper use, effective review, and approval processes over financial information may result in inconsistent, incomplete, and unreliable financial statements and note disclosures.

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

2. Identify resource capabilities and needs, then recruit, train, develop, and retain financial leaders and personnel with relevant Federal financial management capabilities to achieve operations, reporting, and compliance objectives, complete and document performance evaluations in a readily accessible form, and hold individuals accountable for related control responsibilities. **(Modified Repeat)**

D. Fraud Risk Management (New)

Management is required to analyze and respond to identified fraud risks, estimate their significance, and implement appropriate risk responses. Changes in internal and external conditions should be promptly identified and communicated within the organization. Such changes may necessitate revisions to the internal control system to maintain its effectiveness. Additionally, new risks or modifications to existing risks should be assessed as part of the analysis and response to changing conditions, which may require adjustments to risk tolerances and responses.⁵

⁴ In FY 2022, the knowledge gap was identified as a stand-alone material weakness. However, in FY 2023, AmeriCorps undertook steps to bring in temporary contracted support to assist in improving financial management practices, for a portion of FY 2023. We have combined the knowledge gap weakness into a broader internal control NFR due to the existence of contract support and filling key positions, including the Budget Director.

⁵ Government Accountability Office's (GAO), Standard for Internal Control in the Federal Government (Green Book), Section 8.06 and 8.07.

During our annual fraud risk inquiries with AmeriCorps management, we discovered AmeriCorps' management did not understand:

- The connection between the impact of known and potential fraud by AmeriCorps' grantee and subgrantee recipients to its trust financial statements specifically, the Trust fund liability; and
- The need to evaluate its known fraud and the increased fraud risks and the related impact on its trust financial statements.

Failure to identify the correlation between financial reporting and the financial data reported by grantee and subgrantee recipients such as false certifications, fictitious expense, mischaracterized, and/or ineligible expenses, could result in misstatement(s) to AmeriCorps annual financial statements and other financial reporting.

In addition, AmeriCorps' Financial Management Processes (i.e., standard operating procedures) regarding its Fraud Risk Profile did not:

- Require updates to its risk profile annually;
- Include an assessment of known, suspected, and alleged fraud risks associated with grantee and subgrantee recipients;
- Have guidance to train employees to rate risk accurately considering known or potential fraud; and
- Have guidance for adequate documentation on the risk determination reviews to match risk ratings or detect errors within the risk assessment.

As a result, AmeriCorps' fraud risk assessment practices may result in masking fraud risk that warrants mitigation.

We recommend AmeriCorps:

3. Ensure its fraud risk management process includes external risk factors such as grantee and subgrantee recipients in its standard operating procedures for the agency risk profile. This process should include:
 - a. A scheduled risk assessment, mitigation plan, and monitoring and reporting (e.g., relating to grantee and subgrantee recipients);
 - b. An integration of the fraud risk components for known, suspected, and alleged fraud risks;
 - c. Documentation on how the fraud risk components integrate;
 - d. How the risk scoring is conducted and applied;

- e. The use of the results of monitoring, evaluation, audits, and investigations to improve fraud prevention, detection, and response; and
 - f. Guidance for adequate documentation on the risk determination reviews to match risk ratings or detect errors within the risk assessment. (New)
4. Provide internal training that addresses:
- a. Management's overall responsibility for establishing internal controls to manage the risk of fraud, and the related impact on the trust financial statements; and
 - b. The connection between potential and known fraud by the grantee and subgrantee recipients and the impact that fraud may have on the underlying financial data being provided by the recipients and ultimately used for the preparation of information reported in the trust financial statements. (New)

II. Financial Reporting (Modified Repeat)

The financial reporting compilation function is central to an entity's internal control environment, and its ability to accurately report to Congress, the public, and other stakeholders about its stewardship of Federal funds. AmeriCorps made little progress in improving its financial reporting in FY 2023, therefore, several critical areas remain unresolved.

AmeriCorps' draft interim and year end trust financial statements were not prepared in accordance with U.S. generally accepted accounting principles, did not comply with OMB Circular No. A-136 (OMB A-136), and contained mathematical errors throughout.

A. Preparing and Reviewing Financial Reports (Modified Repeat)

AmeriCorps did not effectively implement its CAPs related to financial reporting to ensure financial statements are properly validated, reviewed, and approved by appropriate personnel. AmeriCorps' financial reporting lacked sufficient processes and effective internal controls to ensure complete, reliable, timely, and accurate trust financial statements, which were free from material misstatement, whether due to fraud or error. AmeriCorps failed to correct errors identified and communicated relating to its June 30, 2023, trust financial statements, and some of the same errors continued to exist at year-end.

The draft year-end AMR was not received in a timely manner. Based on our limited procedures, we observed the following:

- Target and actual amounts reported in the Performance Goals, Objectives, and Results were not provided;

- The Analysis for Financial Statement contained within the Management Discussion and Analysis section did not present any analysis or discussion related to the trust financial statements; and
- No discussion on significant changes in the Analysis of Financial Statements.⁶

In addition, AmeriCorps FY 2023 trust financial statements and accompanying notes presentation contained:

- Inadequate review performed to address compliance, technical, editorial, and consistency errors;
- Excluded the reconciliation of net cost to net outlays note as required by SFFAS 53⁷ and OMB A-136. AmeriCorps was notified by the auditors of this missing note schedule at interim and year-end. Upon receiving the updated draft, AmeriCorps had provided a reconciliation, however, there were several errors with the schedule and/or note narrative presentation. As a whole, the note disclosure did not properly explain the purpose, the nature, and the material line items included in the reconciliation. Additionally, the reconciliation did not include any prior year information for comparative purposes;
- Excluded the 'Commitments and Contingencies' line item on its trust balance sheet;
- Missing note disclosures and/or amounts in note schedules did not agree with principal statements;
- Prior year amounts did not agree, due to differences in rounding applied this year; and
- Inaccurate reference to its accounting standards.

Additionally, AmeriCorps' internal controls related to its financial statement preparation and compilation failed to detect and prevent the following items on its trust financial statements as of and for the period ended June 30, 2023:

- Note 1H, *Reclassification*, mentioned that certain balances have been reclassified for the current year presentation, however, the trust financial statements were not labeled "reclassified."
- Note 5, *National Service Award Expense*, did not agree to the statement of net cost and there was no additional information to inform the reader how these expenses agree to the abnormal balance on the statement of net cost.
- Missing the following note disclosures required by the OMB A-136:
 - Note 20: Commitments and Contingencies.

⁶ Required per OMB No. A-136, II.2.3, *Analysis of Financial Statements*.

⁷ SFFAS 53, *Budget and Accrual Reconciliation*, Amending SFFAS 7 and 24, and Rescinding SFFAS 22.

- Note 26: Statement of Budgetary Resources.
- Unobligated balances (to explain difference from prior year).

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

5. Establish policies and procedures on financial reporting in compliance with standards and guidance (i.e., U.S. generally accepted accounting principles, Office of Management and Budget Circular No. A-136, and the U.S. Standard General Ledger, which should include an end-to-end business process and flowcharts. (New)

B. Adequate Support for Financial Information in a Timely Manner (Modified Repeat)

AmeriCorps continued to struggle throughout FY 2023 in preparing, reviewing, and providing documentation to support its reported financial activity. In some cases, the information was not provided timely or completely, and in others, it was not provided at all because there were no policies and procedures for various processes. For example, we observed the following:

- AmeriCorps reported Unapportioned, Unexpired Accounts of \$95.9 million. However, the unapportioned amount reported on the Standard Form 132⁸ (SF 132), *Apportionment and Reapportionment Schedule* was \$200.1 million; a difference of approximately \$104.2 million more than reported by AmeriCorps.
- Similar to previous years, AmeriCorps did not document its financial account balance fluctuation expectations based on its operating environment nor were they able to explain significant fluctuations in its financial activity from period to period. Without effective analysis of financial activity, such as analyzing changes in balances from one period to another, AmeriCorps' trust financial statements may have significant omissions or misstatements that may not be detected and corrected in a timely manner, which could lead to an increased risk of error, some of which may be material.

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

6. Develop and implement standard operating procedures to ensure the applicable line items in the trust statement of budgetary resources are properly reconciled to the

⁸ SF 132, *Apportionment and Reapportionment Schedule*.

SF 132, *Apportionment and Reapportionment Schedule*, and differences are properly documented, explained, and available upon request. (New)

7. Complete a comprehensive fluctuation analysis for its trust financial statements that is supported and detailed enough to allow management to detect accounting errors or evaluate the reasonableness of balances. (Modified Repeat)
8. Develop and implement standard operating procedures for a comprehensive fluctuation analysis to ensure the fluctuation analysis is properly reviewed, approved, and validated in a timely manner by appropriate AmeriCorps resources and account balances are accurate as of and through the reporting period. (Modified Repeat)

III. General Ledger Adjustments (Modified Repeat)

AmeriCorps continues to rely heavily on journal entries to correct financial reporting issues instead of fixing the root causes driving the need for these journal entries. Table 1 shows large dollar transactions in FY 2020, attributable to clean-up efforts preceding the conversion to shared services. Despite the decrease in the number of manual journal entries, the value of the entries continued to increase significantly post migration to shared service between FY 2021 and FY 2023.

Table 1: JE Detail

Year	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Count of JEs	22	93	102	91
Total \$ Value of JEs (in Millions)	\$3,436.0	\$6,320.2	\$8,513.1	\$29,895.1

Finally, during FY 2023, AmeriCorps was unable to provide the requested reconciliation of the journal entry detail to its general ledger for the period ended June 30, 2023 because policies and procedures defining the roles and responsibilities of AmeriCorps and its service provider regarding journal entries were not established.

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

9. Establish, implement, and document policies and procedures that outline the roles and responsibilities of AmeriCorps and its service provider, such as an end-to-end business processes narrative with flowcharts related to journal entries activity. (New)

IV. Trust Obligations and Liability Model (Repeat)

The National Service Trust holds the funds set aside to pay the education awards of national service members who successfully complete their service terms. Responsibility for the education awards that have been earned or will be earned in the near future is the largest liability on AmeriCorps' trust financial statements at \$315 million. The liability is estimated based on historical data, including the number of filled member slots, the percentage of members who earn an education award by successfully completing their service terms, the rate and time at which members use the education awards that they have earned and similar factors.

The Trust Obligation and Trust Service Award Liability may be materially misstated because the data input has not been verified and validated. Therefore, AmeriCorps' methodology to calculate the value of the Trust Liability could have incorrect assumptions, ultimately impacting the output of the financial information.

In the first quarter of FY 2019, AmeriCorps began to apply a new actuarial model (the Trust Obligation Liability Model or TOLM) to the member data. Although AmeriCorps originally committed to perform data validation in the third quarter of 2023, the validation is not scheduled to be completed until FY 2025. Management's methodology is subject to change after an assessment of the underlying input data is completed.

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

V. Migration to Shared Service (Modified Repeat)

According to AmeriCorps, prior year recommendations related to migrating data to its shared service provider's financial management system (Migration to Shared Service) were completed by the end of FY 2022. However, AmeriCorps was unable to provide sufficient appropriate evidence in a timely manner related to journal entry and grant obligation test work procedures. Therefore, we were unable to achieve the objectives of the audit because configuration and compatibility issues remain unresolved.

Therefore, the prior year's material weakness and related recommendations in [Exhibit III](#) remain open and unimplemented.

We recommend AmeriCorps:

10. Monitor outstanding balances resulting from financial system configuration issues and fix the issues for future transactions to be interfaced into the shared service provider's financial management system, Oracle. (Modified Repeat)

Exhibit II – Significant Deficiency

I. Information Technology Security Controls (Modified Repeat)

AmeriCorps relies extensively on information technology (IT) systems to initiate, authorize, record, process, summarize, and report financial transactions in the preparation of its trust financial statements. Internal controls over these financial and supporting operations are essential to ensure critical data's integrity, confidentiality, and reliability while reducing the risk of errors, fraud, and other illegal acts.

To balance high levels of service and reduce costs, AmeriCorps' Office of Information Technology has outsourced the operation, maintenance, and support of most of its IT systems. This was the third year AmeriCorps outsourced its financial operations to a shared service provider. Shared service provider systems interface with a legacy application for the purpose of retrieving grants management data from the Electronic-System for Programs Agreements and National Service Participant (eSPAN).

AmeriCorps plans to complete data migration from the mainframe legacy application to an up-to-date shared cloud service provider by December 2024. In FY 2023, we found unsupported software not patched, and AmeriCorps continued not to devote sufficient resources to complete general ledger account configuration and compatibility issues. The compatibility issues identified in FY 2022 and evidenced by the significant use of journal entries and differences when reconciling the two ledgers, continue in FY 2023. Additionally, the Grants UDOs reconciliation between Oracle and the legacy application displayed numerous differences attributed to how spending adjustments are posted and certain activities within the legacy application's report were not being captured. The challenge arises when financial reporting issues previously identified in the mainframe legacy environment continue to exist. As such, the balances reported on the trust financial statements are unreliable, as there is no assurance of the balances' completeness, existence, and accuracy.

Outsourcing introduces special considerations and risks regarding the protection of information and information systems. Despite outsourcing IT systems, AmeriCorps, by law, retains responsibility for complying with the requirements of the security control implementation.

While AmeriCorps has taken some steps to remediate previously identified information security control weaknesses,⁹ AmeriCorps continues to face challenges in consistently implementing its information security program and monitoring security controls. In addition, we identified new and continued control weaknesses in the information security program

⁹ We identified security control weaknesses that were corrected for certain control activities. Examples of AmeriCorps' improvements in its IT control environment include conducting background investigations and reinvestigations of current employees and enhancing physical access controls to safeguard personally identifiable information.

that need to be addressed, most importantly pertaining to configuration management controls, including vulnerability management, access controls, and organization-wide risk management. Specifically, we identified enterprise findings for each of the following domains:

Security Management

- AmeriCorps did not maintain a complete and accurate inventory of all its information systems. During fieldwork, AmeriCorps provided its Information System Inventory List, and we observed one system, the Administrative Resource Center (ARC) Financial System, was not maintained as part of the information system inventory.
- AmeriCorps did not upgrade to a supported version for one of its systems. For one of four selected systems for testing, we determined the FY 2023 Business Impact Analysis (BIA) included unsupported software. The support for this software version ended on March 1, 2020. However, the software continues to provide business capabilities to AmeriCorps' operation, which is critical because it contains AmeriCorps' transactions.
- AmeriCorps did not update its Authorization to Operate (ATO) documentation in accordance with its policies. An ATO signifies the system has met the required standards and has been authorized to operate within a specific organization. Specifically, ATO letters for eSPAN and another system selected for testing were not updated within three years in accordance with AmeriCorps policies and procedures.
- AmeriCorps did not authorize the System Security Plans (SSP) for eSPAN, General Support System (GSS) and another system selected for testing. The SSPs were marked draft and without the approval signatures.
- AmeriCorps was unaware they needed to account for third-party systems and prepare an authorization package, including SSPs, Authorization to Use, and Security Assessment Report for the ARC Financial System.
- AmeriCorps did not develop, document, and communicate an overall Supply Chain Risk Management strategy, implementation plan, and related policies and procedures to guide and govern supply chain risk management activities.
- AmeriCorps did not ensure individuals with access to personally identifiable information (PII) completed annual privacy-role-based training.

Configuration Management

- AmeriCorps did not resolve critical and high-risk vulnerabilities within the timeframes specified by its internal operating policies. Our evaluation identified delays in applying patches and fixes for critical and high-severity vulnerabilities. Approximately 24 percent of the discovered critical and high vulnerabilities were over 12 months old. As a result, vulnerabilities related to patch management, configuration management, and unsupported software continue to expose AmeriCorps' network to critical and high-

severity vulnerabilities. The longer the vulnerability is exposed on the network, the greater the risk that the vulnerability can be exploited. An independent network vulnerability scan noted exploitable vulnerabilities that could compromise a complete system. The vulnerability could allow unauthorized access to the targeted system. If an exploitable system were compromised, the malicious attacker could operate for an extended time without detection.

Access Control

- AmeriCorps did not annually review and update its enterprise-wide Incident Response Plan (IRP) as defined within the AmeriCorps Security Controls Catalog. During the evaluation, AmeriCorps provided an IRP dated May 5, 2021; no updates have been made to the document since April 2021. AmeriCorps Officials stated the most recent version of the IRP was under review and was presented at the AmeriCorps Policy Council Meeting on June 21, 2023.
- AmeriCorps did not meet the logging requirements set forth by the OMB M-21-31, which requires agencies to reach a tier maturity within 18 months of the M-21-31 memorandum issued on August 27, 2021. As of June 27, 2023, or 22 months since issuance, AmeriCorps has not implemented the requirement to retain logs in acceptable formats.

Contingency Planning

- AmeriCorps did not conduct the Disaster Recovery Exercise for four systems, GSS/eSPAN, ARC Financial System, and another system selected for testing, in FY 2023.
 - The last exercise was conducted for the GSS and eSPAN systems from October 2021 to November 2021.
 - The last exercise for one of the systems selected for testing was conducted in May 2022.
 - The ARC Financial System was not included in the previous year's Disaster Recovery exercises or the FY 2023 exercise.
- AmeriCorps did not have the minimum requirements for one of the systems selected for testing BIA to:
 - Identify essential mission/business processes and determine the impact of a system disruption on those processes along with outage impacts and estimated downtime; and
 - Identify recovery priorities for system resources.
- AmeriCorps did not perform a contingency plan and BIA for the ARC Financial System.

Many of these weaknesses can be attributed to inconsistent enforcement of the agency-wide information security program across the enterprise. These deficiencies can increase the risk of unauthorized access to AmeriCorps' systems to capture, process, and report financial transactions and balances. Effective system security begins with strong governance, including

agency-level oversight and control monitoring of AmeriCorps' field offices. This includes ensuring accountability within the Office of Information Technology leadership for accomplishing milestones and achieving measurable results in support of a strategy to achieve an effective level of information security at AmeriCorps.

By not effectively implementing and enforcing IT policies and procedures and working towards automation, continuous monitoring, and consistent application of controls, there is an increased risk that financial information and PII may be inadvertently or deliberately misused and may result in improper disclosure or theft without detection. Without remediating all significant security vulnerabilities, systems could be compromised, resulting in potential harm to the confidentiality, integrity, and availability of AmeriCorps' financial and sensitive data.

Because AmeriCorps has not taken and/or completed corrective action, these material weaknesses and the related prior year recommendations in [Exhibit III](#) remain open and unimplemented.

Exhibit III – Status of Prior Year Recommendations

The summary of the status¹⁰ of FY 2019, FY 2021, and FY 2022 financial statement audit recommendations in FY 2023 is in Table 2. The details of each open FY 2019, FY 2021, and FY 2022 recommendations are presented in Table 3, Table 4, and Table 5, respectively.

Table 2: Summary of the Status of FY 2019, 2021, and 2022 Trust Financial Statement Audit Recommendation in FY 2023

Status in FY 23	Count of Recommendations in FY 19	FY 19 Audit Trust Report Recommendation Number	Count of Recommendations in FY 21	FY 21 Audit Trust Report Recommendation Number	Count of Recommendations in FY 22	FY 22 Audit Trust Report Recommendation Number
Closed Recommendations	1	26	0	-	0	-
Modified Repeat – Superseded by FY23 Recommendations	-	-	2	2, 10	2	3, 4
Repeat – Open Recommendations	18	-	8	-	10	-
Total:	19		10		12	

¹⁰ No Financial statement audit conducted in FY 2020.

Table 3: Status in FY 2023 and Detail Description of Each Recommendation from FY 2019 Trust Financial Statement Audit

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
Material Weakness Financial System and Reporting	16 (17)	Strengthen coordination between Accounting and Financial Management Services and the Office of Budget to ensure that transactions are recorded accurately and timely.	Repeat – Open
Material Weakness Trust Obligations and Liability Model	20 (21)	Complete the Trust Accounting Handbook to clearly reflect the assumptions used in the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator, including establishing control activities; finalize materiality thresholds applied; update accounting transactions, and clearly identify periods when adjustments will be made regardless of materiality.	Repeat – Open
	21 (22)	Develop a more standardized, secure, and automated method to estimate the Trust obligations and Trust Service Award Liability that ensures minimal human errors. As part of the ongoing AmeriCorps transition to shared service, coordinate with the service provider to determine methods that would enhance the security and quality of the existing estimation models.	Repeat – Open
	22 (23)	Strengthen controls to ensure the Trust modeling is performed by trained personnel to: a. Conduct detailed analysis and validation of data sources. b. Review and ensure the reasonableness of assumptions used and document the rationale behind estimation assumptions. c. Consider changes in conditions or programs that require further research and analysis. Update the assumptions when necessary.	Repeat – Open

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FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
	23 (24)	<p>d. Compare estimates with subsequent results to assess the reliability of the assumptions and data used to develop estimates.</p> <p>Document and implement policies and procedures to include the following:</p> <ul style="list-style-type: none"> a. establish a thorough and robust quality control process to ensure that the Trust Obligation and Liability Model (TOLM) and Monthly Obligation and Liability Calculator (Calculator) are reviewed by qualified AmeriCorps personnel prior to relying on its outputs to record transactions. All errors identified for which management ultimately decided against making updates to the TOLM or Calculator should be documented along with an explanation as to how management arrived at the final decision; b. perform monthly reviews and reconciliations of the recorded new and outstanding obligations to ensure the accounting information is valid and proper; review obligation amounts to ensure amounts accurately reflect the status of the obligation; c. review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation); d. ensure obligations are sufficiently supported (i.e., by documentary evidence); and e. perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved. 	Repeat – Open
	24 (25)	Coordinate with the Office of the Chief Risk Officer (OCRO) to properly identify the National Service Trust Fund’s financial reporting risks and incorporate those risks into the OCRO’s annual testing of key controls.	Repeat – Open

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FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
	25 (26)	Develop a succession plan to ensure the required expertise is available in anticipation of planned employee turnover, particularly with respect to the complex trust calculations. AmeriCorps needs to: a. Train, mentor, and work to retain qualified employees; b. Cross-train employees so that knowledge of the model will reside with multiple staff rather than with one person; and c. Implement a peer review process to carry out the necessary quality control reviews of the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator.	Repeat – Open
Significant Deficiency IT Security Controls	26 (58)	Develop a multi-year strategy to better strategically prioritize and allocate resources to address the new and continuing weaknesses identified and work towards automation, continuous monitoring, and consistent application of controls.	Closed
	27 (59)	Enforce the agency-wide information security program across the enterprise and improve performance monitoring to ensure controls are operating as intended at all facilities.	Repeat – Open
	28 (60)	Strengthen and refine the process for communicating AmeriCorps facility-specific control deficiencies to AmeriCorps facility personnel, and coordinate remediation of the control deficiencies.	Repeat – Open
	29 (61)	Strengthen and refine the process for holding system owners and information system security officers accountable for remediation of control deficiencies and ensuring that the appropriate security posture is maintained for AmeriCorps information systems.	Repeat – Open
	30 (62)	Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in AmeriCorps information systems.	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
	31 (63)	Implement all detailed recommendations in the FY 2019 FISMA Evaluation report. Specifically, they are FY 2019 - Recommendations 1, 2, 4, 6, 7, 23 and 25.	Repeat – Open
Non-Compliance Single Audit Compliance	32 (70)	Develop, implement, and document procedures to identify all AmeriCorps grantees that are required to submit single audit reports with their due dates.	Repeat – Open
	33 (71)	Develop, implement, and document procedures on timely follow-up for those grantees whose audits have become past due, and to ascertain why report submission was late, when the audit report will be submitted to the Federal Audit Clearinghouse, and what corrective action has been taken to prevent a report submission delay in future.	Repeat – Open
	34 (72)	Develop a practice to capture the single audit data to assess the effectiveness of the single audit report submission for all its grantees.	Repeat – Open
	35 (73)	Develop, implement, and document procedures for implementing Office of Budget and Management (OMB) approved single audit report submission extensions, so that OMB approved extension approvals are documented and tracked as part of the single audit monitoring process.	Repeat – Open
	36 (74)	Update the Single Audit Resolution Policy to: - Reflect the current monitoring process to track all audit findings related to AmeriCorps-funded grants, and - Address AmeriCorps' responsibilities as the cognizant/oversight agency and how these responsibilities would be carried out.	Repeat – Open

FY 19 Audit Report Finding Area	FY 19 Audit Report Rec. Number	Recommendation Description	Status of FY 19 Recommendations in FY 23
	37 (75)	Develop and implement procedures to monitor the effectiveness of the single audit monitoring process in accordance with the Uniform Grant Guidance, 2 Code of Federal Regulation §200.513 Responsibilities, (a) (3) (iv), related to monitoring the effectiveness of single audit findings follow-up and the effectiveness of single audits in improving grantee accountability and in their use by AmeriCorps in making award decisions.	Repeat – Open

Table 4: Status in FY 2023 and Detail Description of Each Recommendation from FY 2021 Trust Financial Statement Audit

FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
Material Weakness	1 (1)	Perform a risk assessment over the current state of the conversion to ARC and work jointly with ARC, senior leadership, Office of Chief Risk Officer, and functional groups affected by the risk to develop a mitigation strategy and execute a realistic and properly designed corrective action plan.	Repeat – Open
	2 (2)	Fix incorrect outstanding balances, missing data, and missing supporting contract documentation resulting from financial system configuration issues and ensure future interfaces with Oracle do not have the same issues.	Modified Repeat – Superseded by FY 23 Recommendation #10
Migration to Shared Service	3 (3)	Continue coordinating with ARC to ensure that its accounting platform is compatible with AmeriCorps’ operations and the type of accounting transactions that AmeriCorps processes.	Repeat – Open

FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
	4 (4)	Conduct a review of transactions processed in Momentum and already migrated to Oracle through interface or reported in Oracle using journal entries, to ensure that correct object class codes were applied.	Repeat – Open
Material Weakness Internal Controls Program (FMFIA)	7 (8)	Establish controls and training to ensure that each functional office/unit performs an independent assessment of internal controls to inform the CEO's statement of assurance, even if unfavorable outcomes are expected. This proactive approach will promote the early detection of potential findings and allow for prompt remediation.	Repeat – Open
Material Weakness Financial System and Reporting	9 (10)	Develop and implement audit readiness procedures to ensure that audit information is complete, accurate, has undergone proper quality control procedures, and readily available or can be retrieved timely. The audit readiness procedures should include audit coordination protocol with ARC that clearly define roles and responsibilities of all parties involved in the process.	Repeat – Open

FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
	10 (11)	<p>Develop comprehensive policies and procedures to document its financial statement preparation process. The policies and procedures should clearly delineate responsibilities among various members of the Accounting and Financial Management Service (AFMS) group and team leads and those performed by AmeriCorps' shared services provider, clarifying the responsibility of AmeriCorps for the accuracy of the reported information. The policies and procedures should address the following aspects:</p> <ul style="list-style-type: none"> a. The process to determine and document AmeriCorps' balance fluctuation expectations based on a combination of internal and external operating factors, and program and financial relevant information available. b. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have the supporting documentation readily available. c. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis. d. Address fatal and non-fatal Government-wide Treasury Account Symbol edit failures prior to GTAS certification. e. Document resolution for all balance differences and retain supporting documentation of related research. 	<p>Modified Repeat – Superseded by FY 23 Recommendations #7 and #8</p>

FY 21 Audit Report Finding Area	FY 21 Audit Report Rec. Number	Recommendation Description	Status of FY 21 Recommendations in FY 23
	11 (12)	Continue working with Administrative Resource Center to review and correct AmeriCorps' balances in detail to ensure they are properly supported and that balances migrated to the ARC platform are complete, accurate, and reliable.	Repeat – Open
	12 (13)	Strengthen its policies and procedures over the processing of journal entries going forward now that AmeriCorps has transitioned to the shared service environment. The policies and procedures should cover the following: a. A process to track the sequence of journal entry transactions for completeness. b. A policy as to when it is appropriate to use a journal entry and approval procedures for journal entries recorded to ensure segregation of duties. c. A requirement to provide a fact-specific description of the purpose of the journal entry, along with adequate supporting documentation. d. Documentation needed to support journal entries and how it will be maintained.	Repeat – Open
	13 (14)	Validate and ensure journal entries are properly supported, documented, and are readily available for examination.	Repeat – Open

Table 5: Status in FY 2023 and Detail Description of Each Recommendation from FY 2022 Trust Financial Statement Audit

FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
Material Weakness Knowledge Gap throughout Financial Management Operations	1 (1)	Complete a detailed performance diagnostic and gap analysis on AmeriCorps' financial management personnel, processes, and systems, including a root cause analysis, and then develop, design, and implement a plan toward short- and long-term executable goals.	Repeat – Open
	2 (2)	Perform intermediate assessments of the effectiveness of its executed plans and final evaluations of its financial management operations to ensure desired results are achieved.	Repeat – Open
	3 (3)	Recruit financial leaders with relevant Federal financial management capabilities.	Modified Repeat – Superseded by FY 23 Recommendation #2
	4 (4)	Implement core and specialized training to develop competencies in internal control and financial management, including the development of hands-on workshops to address existing and future standards, and financial management and reporting requirements.	Modified Repeat – Superseded by FY 23 Recommendation #2
Material Weakness Internal Controls Program (FMFIA)	5 (5)	Develop a process to understand the root causes and conditions behind each control deficiency and the discrepancies between the control deficiencies identified by AmeriCorps' internal control testing and those reported by the external auditors. The document should consider the information presented to the Risk Management Council and their decisions, as well as any other considerations used in determining the classification of the control deficiency. Furthermore, this understanding should be used to develop and implement CAPs to address the deficiencies.	Repeat – Open

FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
	6 (6)	Require each department head to be responsible and accountable for timely developing and implementing CAPs and require each department's staff to test the design and effectiveness of each CAP as implemented to ensure that it achieves the desired results.	Repeat – Open
	7 (7)	Revise the Business Process Narratives to incorporate significant changes in the current financial and control environment.	Repeat – Open
Material Weakness	8 (8)	Develop and implement effective controls, including a quality assurance process, necessary to ensure that: a. accounting and reporting are in accordance with U.S. GAAP and financial information is presented in compliance with OMB Circular A-136. b. account balances are accurate as of and through the reporting period. c. the proper validation, review, and approval over financial reporting and the AMR compilation.	Repeat – Open
Financial Reporting	9 (9)	Develop, identify and make available the training necessary to ensure that staff obtain and update the skills necessary to ensure compliance with: a. FASAB concept and accounting standards. b. OMB A-123. c. OMB A-136. d. GAO Disclosure checklist. e. Treasury's U.S. Standard General Ledger annual update. f. the correct use of the Business Event Transaction Codes (BETC) when submitting transactions to Treasury.	Repeat – Open

FY 22 Audit Report Finding Area	FY 22 Audit Report Rec. Number	Recommendation Description	Status of FY 22 Recommendations in FY 23
Material Weakness General Ledger Adjustments	10 (10)	Develop and implement financial reporting internal controls to analyze and address the root causes of the need for journal entries and the corrective actions in financial management systems to reduce the necessity of future journal entries.	Repeat – Open
Material Weakness	11 (14)	Verify and validate the underlying input data to the TOLM.	Repeat – Open
Trust Obligations and Liability Model	12 (15)	After the verification and validation, reassess its assumptions and consider expanding the subjective elements of the calculation (i.e., those based on changes to the economy and the job market) to include changes in the way awards are utilized.	Repeat – Open

Appendix A – Management’s Response to Audit Report



MEMORANDUM FOR: Stephen Ravas
Acting Inspector General

FROM: Malena Brookshire *[Signature]* 11/15/2023
Chief Financial Officer

SUBJECT: Management Response for the Fiscal Year 2023 Consolidated
Financial Statements and National Trust Financial Statements

On behalf of AmeriCorps, I am responding to the Independent Auditor’s Report on AmeriCorps’ Fiscal Year 2023 Consolidated Financial Statements and National Trust Financial Statements, which is included in our Fiscal Year 2023 Annual Management Report.

The independent audit of AmeriCorps’s financial statements and related processes provide an opportunity for continuous improvement of our financial management program. While I may not agree with certain conclusions in the audit report, I, along with the entire AmeriCorps leadership team, have confidence in the Financial and Operational Reform (FOR) plan as a catalyst for transforming the agency’s financial and operational infrastructure that has suffered from a lack of sustained investment to deliver on its mission efficiently and effectively. Through the agency’s FOR plan, AmeriCorps is investing in modernizing its information technology systems, and standardizing and automating its processes to support improved performance by agency staff.

Additionally, my office, the Office of the Chief Financial Officer, is finalizing a comprehensive organizational strategy. The organizational strategy will be informed by a comprehensive analysis on infrastructure gaps and will outline actionable efforts to sustain the FOR plan framework, operational improvements, and improvements in our internal controls and financial policies.

While much work remains ahead, and we expected this year’s audit report to read like last years, we are focusing our efforts on remediating long-standing issues. AmeriCorps’ is making significant improvements that strengthen the agency and ensure the effective stewardship of federal resources dedicated to national and community service. Highlights of the tremendous progress we are making along this multi-year journey include:

- Developed a FOR plan governance structure that is fully functional and we are executing on a framework that provides a clear vision for current and future remediation efforts.
- Engaged an advisor and contractors who were directly involved in the Department of Housing and Urban Development’s transformational efforts, and with their help we are carrying out key remediation efforts to address observations and recommendations in targeted audit areas.
- Established a Reporting Compliance and Audit office that manages the financial statement audit process and has implemented improvements such as: a shared audit coordination site, improved communication protocols, standardized walkthrough templates, and an enhanced quality review process.



- Migrated our financial statements to a web-based tool to support automated, standardized presentation of the agency's financial statement tables and notes to the financial statements to ensure compliance with OMB A-136 presentations, and reduce risk for mathematical and manual errors.
- Onboarded a statistician to support the continued analysis and development of an accurate presentation of grant accruals, advances and overall financial activity.
- Established ongoing collaboration with the grants modernization team to align key project milestones and dependencies.
- Awarded a Comprehensive and Targeted Reform Services contract that provides support across a wide range of areas including but not limited to internal controls design, policy and procedures standardization and documentation, data analytics support, process automation, and project management and change management.
- Continued to implement the agency's existing fraud risk framework, which includes real-time, dynamic information regarding grant recipient fraud risk; internal and external fraud risk profiles which are updated annually; and multiple fraud risk analyses within the agency's internal controls assessment. In FY23, we focused on maturing our approach to fraud risk management, with the re-establishment of the agency's fraud risk subcommittee and the beginning of fuller integration of the agency's fraud risk approach with internal controls and enterprise risk management.

I acknowledge the independent public accounting firm's RMA Associates, LLC, *disclaimer of opinion* on AmeriCorps' Fiscal Year 2023 Financial Statements and AmeriCorps' National Trust Financial Statements. AmeriCorps has reviewed and concurs with 3 material weaknesses and the 2 significant deficiencies. AmeriCorps does not concur with 9 material weaknesses based on inaccurate conditions depicted within Notices of Findings and Recommendations. Specific evidence presented in findings, and sufficient time and opportunity for review and discussion, would support more effective remediation.

I am pleased that AmeriCorps was able to close seven prior year recommendations, eliminating the significant deficiency in accounts receivable. AmeriCorps is finalizing a detailed remediation roadmap as part of our FOR Plan to include sustained efforts toward achieving corrective action plans to continue to advance progress toward reforming the agency's operational infrastructure and to address longstanding findings.

AmeriCorps recognizes the importance of remediating underlying operational infrastructure issues and enhancing communications between the auditors and AmeriCorps personnel to facilitate education on the results of those remediation actions. As we continue working to improve and sustain progress of our internal controls and systems that support effective financial processes and reporting, we look forward to engaging in productive audit planning discussions with the OIG and auditors as AmeriCorps continues on its path to sound financial management.

We appreciate the opportunity to review this year's audit report and look forward to continuing our professional working relationship with your office.





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SECTION III - OTHER INFORMATION (UNAUDITED)

Management Challenges and Management Responses



MANAGEMENT CHALLENGES

NOVEMBER 15, 2023

OFFICE OF INSPECTOR GENERAL
 **AmeriCorps**

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FROM THE ACTING INSPECTOR GENERAL: FISCAL YEAR 2023 TOP MANAGEMENT CHALLENGES

AmeriCorps is the federal agency for national service and volunteerism.¹ It provides opportunities for Americans from different backgrounds to serve their country domestically by addressing pressing challenges facing the nation. Each year, the agency places more than 200,000 AmeriCorps members and AmeriCorps Seniors volunteers in service roles to help our nation's most at-risk individuals and communities in need.

National service has never been more important as the country struggles to find its way in the aftermath of the Covid-19 pandemic. AmeriCorps programs offer help and hope to communities, and the agency is uniquely positioned to lift communities and offer critical services to children, young adults, and older adults who need them most. These programs also provide important service opportunities to populations of different ages who are looking for a meaningful and impactful way to serve.

This is a critical time for AmeriCorps' leadership to reflect on where the organization stands, to take steps that will successfully address longstanding issues, achieve significant improvements that strengthen the organization and ensure the effective stewardship of U.S. funds dedicated to national and community service. AmeriCorps' challenges are not likely to be resolved without the continued attention from agency leadership and stable, adequate funding over many years.

This report identifies three management challenges confronting AmeriCorps in fiscal year (FY) 2024 and beyond:

- Improving financial management;
- Prioritizing grant fraud prevention and detection in its programs; and
- Modernizing and securing information technology.

While it does not rise to the significance of a management challenge, we believe that AmeriCorps will be challenged in the future if American Rescue Plan (ARP) funding is not effectively used during FY 2024. We identified Effective Use of American Rescue Plan Funding as an emerging challenge, which is discussed later in this report.

These challenges were identified through our oversight work. They touch every aspect of AmeriCorps' programs and operations and highlight the importance of AmeriCorps OIG's mission and its independent and objective oversight.

Looking forward, AmeriCorps faces challenges with the integration of two new initiatives into its current operating structure. The Covid-19 pandemic saw the creation of the Public Health AmeriCorps, and in September 2023, the Biden Administration announced the American Climate Corps, an interagency partnership between AmeriCorps, the National Oceanic and Atmospheric Administration,

¹ As of September 29, 2020, AmeriCorps is the operating name of the Corporation for National and Community Service.

and the U.S. Departments of Labor, Interior, Agriculture, and Energy. The first initiative under the American Climate Corps is the creation of the AmeriCorps National Civilian Community Corps (NCCC) Forest Corps, in coordination with the U.S. Department of Agriculture. The NCCC Forest Corps will deploy across America to conserve national forests and grasslands, mitigate risks of wildfires in high-risk regions, and support reforestation efforts and wildfire crisis response. Our office will monitor these programs to evaluate whether they meet the stated objectives.



Stephen H Ravas

CHALLENGE 1: IMPROVING FINANCIAL MANAGEMENT

Agency leaders are responsible for effective stewardship of Federal resources, including reliable financial management and associated reporting. Internal controls over operations, financial reporting, and compliance with laws and regulations are essential to maintain transparency and accountability, and to safeguard Federal funds.

AmeriCorps' financial management, accounting, and internal controls are insufficient to properly account for its funds. This has continued to be an obstacle for AmeriCorps—beginning in FY 2017, the OIG reported defects so pervasive and severe that independent auditors engaged by the OIG to audit AmeriCorps' financial statements declined to express an opinion by issuing a disclaimer. In FY 2022, AmeriCorps received its seventh consecutive disclaimer of opinion. AmeriCorps' internal control weaknesses, absence of standard operating procedures, noncompliance with generally accepted accounting principles, and lack of knowledge in financial management throughout all levels of the organization puts funds at risk of not being used for the intended purpose.

Progress Toward Addressing the Challenge

To their credit, AmeriCorps' senior leadership has prioritized the agency's financial management issues and is taking steps to ensure a sustained leadership commitment, thoughtful planning, and meaningful accountability over financial practices. Notably, the current Board of Directors has stood up an Oversight, Governance, and Audit Committee. This Committee is charged with monitoring AmeriCorps management and financial stewardship practices. AmeriCorps' financial

management has suffered from neglect for many years—long before this management team took over—and, as a result, the problems cannot be resolved overnight.

During FY 2021, AmeriCorps transitioned to a shared service platform offered by the U.S. Treasury Department's Administrative Resource Center (ARC). Despite the migration to shared services, AmeriCorps elected to continue to conduct critical financial transactions relating to its core business (i.e., grant activities, member payroll, cost share, and disbursements from the National Service Trust) in its legacy accounting system. This resulted in reliance on manual workarounds to temporarily fix the issues and meet financial reporting requirements, ultimately resulting in an additional material weakness on the financial statement.² AmeriCorps does not anticipate finalizing its data migration to ARC for another year—by September 30, 2024.

AmeriCorps' financial management challenges were the subject of a December 1, 2021 hearing before the Committee on Education and Labor (E&L) and a December 14, 2022 hearing before E&L's

"I am committed to putting AmeriCorps on a path to resolution. I am approaching this challenge with eyes wide open, acknowledging that significant work remains and will take time to achieve."

—Michael Smith, Chief Executive Officer
Testimony before the House Education and Labor
Subcommittee on December 14, 2022

² A material weakness is defined as a deficiency in an organization's internal controls over financial reporting that could potentially result in a material misstatement in the financial statements. It is a serious weakness or flaw in internal controls that warrants corrective action on the part of management.

Subcommittee of Higher Education and Workforce Investment. Since the December 2021 hearing, AmeriCorps has taken steps towards improving its financial management, including the development of corrective action plans. The plans are intended to address material weaknesses identified and centralize and elevate accountability to the senior leadership level. AmeriCorps anticipates the full completion of the corrective actions by November 30, 2026. With a sustained commitment from senior leadership and additional funding for salaries and expenses, AmeriCorps can substantially improve its financial management infrastructure.

During the FY 2022 Financial Statement audit, AmeriCorps did not demonstrate adequate knowledge and understanding of Federal accounting standards and financial reporting requirements, and effective financial management practices (i.e., people, processes, and systems), which resulted in the material weakness related to knowledge gaps. In response to this material weakness, AmeriCorps senior leadership secured the services of the former Chief Financial Officer of the U.S. Department of Housing and Urban Development (HUD) as its Senior Advisor to the Chief Executive Officer on Financial Reform. With this adviser's experience in resolving material weaknesses at HUD, AmeriCorps developed the Financial and Operational Reform plan.

As part of its Financial and Operational Reform plan to improve its financial management and internal control environment, AmeriCorps engaged a team of contractors to advise them on proper Federal financial management and internal controls in May 2023. The contractors are to provide accelerated remediation in the areas of financial systems and reporting, grant accrual payables and advances, undelivered orders—grants, undelivered orders accounts payable—procurement, and other liabilities. To date, these contractors have prepared an "Initial Observations and Recommendations" report which details the results of their initial assessment and mirrors most of the issues identified by the financial statement auditors. In addition to engaging contractors, AmeriCorps has filled some critical accounting leadership positions, such as the Budget Director, and created an audit readiness team consisting of AmeriCorps personnel to assist with the facilitation of the OIG's annual financial statements audit and preparation of AmeriCorps' Annual Management Report. Also, AmeriCorps incorporated root cause identification and milestones in its corrective action plan and invested in new technology to support its core operations.³

Work Remaining to Address the Challenge

While the steps taken to date have been promising, significant substantive work remains for AmeriCorps financial management to reach a maturity level where AmeriCorps can properly account for its funds. As noted in a review of AmeriCorps' January 2022 corrective action plan, we recognized AmeriCorps' effort to prepare, centralize, review, and track corrective actions as a welcome development that could help to guide the agency's long-term efforts to improve financial management. In our review, we found that AmeriCorps had increased investment and level of effort toward remedying the longstanding issues identified in annual audits of the financial statements and the Federal Information Security Modernization Act (FISMA) evaluation. However, we identified that additional work was needed to ensure that all of the corrective action plans would fully address the underlying issues identified.⁴

Our FY 2022 financial statement audit found that AmeriCorps continues to lack personnel who were experts on Federal financial operations and can ensure oversight of AmeriCorps' contractors and a

³ We discuss AmeriCorps' information security and technology challenges in further detail in [Challenge 3: Modernizing and Securing Information Technology](#).

⁴ [Special Review Assessing AmeriCorps' Financial Statement Audit and Cybersecurity Corrective Action \(June 27, 2023\)](#).

successful data migration to ARC. Further, it is essential that the contractors brought in to perform financial remediation activities are appropriately supervised by AmeriCorps personnel knowledgeable of Federal financial operations. Due to gaps in the knowledge and skills necessary for proper oversight identified as part of the FY 2022 financial statement audit, there is a heightened risk that these contractors could perform inherently governmental functions. AmeriCorps management indicated that activities related to training and upskilling employees is planned as part of their financial remediation efforts.

Management must continue to prioritize financial management. With the \$29 million initial investment in new technology for its core operations, AmeriCorps must ensure that the new systems can interface with ARC's platform and other related systems that support financial transactions for grants and members. As much of the financial management reform has been funded through ARP funds, management will be challenged to ensure that financial reform is appropriately resourced in the future for sustainability of financial reform efforts.³

Related OIG Products

Audits

Report Number	Title	Issue Date
OIG-EV-23-08	FY 2023 Federal Information Security Modernization Act Evaluation of AmeriCorps	09/29/2023
OIG-EV-23-03	FY 2022 Federal Information Security Modernization Act Evaluation	04/03/2023
OIG-AR-23-01	Audit of AmeriCorps' FY 2022 Consolidated Financial Statements	11/19/2022
OIG-SR-22-05	Special Review Assessing AmeriCorps' Financial Statement Audit and Cybersecurity Corrective Action Plan	06/22/2022
OIG-EV-22-03	FY 2021 Federal Information Security Modernization Act Evaluation	12/15/2021
OIG-AR-22-01	Audit of AmeriCorps' FY 2021 Consolidated Financial Statements	11/15/2021
OIG-AR-21-05	FY 2021 Performance Audit of AmeriCorps Compliance under the Digital Accountability and Transparency Act of 2014	11/08/2021
OIG-AR-20-01	Audit of the Corporation for National and Community Service's FY 2019 Consolidated Financial Statements	11/20/2019

The reports listed in the table above have 126 open recommendations as of the date of this report. Of those, 87 are related to the financial statement audit.

³ We discuss the implications of utilization of ARP funding in further detail in [Emerging Challenge: Effective Utilization of American Rescue Plan Funding](#).

CHALLENGE 2: PRIORITIZING GRANT FRAUD PREVENTION AND DETECTION IN ITS PROGRAMS

Fraud negatively impacts AmeriCorps' ability to carry out its mission. Grant fraud in AmeriCorps' programs deprives deserving beneficiaries and organizations of essential funding and erodes the public's trust in national service programs. To combat fraud at all levels, oversight, transparency, and accountability measures are essential to ensure that grant funds are used for their intended purposes. AmeriCorps and its grantees must prioritize fraud prevention and detection to mitigate fraud risks.

AmeriCorps programs are susceptible to fraud at both the grantee and subgrantee levels. Fraud may involve individuals or organizations obtaining AmeriCorps grants through dishonest means, such as providing false information about the nature or scope of their service projects, conflicts of interest, the creation of fictitious members, inflating the number of members or volunteers or hours served, or diverting funds for personal gain. Each dollar lost to fraud is a dollar that does not help individuals and communities who need assistance.

Identifying and understanding fraud indicators is key to preventing and detecting fraud. AmeriCorps should prioritize training its staff, as well as grantees and subgrantees, on the implementation of proper internal controls to reduce opportunities for fraud to occur and how to identify fraud when it does happen.

One of the most frequently encountered frauds identified by our office is falsified or otherwise non-compliant timesheets. This type of fraud has a negative impact on AmeriCorps' core mission and financial statements and can be mitigated with the proper controls. Members earn education awards based on the number of hours served and AmeriCorps Seniors volunteers receive stipends based on the amount of time they volunteer. When members' and volunteers' service hours are inflated or misrepresented, AmeriCorps expends funds for falsely certified education awards and stipend payments. Typical fraud encountered includes timesheets crediting members or volunteers with service for obvious non-service activities, "bonus" hours, service prior to enrollment, and backdated or missing timesheets. Falsified timesheets have an accounting impact, as any fraudulent awards based on falsified timesheets are an overstatement of liabilities to AmeriCorps.⁶ One of our investigations found University of North Carolina and East Carolina University AmeriCorps programs falsely certified member timesheets that included hours claimed to be served on holidays and weekends, excessive hours claimed towards the end of school years, and 16-hour service days which were beyond available service site hours. The universities paid a combined \$515,000 to settle the false claims allegations related to the timesheets in question.⁷

By statute, the agency's largest and most complex grant program, AmeriCorps State and National (ASN), follows a decentralized Federal model, in which much of the responsibility for monitoring grants lies with state commissions on volunteerism and AmeriCorps' largest grantees. Our audits, evaluations, and investigations of the monitoring activities performed by state commissions have shown a lack of

⁶ Education awards earned are put into a trust and expended when the recipient enters college. Awards earned, but not yet paid are considered a liability to AmeriCorps and reflected as such on the agency's balance sheet.

⁷ Department of Justice, Press Release, [United States Reaches \\$842,300 Settlement with Two Public Universities and the North Carolina Commission on Volunteerism and Community Service to Resolve Alleged False Claims for AmeriCorps Funds \(Sept. 21, 2021\)](#).

adequate oversight and monitoring activities of their subgrantees, putting Federal funds at increased risk. In our 2021 evaluation of the Maine Commission for Community Service, we identified that opportunities existed to strengthen commission oversight of subgrantees.⁸ In another instance, a different commission also failed to recognize that a program director for a subgrantee was debarred and continued to interact with him on matters related to AmeriCorps grants.⁹ Had the commission adequately monitored its subgrantees, it would have likely identified the schemes used by the program director, which included enrolling ghost members and paying education awards in members' names to his own accounts. Instead, the schemes continued for years and resulted in the loss of hundreds of thousands of dollars.¹⁰

Further, a lack of fulsome and consistent data within eGrants leaves AmeriCorps without a way to properly oversee its subgrantees.¹¹ This is significant as a large amount of AmeriCorps funds are spent (and therefore have the potential to be misspent) at the subgrantee level. If AmeriCorps and its grantees collected more financial and performance data from subgrantees, they would be better able to leverage data analytics to identify the organizations that are receiving funding and how those funds are spent, enabling AmeriCorps to mitigate potential fraud.

Although the number of monitoring activities performed by AmeriCorps increased in recent years, in FY 2022, AmeriCorps only monitored the activities of 100 grantees out of over 2,000 active grantees (5 percent of all active grantees). Further, for a small subset of the 100 grantees, monitoring activities only occurred at the grantee level, and did not extend to associated subgrantees, missing an opportunity to perform meaningful oversight. This means that inspection did not occur at the level where funds were being expended – the subgrantees.

Progress Toward Addressing the Challenge

AmeriCorps' March 2022 Strategic Plan identified *"Strengthen agency and program integrity by protecting AmeriCorps resources from fraud and mismanagement"* as a sub-objective to Strategic Goal 4: Effectively Steward Federal Resources. Initiatives led by the Chief Risk Officer and Office of Monitoring intend to raise the overall awareness of fraud risk across

"A fundamental element of stewardship is ensuring responsible use and management of taxpayer dollars, pertaining both to how our agency administers those funds and how recipients use those funds."

– AmeriCorps Strategic Plan 2022- 2026

AmeriCorps programs, resulting in the creation of its first-ever organization-wide fraud risk assessment. Additionally, in FY 2022, AmeriCorps developed a new antifraud training course, utilizing case studies to inform its grantees of the risks of fraud. However, AmeriCorps does not require that all grantees and subgrantees take the anti-fraud training—a best practice to communicate the importance of anti-fraud measures on a recurring basis. Establishing required fraud risk training for grantees and subgrantees, as well as all AmeriCorps employees, would enhance fraud detection throughout its operations.

In 2018, prior AmeriCorps senior leadership implemented an ambitious plan to reorganize. This reorganization, referred to as the Transformation Sustainability Plan, negatively impacted AmeriCorps'

⁸ AmeriCorps OIG [Evaluation of AmeriCorps Grants Awarded to the Maine Commission for Community Service](#) (March 30, 2021)

⁹ Debarment excludes a person or entity from receiving government awards for a set period, generally up to three years, based upon a finding of wrongdoing related to honesty or integrity, a history of poor performance, or willful failure to perform the requirements of an award, or any cause serious enough to affect present responsibility.

¹⁰ [Hawaiian Non-Profit Executive Pleads Guilty to Embezzling Over \\$300,000 from AmeriCorps and Agreeing to Receive a Bribe for Administering CARES Act Grants](#)

¹¹ eGrants is the system of record for grant activity used by AmeriCorps.

grant oversight and monitoring. Grant and program offices located at AmeriCorps headquarters, 46 state offices, and at the Field Financial Management Center in Philadelphia were reorganized to establish the eight-region structure of the Office of Regional Operations and centralized headquartered units, including the newly configured Office of Grant Administration and a centralized monitoring unit, the Office of Monitoring. In an April 2019 OIG Management Alert, we cautioned AmeriCorps to be attuned to the risks of reorganizing while simultaneously reforming its core business infrastructure.¹² Specifically, we recommended that AmeriCorps sequence the reforms, concentrating first on standing up infrastructure supporting informed and risk-based grantmaking and monitoring to accurately track expenditures. Since the release of our Management Alert, AmeriCorps has made little progress in expanding its monitoring—it annually monitors a small percentage of grantees that receive AmeriCorps funds. This has been compounded by the fact that AmeriCorps has continued to be challenged with financial management problems, receiving repeated disclaimers of opinion on its annual financial statements.

Work Remaining to Address the Challenge

AmeriCorps' monitoring and fraud risk prevention is impeded by a series of legacy burdens and missteps, including frequent turnover in staff and key leadership positions, outdated information technology that does not support basic oversight functions, lack of financial resources, and the lack of modern oversight tools such as data analytics.¹³ As long as these issues remain, AmeriCorps will not be able to conduct effective oversight of its grants. Further, information system limitations, particularly those within the eGrants system, have an oversized impact on the ability of AmeriCorps to adequately monitor grant activity.¹⁴

AmeriCorps must enhance its resources and tools to analyze grantees' data and activities to ensure that taxpayer funds are not being misused or stolen. Similarly, grantees need to engage in active oversight of subrecipient activities, that involves detection of fraud risks and the allowability of grant expenditures. AmeriCorps and its grantees should engage in industry recognized best practices of "trust but verify" the data received from subgrantees.

Finally, AmeriCorps should impress upon state commission and prime grantees their obligation to ensure subgrantees are adequately monitored, fraud risks are mitigated through internal controls, and suspected fraud is referred to the OIG by both the agency and its grantees without delay.

¹² AmeriCorps OIG, [Draft Management Alert: Unrealistic Transformation Plan Unnecessarily Jeopardizes CNCS Mission \(May 14, 2019\)](#).

¹³ We discuss the limitations that poor financial management practices present to grant oversight in [Management Challenge 1: Improving Financial Management](#).

¹⁴ Challenges related to information technology are further discussed in [Management Challenge 3: Modernizing and Securing Information Technology](#).

Related OIG Products

Audits

Report Number	Report	Issue Date
OIG-AR-23-06	Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems	08/01/2023
OIG-EV-21-01	Evaluation of AmeriCorps Grants Awarded to the Maine Commission for Community Service	03/30/2021
OIG-AR-20-07	Audit of the Corporation for National and Community Service Grants Awarded to Youthprise	09/30/2021
OIG-MA-19-01	Draft Management Alert: Unrealistic Transformation Plan Unnecessarily Jeopardizes CNCS Mission	05/14/2019
OIG-AR-19-05	Agreed-Upon Procedures of Corporation for National and Community Service Grants Awarded to the North Carolina Commission on Volunteerism and Community Service	03/12/2019

The reports listed in the table above have 72 open recommendations as of the date of this report.



Investigative Results

Case Number	Report	Issue Date
I19HQ00064	U.S. Attorney's Office Reaches \$639,916 Settlement with Governor of Maryland's Office on Service and Volunteerism to Resolve Alleged False Claims for AmeriCorps Program Funds	01/24/2023
I19HQ00041	Denver Public Schools Pays Over \$2.1 Million to Settle Allegations Relating to Misuse of AmeriCorps Funds	08/02/2022
I19HQ00056	U.S. Settles Dispute with Lessie Bates Davis Neighborhood House over its AmeriCorps Program	11/01/2021
I19HQ00060	Former Hawaii Public Official Pleads Guilty to Embezzling from AmeriCorps and Offering a Bribe in Return for a CARES Act Grant	10/13/2021
I19HQ00044	United States Reaches \$842,500 Settlement with Two Public Universities and the North Carolina Commission on Volunteerism and Community Service to Resolve Alleged False Claims for AmeriCorps Funds	09/21/2021
I19HQ00060	Wife of Hawaiian Non-Profit Executive Pleads Guilty Conspiring to Embezzle from AmeriCorps	04/02/2021
I19HQ00060	Hawaiian Non-Profit Executive Pleads Guilty to Embezzling Over \$500,000 from AmeriCorps and Agreeing to Receive a Bribe for Administering CARES Act Grants	03/26/2021
I17HQ00006	University of San Francisco Agrees to Pay over \$2.5M for Alleged False Claims in Its Administration of AmeriCorps Grants	05/22/2020

CHALLENGE 3: MODERNIZING AND SECURING INFORMATION TECHNOLOGY

For years, AmeriCorps has underinvested in its information systems, forcing personnel to work with antiquated systems that require work arounds or manual entries, and fail to capture necessary data. AmeriCorps also faces issues with capturing and retaining accurate data, outdated data systems, and safeguarding data and information systems.

Given the antiquated nature of its systems, AmeriCorps is unable to use its data effectively. These systems are not designed to capture accurate and complete data such as grant, member, volunteer, procurement, and financial reporting data. In our FY 2021 annual financial statement audit, we identified issues in AmeriCorps' financial management and reporting services arising from AmeriCorps' transition to ARC. Specifically, some grant transactions did not transfer from AmeriCorps' old financial reporting system to ARC's financial system and there was inadequate quality control in the conversion to ensure that the transactions transferred were in accordance with government-wide data standards.¹⁵

AmeriCorps' "work arounds" for its information systems have contributed to an overall lack of accountability—especially when shifts occur in programs that necessitate systems changes. For example, during the Covid-19 pandemic, AmeriCorps utilized flexibilities provided by the CARES Act to allow members to earn full and half education awards for completing less than the required hours for each award. Rather than making system adjustments reflecting the pandemic-related change, grantees were instructed to record the hours necessary to receive the education award, rather than the hours actually served, to trigger the system to pay an education award. This is problematic because the system of record no longer reflects actual hours served, meaning program performance metrics related to hours served are inaccurate. Further, the lack of accurate information reduces the integrity of the system and basis for educational awards and creates opportunities for fraud. Moving forward, AmeriCorps will be challenged to monitor hours served and validate education awards for the period when grantees were instructed to record inaccurate hours. This practice sends a message to grantees and subgrantees that AmeriCorps does not value data accuracy and provides opportunities for individuals to rationalize fraudulent record keeping.¹⁶

Safeguarding data and information systems also poses a continuing challenge throughout the Federal government, including at AmeriCorps. Cybersecurity is a critical risk, and effective information security is essential for the future of national service. Our FISMA evaluations have consistently rated AmeriCorps cybersecurity as *not effective* as defined by government standards. This is concerning, as AmeriCorps information systems hold over 25 years' worth of personally identifiable information for national service participants, including names, dates of birth, social security numbers, and, in some instances, health information. Additionally, our FY 2022 financial statement audit included a penetration test which discovered exploitable vulnerabilities that could compromise AmeriCorps' financial systems.

¹⁵ [Audit of AmeriCorps' FY 2021 Consolidated Financial Statements \(Nov. 15, 2021\)](#).

¹⁶ The Association of Certified Fraud Examiners uses the Fraud Triangle to help explain why people commit fraud. The Fraud Triangle hypothesizes that if all three components are present — financial need, perceived opportunity, and rationalization — a person is highly likely to pursue fraudulent activities. Rationalization is part of the motivation of the fraud and allows the perpetrator to justify his or her actions before the fraud is committed.

Progress Toward Addressing the Challenge

AmeriCorps encountered obstacles in replacing its antiquated grant management system, eGrants, and eSPAN, the Electronic Systems for Program Agreements and National Service Participants, which retains members' data. Both systems provide pertinent source data for its financial reporting.

In FY 2019, AmeriCorps wrote off a total of \$33.8 million expended for the development and acquisition of the Grants and Member Management System (GMM) software, which was intended to replace the eGrants and eSPAN systems.¹⁷ In FY 2022, with the assistance of \$15 million in ARP funding and \$14 million in Technology Modernization funding, AmeriCorps issued two new contracts to modernize the eGrants and eSPAN systems.

"We hear loud and clear from the organizations who already work with AmeriCorps that the number one way we can support the organizations that apply for and administer our awards is to improve the operational performance and user-friendliness of the technology platform – eGrants, a 20+ year old system – through which organizations apply for and administer grants.

Additionally, AmeriCorps employees indicate that the antiquated system is a source of operational inefficiency and employee job dissatisfaction."

– AmeriCorps Strategic Plan 2022-2026

Small gains have been made in cybersecurity. Our FY 2023 FISMA evaluation determined that AmeriCorps progressed in information system security management, moving from an overall rating of *defined to consistently implemented*. Despite this positive development, AmeriCorps' information security program continues to be deemed *not effective* by government benchmarks.¹⁸

Work Remaining to Address the Challenge

As part of the information systems upgrade, management must prioritize implementation of appropriate internal controls and information security. AmeriCorps is at a crossroads—the system design decisions made during this critical period will determine the success or failure of the agency in the future. As the grant system is re-designed, management should pay particular attention to payment controls, data conversion, system and data documentation, interface requirements, identity verification, reporting, monitoring activities, grant closeout enhancements, subaward application process and data, reconciliations, program specific requirements, and resolution of prior audit findings. AmeriCorps should also take steps to plan for data conversion and attempt to avoid the challenges they experienced when migrating data to its shared services provider for their financial management system.¹⁹

¹⁷ [Audit of the Corporation for National and Community Service's FY 2019 Consolidated Financial Statements \(Nov. 20, 2019\)](#).

¹⁸ [Fiscal Year 2023 Federal Information Security Modernization Act Evaluation of AmeriCorps \(Sept. 29, 2023\)](#).

¹⁹ We discuss AmeriCorps' data conversion issues with its shared services provider in [Challenge 1: Improving Financial Management](#).

Related OIG Products

Audits

Report Number	Report	Issue Date
OIG-EV-23-08	FY 2023 Federal Information Security Modernization Act Evaluation of AmeriCorps	09/29/2023
OIG-EV-23-03	FY 2022 Federal Information Security Modernization Act Evaluation	04/03/2023
OIG-AR-23-01	Audit of AmeriCorps' FY 2022 Consolidated Financial Statements	11/19/2022
OIG-EV-22-03	FY 2021 Federal Information Security Modernization Act Evaluation	12/15/2021
OIG-AR-22-01	Audit of AmeriCorps' FY 2021 Consolidated Financial Statements	11/15/2021
OIG-AR-21-05	FY 2021 Performance Audit of AmeriCorps Compliance under the Digital Accountability and Transparency Act of 2014	11/08/2021
OIG-AR-20-01	Audit of the Corporation for National and Community Service's FY 2019 Consolidated Financial Statements	11/20/2019

The reports listed in the table above have 126 open recommendations as of the date of this report. Of those, 87 are related to the financial statement audit.

EMERGING CHALLENGE: EFFECTIVE UTILIZATION OF AMERICAN RESCUE PLAN FUNDING

While the effective utilization of ARP funding does not yet rise to the level of a management challenge, it will develop as we begin to see the operational ramifications of management’s ARP funding decisions. While these funds are subject to the same challenges as the appropriated funds, additional risks exist due to the speed at which the funds were disbursed. Our office is carefully monitoring how AmeriCorps utilizes funding under ARP and the impacts to the organization when the funding is no longer available.

The American Rescue Plan Act of 2021 is a \$1.9 trillion economic stimulus bill signed into law on March 11, 2021.²⁰ The legislation’s primary intent was to speed up the country’s recovery from the economic and health effects of the Covid-19 pandemic. Crafted in response to the economic and healthcare challenges posed by the Covid-19 pandemic, this comprehensive relief package sought to address a wide range of urgent needs, among those by furthering national service to communities in need. AmeriCorps received \$1 billion in ARP funding that would be available through the end of FY 2024.²¹ While the legislation directed most of the funds towards national service, including operational grants to the state commissions and payments to the National Service Trust, it also directed \$73 million towards program administration and expenses necessary to carry out the programs and activities funded by the bill.

American Rescue Plan Funding
\$620M for AmeriCorps State and National
\$148M for the National Service Trust
\$80M for AmeriCorps VISTA
\$73M for AmeriCorps Administrative Expenses
\$30M for AmeriCorps Seniors
\$20M for State Service Commissions
\$20M for the Volunteer Generation Fund
\$9M for the Inspector General

As directed by Congress, AmeriCorps directed the majority of its ARP funding to either augment ongoing activities or award additional grants. For example, AmeriCorps leveraged ARP funding to increase the living allowance for members, provide match replacement for some grantees, and create additional member slots. Additionally, ARP funds resulted in the award of additional grants that would not have been awarded under AmeriCorps’ current appropriation level.

As noted in Management Challenge 1: Improving Financial Management, AmeriCorps is unable to properly account for its funds, meaning that ARP-related spending used to augment ongoing activities or award additional grants will be subject to the same accounting and control deficiencies as the grants funded by regular appropriations. Given the fraud risks that AmeriCorps faces due to their financial management issues, inherent risks associated with grants, and information system limitations, it is likely that the agency will face the same “pay and chase” model affecting other government agencies

²⁰ The June 2023 Fiscal Responsibility Act rescinded unobligated American Rescue Plan Act funds across the government. AmeriCorps returned approximately \$70 million of the funding received under ARP back to Treasury.
²¹ \$9 million of this funding is for OIG oversight activities, which is available until FY 2026.

who made large expenditures of pandemic-related funds without establishing proper internal controls.²²

Another facet of AmeriCorps' ARP funding is the Public Health AmeriCorps (PHA). PHA is a program intended to support the recruitment, training, and development of the next generation of public health leaders who will be ready to respond to the nation's public health needs. The program has the goal of addressing public health needs of local communities and creating pathways to public health related careers for members. AmeriCorps issued 190 grant awards totaling \$155 million through two rounds of funding. These grants have been awarded to both existing grantees and new AmeriCorps grantees. In addition to the risks associated with new grantees, there are additional risks with grantees operating this new program, especially in the public health setting, where health and safety risks may be present, as well as increased risks of performing unallowable activities. We are concerned about the ability to recruit and retain 4,000 members to complete service in these positions. As of September 2023, AmeriCorps enrolled approximately 2,800 members. Although originally slated to provide \$400 million over 5 years, due to the Fiscal Responsibility Act, approximately \$175 million of unobligated Centers for Disease Control workforce development funds were returned to Treasury. Based on the low enrollment rate and uncertain funding, there is a risk that this program may not achieve its intended outcomes.

AmeriCorps ARP funds sunset at the end of FY 2024 and it is critical that the agency appropriately utilize its remaining funds and make plans for sustaining new initiatives created with ARP funding into the future. We strongly encourage AmeriCorps to pay particular attention to fraud risks, which is necessary for AmeriCorps to achieve their strategic objective entitled "Effectively Steward Federal Resources."

²² In addition to augmenting existing operations and awarding new grants, AmeriCorps used ARP funding for technology modernization. We discussed AmeriCorps' challenges related to information technology modernization in [Management Challenge 3: Modernizing and Securing Information Systems](#).

Summary of Management Response:

We provided a draft of this report and AmeriCorps provided a response on November 9, 2023. In their response, AmeriCorps noted that they are appreciative of the constructive engagement with our office. Regarding “Challenge 1: Improving Financial Management,” AmeriCorps stated that they now disagree with the knowledge gap material weakness issued as part of the FY 2022 financial statement audit. The response outlines ongoing and planned efforts regarding financial and operational reform. In response to “Challenge 2: Prioritizing Grant Fraud Prevention and Detection in its Programs,” AmeriCorps stated that they are committed to continuous improvement in grant oversight and monitoring and have taken steps to develop a dynamic, real time, portfolio risk assessment model to drive agency monitoring. The response to “Challenge 3: Modernizing and Securing Information Technology” outlined steps taken to secure information technology including the establishment of a cyber and privacy risk management program. Further, management identified efforts underway to replace legacy systems. Finally, in response to “Emerging Challenge: Effective Utilization of American Rescue Plan Funding,” AmeriCorps detailed the various initiatives and core programming for which ARP funds were used.

AmeriCorps response can be found in its entirety in Appendix A.

Evaluation of Management Response:

Our office found the response to the draft Management Challenges report to be appropriate and fully responsive. Regarding “Challenge 1: Improving Financial Management,” we disagree with AmeriCorps’ assessment that the FY2022 financial statements audit knowledge gap material weaknesses was inaccurate and instead a result of an underinvestment in systems and processes. We note that AmeriCorps formally concurred with the findings and recommendations related to a knowledge gap issued as part of the FY2022 financial statement audit. We look forward to future dialogue around the issue of personnel expertise and skills as it relates to financial reporting.

In response to “Challenge 2: Prioritizing Grant Fraud Prevention and Detection in its Programs,” our office is in alignment with AmeriCorps that steps need to be taken to further enhance monitoring efforts. We look forward to the outcomes of efforts described in the memo in the coming years.

As identified in “Challenge 3: Modernizing and Securing Information Technology,” AmeriCorps has taken steps to improve information technology and systems security, as evidenced by modest gains in the agency FISMA score in FY2023. The plans to replace legacy systems are a promising step and we encourage AmeriCorps to ensure that proper internal controls are built into the new systems and processes.

We will continue our oversight of ARP funds to ensure that they are effectively utilized, and that AmeriCorps puts plans in place to sustain initiatives undertaken with ARP funds when they are no longer available.

Our office appreciates AmeriCorps senior leadership’s continued engagement around the important issues described in this report.

SCOPE AND METHODOLOGY

The Government Performance and Results Modernization Act of 2010 defines major management challenges as programs or management functions that are vulnerable to waste, fraud, abuse, and mismanagement, and where a failure to perform well could seriously affect the ability of AmeriCorps to achieve its mission or goals.

To develop the management challenges, we performed a review of OIG audits, investigations, other work products, and open recommendations to identify systematic issues facing AmeriCorps. We developed a list of risks that were then assessed for likelihood, impact, and velocity and further categorized into individual management challenges. Additionally, we reviewed relevant Government Accountability Office and Pandemic Response Accountability Committee reports.

APPENDIX A: MANAGEMENT RESPONSE



AmeriCorps

To: Stephen Ravas, Acting Inspector General, AmeriCorps Office of Inspector General

From: Michael D. Smith, Chief Executive Officer, AmeriCorps

Michael D. Smith

CC: Kimberly Benoit, Acting Deputy OIG
Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Danielle Melti, Chief Program Officer
Fernando Laguarda, General Counsel
Malena Brookshire, Chief Financial Officer
Minh Dinh, Director Office of Reporting Compliance and Audit
Rachel Turner, Audits and Investigations Program Manager

Date: November 9, 2023

Subject: Management Response to OIG FY 2023 Draft Management Challenges Report

Thank you for the work of your office to provide an assessment of AmeriCorps' current status and offer suggestions to consider to support our improvement. The comments below summarize our initial response to each of the challenges and the emerging challenge outlined in the report. AmeriCorps will make its final determination for all findings and recommendations after receipt of the final report. We are grateful for the intent of this report as well as the constructive engagement to date.

AmeriCorps Response to Challenge 1: Improving Financial Management

The agency disagrees with the Knowledge Gap material weakness as written. The agency's financial and operational infrastructure has suffered from a lack of sustained investment to deliver on its mission efficiently and effectively. Execution of the agency's financial and operational reform (FOR) plan is AmeriCorps' number one priority and the agency is moving full steam ahead investing in its financial infrastructure, modernizing its information technology systems, and standardizing and automating its processes to support improved performance by agency staff.

Agency leadership has confidence in the FOR plan as a catalyst for reform, confidence in the skills and expertise of the staff and contractors executing the FOR plan, and confidence that efforts to modernize AmeriCorps' systems will better prepare staff to sustain the progress the agency is making. The FOR plan remediation is focused on developing business process flowcharts, policy and procedure statements, internal control and financial reporting checklists, and training materials specific to AmeriCorps. These tools and training materials will provide the infrastructure to enable employees to effectively execute sound financial management processes specific to AmeriCorps.

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Additionally, the agency is finalizing a first-ever comprehensive Office of the Chief Financial Officer organizational strategy. The strategy is informed by an internal analysis on infrastructure gaps within the office and outlines actionable efforts to sustain the FOR plan framework and operational improvements. The strategy includes a continuous improvement approach to competency management to ensure that gaps are addressed through the appropriate training and leadership development, and also proposes strategic organizational realignments to optimize performance.

AmeriCorps' path to excellence is focused on investing in its people, making improvements to its processes, and modernizing its technology to strengthen agency operations. We agree with the AmeriCorps Office of the Inspector General that progress to date has been promising and already has yielded tremendous results in FY 2023, including:

- Enhanced governance and decision making by engaging a financial and operational reform oversight team consisting of AmeriCorps senior executives and led by the chief of staff. This governance group meets every two weeks to monitor project deliverables and make resource decisions to advance progress.
- Re-established the agency's Board of Directors Oversight and Governance Committee, which regularly meets with management to ensure adherence to the FOR plan and recommend course corrections if required.
- Made progress in modernization efforts, including preparing for the critical system integrations phase between the grants management system and Administrative Resource Center Oracle financials, focusing efforts on developing a data migration plan, and developing a thoughtful strategy for decommissioning legacy systems.
- Standardized financial statement procedures and worked toward automating financial reporting processes by leveraging a cloud-based solution for producing financial statements, footnotes, and supporting reconciliations together with the agency's shared services provider. This effort will provide a more standard, controlled, automated process for preparing and producing financial statements and footnotes, helping to mitigate audit concerns related to the use of non-standardized Microsoft Excel templates and manual edits.
- Awarded a Comprehensive and Targeted Reform Blanket Purchase Agreement to efficiently engage contractor services as needed, a first for the agency. Under the blanket Purchase Agreement, AmeriCorps will engage and receive the expertise of the contractors for a large array of FOR plan activities such as project management, systems accounting, internal controls design, report writing, and more.

AmeriCorps has worked hard to put these pieces into place and has cultivated a culture of accountability and a sense of optimism and excitement among staff and leadership related to reform efforts that will support sustained momentum moving forward.





I am confident our personnel have the expertise and experience to provide proper oversight and supervision of the contractors to ensure a successful transformation and data migration to the Administrative Resource Center. Contractors are not engaged to perform functions that are inherently governmental functions, nor are they making management decisions or performing any approval functions. The contractors are performing assessments and making recommendations for management to consider and assisting in the preparation of policy and procedure statements and training tools under management's supervision and direction.

AmeriCorps Response to Challenge 2: Prioritizing Grant Fraud Prevention & Detection in Its Programs

The agency is committed to continuous improvement in grant recipient oversight and monitoring, and we continue to make our systems and practices more robust. We have appreciated your office's perspectives, advice, and insights as we developed both the agency's monitoring processes and the grantee fraud risk processes.

The Office of Monitoring was established in 2019 and began monitoring in FY 2020. The office rebuilt the agency's monitoring framework by using the risk-based approach long recommended by the OIG and the Government Accountability Office. Since the Government Accountability Office issued report 17-90, Grants Management: Monitoring Efforts by Corporation for National and Community Service Could Be Improved, AmeriCorps has closed five of the six report recommendations. Agency staff are actively working to resolve the final open recommendation.

The Office of Monitoring is responsible for a significant component of the agency's grantee oversight framework and conducts independent on-site and remote compliance visits using data to target areas of risk with specific monitoring activities. In FY 2022, the office's third monitoring cycle and the first unimpacted by COVID-19, the Office of Monitoring completed monitoring activities for 103 grants. In FY 2023, the office nearly doubled the number of grants monitored to 203 grants. FY 2023 included monitoring completed via AmeriCorps' new interagency agreement with the Department of Veterans Affairs for enhanced financial monitoring and the "New to AmeriCorps" monitoring activity for grantees new to our agency. Throughout the development of new monitoring protocols and systems, the agency looked to the OIG for insights and recommendations and designed and refined the risk-based framework with valuable input from the OIG.

In addition to the work conducted by the Office of Monitoring, the agency's oversight framework also includes:

- A grantee payment integrity assessment, which reviewed 1,121 grantee transactions in FY 2023;
- A Grantee Progress Report and Federal Financial Report review, which in FY 2023, included the agency reviewing 2,784 Grantee Progress Reports and 3,411 Federal Financial Reports;



- Portfolio risk assessment indicators, while largely used by the Office of Monitoring to identify high risk grantees, also include analytics regarding grantee performance that were previously conducted manually (including drawdown analysis); and
- Pre-award financial stability reviews that were expanded from new recipient organizations to all new or renewing recipient organizations.

Regarding the agency's fraud risk management, AmeriCorps developed a dynamic, real-time portfolio risk assessment model to drive agency monitoring. To develop this model, the agency benchmarked with 21 other federal agencies and grant makers, actively engaged in and sourced resources and ideas from a cross-federal risk assessment workgroup, and garnered insights from agency and OIG staff. The current model uses internal (e.g., drawdown rate and staff turnover) and external (e.g., Internal Revenue Service Form 990, Federal Audit Clearinghouse data, and Payment Management System data) information to populate real-time risk as sources are updated. Risk categories include organizational, compliance, operational, programmatic, and fraud risk. The fraud risk factors in this module were determined with consultation from the OIG and were specifically used by the Office of Monitoring to update the agency's monitoring methodology to assign Financial and Operational Fitness Assessments and Prohibited Activities monitoring activities to grantees with elevated fraud risks.

In addition to the portfolio risk assessment, the agency produces a broad risk profile and risk register in accordance with OMB Circular A-123, assesses grantee fraud risk annually to generate focused grantee fraud risk profile, and assesses annual internal agency fraud risk to produce an internal fraud risk profile. AmeriCorps also conducts a risk assessment, which includes assessment of fraud risk at annual stages of the annual internal controls assessment.

AmeriCorps Response to Challenge 3: Modernizing & Securing Information Technology

AmeriCorps significantly fortified its organizational security by implementing robust measures, including multi-factor authentication, for added user account protection. Security awareness trainings were a key focus to reduce human errors that can lead to breaches. Furthermore, the Office of Information Technology has established a cyber and privacy risk management program to identify, assess, and manage security risks effectively. As a result, the agency has raised the organization's Federal Information Security Modernization Act score from two to three.

In addition, AmeriCorps is actively engaged in platform modernization efforts (such as zero-trust architecture) with Zscaler, the agency's Office of the Chief Financial Officer, and Office of Human Capital on business process modernization and inventory management via ServiceNow. The Office of Information Technology is also progressing toward the automation of human processes through robotic process automation, ultimately aiming to elevate AmeriCorps' capability maturity model.

Replacing legacy systems with a modern platform that brings Americans together for the betterment of communities through grants and national service is a top agency priority. Since





establishing a modernization team focused on connecting the people and processes to technology, significant milestones have been achieved. AmeriCorps has acquired a commercial off-the-shelf system that is configurable to federal standards and AmeriCorps' regulatory requirements and will replace the legacy eGrants system. This modernization project was awarded a Technology Modernization Fund investment, and in July 2023 attained an Interim Authority to Operate the new grant management solution. The solution will leverage existing federal systems to support grant management and oversight with integrations to SAM.gov and Login.gov. Additionally, the agency aligned our system modernization efforts with those related to financial and operational reform to ensure that we can complete the last phase of migration to the Administrative Resource Center Oracle financial systems and successfully integrate these systems. AmeriCorps continues to implement agile system development, conduct User Acceptance Testing of system releases that move us toward system launch in 2024, and pursue a full Authority to Operate and FedRAMP Authorization for the grant management solution. On the member side of our systems modernization initiative, the agency is implementing an in-house, custom build of the future Member and Volunteer Management System, which will replace the My AmeriCorps Portal. The agency recently awarded a contract to a vendor that will support our modernization and information technology teams with this modular build, beginning with national service applicant search and apply functions.

As part of the on-going modernization initiative to replace the legacy eGrants and My AmeriCorps Portal systems used by AmeriCorps, the modernization team has consulted with program representatives to develop business requirements that inform the design of the future systems. Pain points, like the limited eGrants system capabilities referenced by the OIG, are being identified and assessed for process refinements and system design considerations, especially where technology can support mitigations related to grantee noncompliance and fraud risk. The modernization team will continue to support AmeriCorps lines of business to ensure system requirements are designed to meet business needs, and wherever possible, processes are streamlined, standardized, and enhance the user experience. We are pleased to be at the stage of our modernization initiative where we can begin preparing to test critical system integrations, like those between the grants management system and Administrative Resource Center Oracle financials, and we can focus efforts on developing our data migration plan and a thoughtful strategy for decommissioning legacy systems. The agency continues to seek guidance and advice on our modernization efforts from industry experts and partners at the Grants Quality Services Management Office, the Technology Modernization Fund Program Office, and our coach at the Department of Homeland Security's Procurement Innovation Lab.

AmeriCorps Response to Emerging Challenge: Effective Utilization of American Rescue Plan Funding

American Rescue Plan funds were used to support the agency's core programming of distributing grants and resources to communities. Specifically, American Rescue Plan funds were used to increase the member living allowance, provide match replacement for some grantees, create additional member slots, augment existing grants, and award new grants. These activities align with the agency's strategic plan goal 1: partner with communities to alleviate poverty and advance racial equity. AmeriCorps remains committed to reducing barriers



to service, recruiting a diverse corps, and creating meaningful economic and educational pathways from service. Because of that, AmeriCorps will continue to maintain the increase to the living allowance. Without an increase in appropriations, AmeriCorps is prepared for a reduction of the members and volunteers serving to sustain increases to living allowance and stipend amounts. The agency is also seeking to advance match reform through rule making and statutory change for AmeriCorps State and National and the Volunteer Generation Fund respectively. The short-term augmentation and expansion of grants will not continue post-American Rescue Plan implementation.

Public Health AmeriCorps is a new program developed in partnership with the Centers for Disease Control and Prevention to achieve targeted goals around increasing public health capacity in communities and diversifying the future public health workforce. As a result, the program required significant ramp-up internally. Externally, grantees (especially those new to AmeriCorps) spent a portion of the first year developing their policies and procedures, hiring staff, and building their own programs before beginning to recruit.

While Public Health AmeriCorps is a new program, Public Health AmeriCorps funding is monitored with the same controls as AmeriCorps State and National programs. Public Health AmeriCorps grantees are tested as part of the agency's annual payment integrity process and are monitored as part of the AmeriCorps portfolio. Many Public Health AmeriCorps grantees are new to the agency and have been assigned a "New to AmeriCorps" monitoring activity which looks proactively at policies, procedures, and internal controls that are in place at grantee sites to build capacity and ensure that grantees have a strong start with their new AmeriCorps grant implementation and administration. We expect the emphasis on strong internal controls at the beginning of the grant will help mitigate findings down the road.

The Fiscal Responsibility Act resulted in a \$70 million rescission of American Rescue Plan funds from AmeriCorps programs, and \$176 million from the Public Health AmeriCorps agreement with the CDC. Considering the Fiscal Responsibility Act's impact to programming, AmeriCorps is adjusting plans for the utilization of remaining American Rescue Plan and Public Health AmeriCorps funds.





OFFICE OF INSPECTOR GENERAL
 **AmeriCorps**

Summary of Financial Statement Audit and Management Assurances

Table 1. Summary of Financial Statement Audit

Audit Opinion	Disclaimer				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Advances from Others	1				1
Financial Reporting	1				1
General Ledger Adjustments	1				1
Grant Processes (including Grant Accrual, Advances, and Undelivered Orders)	1				1
Undelivered Orders-Grants and Grant Activity	1				1
Internal Controls Environment	1				1
Knowledge Gap throughout Financial Management Operations	1			1	0
Migration to Shared Services	1				1
Undelivered Orders-Procurement and Accounts Payable	1				1
Other Liabilities	1				1
Recoveries of Prior Year Obligations	1				1
Trust Obligations and Liability Model (TOLM)	1				1
<i>Other Disbursements</i>	0	1			1
<i>Total Material Weaknesses</i>	12			1	12

Table 2. Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	No Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Accounts Payable	1					1
Accounts Receivable	1		1			0
Fund Balance with Treasury	1					1
Financial Reporting	1					1
Property Management	1		1			0
Complementary User Entity Controls-Migration to Shared Services	1					1
<i>Total Material Weaknesses</i>	6	0	2			4
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	No Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Grants Financial Management		1				1
<i>Total Material Weaknesses</i>		1				1
Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems conform					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total non-conformances</i>	0	0	0	0	0	0

Beginning Balance: The beginning balance must agree with the ending balance from the prior year.

New: The total number of material weaknesses/non-conformances identified during the current year.

Resolved: The total number of material weaknesses/non-conformances that dropped below the level of materiality in the current year.

Consolidated: The combining of two or more findings.

Reassessed: The removal of any finding not attributable to corrective actions (e.g., management has re-evaluated and determined that a finding does not meet the criteria for materiality or is redefined as more correctly classified under another heading).

Ending Balance: The year-end balance that will be the beginning balance next year.

Payment Integrity Information Act Reporting

AmeriCorps reports its payment integrity information to OMB through the Annual Data Call and that information can be found on paymentaccuracy.gov.⁴⁵

A recovery audit program is not cost effective for AmeriCorps; therefore, it does not have actions around recovery auditor recommendations to report.

AmeriCorps does not have any High-Priority programs and is not required to provide additional reporting.

⁴⁵ <https://paymentaccuracy.gov/>

National Service Trust Fund Status Report (Unaudited)

AmeriCorps National Service Trust Fund Status Report September 30, 2023

The National Service Trust Fund (the Trust) was established by the National and Community Service Trust Act of 1993 (the Act), 42 U.S.C. 12601, et seq. to provide funds for Segal AmeriCorps Education Awards for eligible participants who complete AmeriCorps service. The NST/the Trust is funded by appropriations, interest earned, transfer of program dollars, proceeds from the sale or redemption of Trust investments, partnerships with other agencies, and funds collected from disallowed or improperly awarded Education Awards. The Trust is also authorized to accept gifts or bequests, sponsorships, and funds from federal partners. Under the Act, funds are available to repay qualified student loans, pay educational expenses at qualified educational institutions, and repay eligible interest expenses on student loans.

The value of an educational award depends on the term of service performed by an AmeriCorps member. For Program Year 2023, completion of a full-time term of service, requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to an educational award of \$6,895. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an educational award of \$3,447.50. Reduced part-time terms, which provide awards of \$388.03 to \$2,626.67, are also offered. The educational award is indexed to the maximum Federal Pell Grant; therefore, these amounts may change each year.

Educational awards earned by AmeriCorps members are generally available to be used for seven years from the completion of the service. Payments are made directly to the educational institutions and the loan holders as directed by the members and by the institutions. Beginning in Program Year 2010, AmeriCorps State and National and Silver Scholar members who are age 55 or older when they begin service may also transfer the education award to a qualified child, grandchild, or foster child. Trust funds are not used to pay member stipends or other grant costs.

Table 1a shows the planned activity for the current Program Year and actual enrollments to date against the plan. Table 1b includes similar data on the prior Program Year for comparative purposes. Member positions (slots) classified as "Certified Not Awarded" have been approved by AmeriCorps' Chief Executive Officer for award to grantees, but for which the final grant award has not been executed. For budgetary purposes these positions are considered commitments in the Trust Fund. Positions classified as "Planned not Certified" have not yet been approved by the Chief Executive Officer.

Table 1a. AmeriCorps Member Position Award Activity for Program Year 2023

Program	Awarded Enrolled	Awarded Not Enrolled	Cerified Not Awarded	Planned Not Certified	Total Planned
State & National	25,355	44,283	4,625	-	74,263
VISTA	3,827	-	173	1,027	5,027
NCCC	591	-	715	134	1,440
Total	29,773	44,283	5,513	1,161	80,730

Table 1b. AmeriCorps Member Position Award Activity for Program Year 2022⁴⁶

Program	Awarded Enrolled	Awarded Not Enrolled	Cerified Not Awarded	Planned Not Certified	Total Planned
State & National	50,062	19,708	(7,900)	(811)	61,059
VISTA	3,888	-	2,126	237	6,251
NCCC	711	-	63	666	1,440
Total	54,661	19,708	(5,711)	92	68,750

The 80,730 Trust positions planned for Program Year 2023 do not include approximately 2,250 AmeriCorps members in the VISTA program (1,790 full-time and 460 Summer Associates) who elected an end-of-service stipend instead of an education award. Total member positions for Program Year 2023, including AmeriCorps members in the VISTA program electing a stipend, is approximately 82,030. Member enrollment and slot data are periodically adjusted to reflect corrections and slot reconfigurations by grantees; therefore, they may change slightly from month to month.

The 68,750 Trust positions for Program Year 2022 do not include approximately 1,500 AmeriCorps members in the VISTA program (1,300 full-time and 200 Summer Associates) who elected an end-of-service stipend instead of an educational award. Total member positions for Program Year 2022, including AmeriCorps members in the VISTA program electing a stipend, is approximately 70,250. Of the 6,251 AmeriCorps member VISTA program positions in the Trust for 2022, 1,835 positions are for Summer Associates who receive a Trust award of \$1,311.

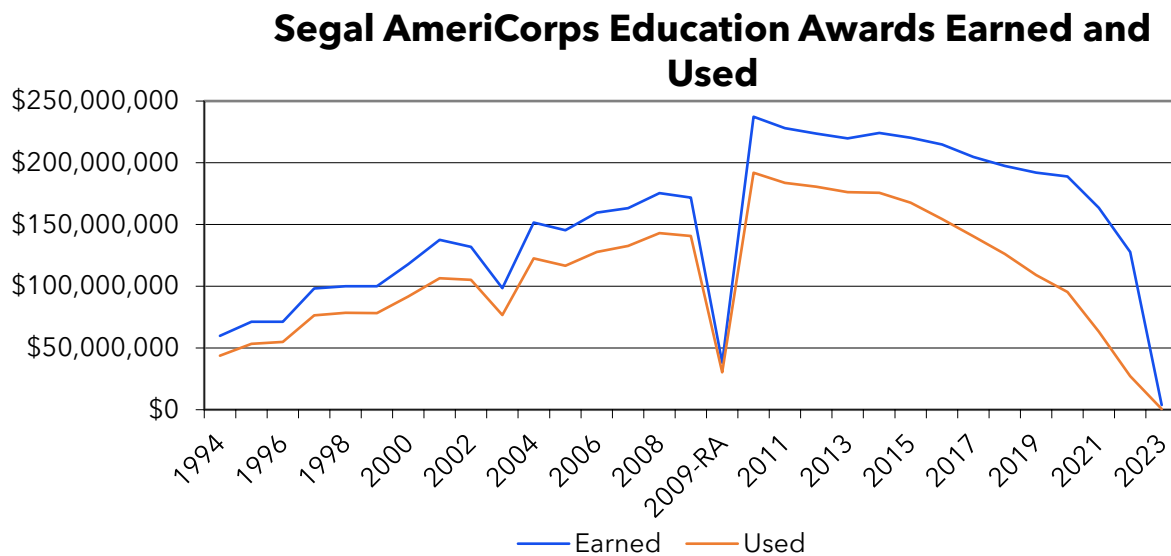
⁴⁶ The Program Year 2022 values in Table 1b do not match Table 1a presented in the FY 2022 Annual Management Report because the values were incorrectly reported in the FY 2022 Annual Management Report.

In addition, the values within Table 1b presented in the FY 2022 Annual Management Report were values for FY 2021, not FY 2022. The Table 1a and Table 1b narratives presented in the FY 2022 Annual Management Report; however, do reflect the correct information.

Trust Awards

Since AmeriCorps' inception in 1993, AmeriCorps members have earned more than \$4.8 billion in Segal AmeriCorps Educational Awards and used over \$3.37 billion of that amount to fund their education and repay student loans. In addition, AmeriCorps has made \$132.94 million in interest forbearance payments. Approximately \$679.76 million in educational awards earned have expired without being used. The remainder of approximately \$590.24 million remains available. The Trust obligation formula has been adjusted to reflect these expired awards. Table 2 depicts the Segal AmeriCorps Educational Awards earned and used since inception.

Table 2. Segal AmeriCorps Education Awards Earned and Used



Refilled Positions

AmeriCorps' policy allows grantees limited flexibility to refill positions vacated by a member who has served less than 30 percent of his or her service term, provided that the departing member had not earned a pro-rated educational award. To prevent over-enrollment, the policy includes "fail-safe" triggers that restrict the overall number of refills to no more than five percent of awarded positions and suspends refilling altogether if total AmeriCorps enrollment reaches 97 percent of awarded positions.

Table 3 provides information on the number of positions refilled. Positions in Program Years 2010 and earlier can no longer be refilled.

Table 3. Number of Refilled Positions

	Program Years						Fail safe Trigger
	2018	2019	2020	2021	2022	2023	
Number of Refilled Positions	998	714	624	359	467	32	N/A
Refills as a Percent of Awarded State & National Positions	1.50%	1.12%	0.99%	0.48%	0.67%	0.05%	5.00%
State & National Enrollment as a Percentage of Awarded Positions	86.90%	81.46%	80.42%	62.87%	71.75%	36.41%	97.00%

Table 4 shows the most significant factors used to calculate Trust obligations on a historical basis. It is important to note that Program Year refers to positions awarded with a particular FY's grant funds. Positions are often filled in time periods after the year in which they are awarded. For example, a grantee may receive a grant in FY 2022 but not fill all positions until FY 2023. All positions related to this grant would be considered Program Year 2022 positions, irrespective of the FY in which they are filled. The Reduced Part-time category below includes Reduced Halftime, Quarter time, Minimum time, and AmeriCorps Affiliates.

Table 4. Factors Affecting the National Service Trust Fund

	Program Year				
	2019	2020	2021	2022	2023
Member enrollments in the Trust	59,479	57,989	53,679	54,840	29,901
Percent of members who earned an education award	84.36%	83.88%	79.72%	77.26%	64.52%
Percent of earned education awards used	56.83%	50.51%	38.69%	21.35%	14.60%
Breakout of enrollment by term type:					
Full-time	48.68%	47.06%	44.45%	34.22%	53.26%
Part-time	11.96%	11.73%	11.40%	12.13%	8.29%
Reduced Part-time	39.34%	41.07%	43.78%	52.74%	38.04%

The Program Year data used throughout these tables reflect all enrollments recorded through the reporting period. Prior year enrollment numbers may change slightly due to corrections or late reporting by grantees. The percentage of members who earned an award in Table 4 is calculated by taking the number of members who earned an award divided by the total number of members who have ended service. For example, for Program Year 2022:

Enrolled:	54,840	
Still Earning:	7,959	
Completed:	46,881	(Enrolled less Still Earning)
Awards Earned:	36,220	
% Earned:	77.26%	(Awards Earned divided by Completed)

The trust financial statement present information on the budgetary resources and obligations of the Trust, including the Trust Reserve. The schedules present information on a budgetary basis, which represents the accounting used to determine compliance with the Anti-Deficiency Act. AmeriCorps records Trust obligations at the time it awards AmeriCorps State and National grants or at the time it enters into an enforceable agreement with AmeriCorps members in the VISTA and NCCC programs.

The amounts obligated in the Trust are based on the estimated value of the educational benefit discounted for the estimated enrollment, earning, usage rate, and the time value of money. For FY 2023, the calculated ratios are as follows: a ratio of 54.84 percent between authorized awards and ultimate payments, a ratio of 61.86 percent between awards expected for members currently earning and ultimate payments, and a ratio of 78.53 percent between earned awards and ultimate payments. Under the National and Community Service Act, as amended, awards earned by members over age 55 can be transferred to an eligible beneficiary. For budgetary purposes, we project that all transferable awards will eventually be used. Obligations are periodically adjusted to reflect current earning and usage projections.

FEMA Corps is a program of AmeriCorps' NCCC whose members are devoted solely to FEMA disaster response, and recovery efforts. The Interagency Agreement with FEMA provides for a service corps which compliments and supports FEMA's current disaster workforce. While FEMA provides funding for the Education Awards for the FEMA Corps members, they are included in AmeriCorps' trust financial statement as part of our budgetary and obligation activity.

Enrollment Activity

Table 5 presents cumulative data to date on Trust enrollments, educational awards earned and used for Program Years 1994 through 2023 as well as Recovery Act positions.

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994 through 2013	Full-time	560,688	8	460,387	100,293	2,219,965,163	1,816,252,380
	Part-time	207,306	7	143,754	63,545	340,777,755	241,881,745
	Other	360,896	9	288,011	72,876	339,581,817	253,615,081
	Total	1,128,890	24	892,152	236,714	2,900,324,735	2,311,749,205
2014	Full-time	37,969	6	32,783	5,180	179,118,915	146,446,876
2014	Part-time	8,662	0	6,746	1,916	18,555,164	11,426,053
2014	Other	23,974	3	19,343	4,628	26,377,419	17,921,676
	Total	70,605	9	58,872	11,724	224,051,498	175,794,604
2015	Full-time	37,184	11	31,597	5,576	174,681,554	138,736,541
2015	Part-time	9,173	5	7,146	2,022	19,879,307	11,926,903
2015	Other	22,544	1	18,492	4,051	25,602,748	16,929,680
	Total	68,901	17	57,235	11,649	220,163,609	167,593,123
2016	Full-time	35,513	38	29,756	5,719	165,642,331	124,351,558
2016	Part-time	9,577	0	7,381	2,196	20,689,179	11,733,959
2016	Other	24,498	14	20,228	4,256	28,203,374	18,372,460
	Total	69,588	52	57,365	12,171	214,534,883	154,457,977
2017	Full-time	34,109	11	28,241	5,857	157,472,628	112,460,185
2017	Part-time	9,382	1	6,809	2,572	19,159,542	10,392,291
2017	Other	24,145	2	19,905	4,238	28,015,173	17,515,426
	Total	67,636	14	54,955	12,667	204,647,343	140,367,903
2018	Full-time	31,795	35	26,201	5,559	148,119,163	99,220,903
2018	Part-time	8,302	0	6,058	2,244	17,289,962	8,416,158
2018	Other	25,394	3	20,215	5,176	32,116,288	18,669,753
2018	Affiliate	83	0	76	7	25,320	7,996
	Total	65,574	38	52,550	12,986	197,550,733	126,314,810
2019	Full-time	28,952	46	24,496	4,410	141,782,932	84,508,844
2019	Part-time	7,115	2	5,739	1,374	16,322,139	7,019,156
2019	Other	23,400	29	19,866	3,505	33,798,477	17,533,921
2019	Affiliate	12	0	12	0	4,116	1,059
	Total	59,479	77	50,113	9,289	191,907,665	109,062,980
2020	Full-time	27,291	43	23,247	4,001	137,193,798	72,856,552
2020	Part-time	6,803	18	5,258	1,527	15,488,011	5,462,550
2020	Other	23,818	44	19,977	3,797	36,201,442	17,094,442
2020	Affiliate	77	0	69	8	24,056	10,819
	Total	57,989	105	48,551	9,333	188,907,308	95,424,362
2021	Full-time	23,862	63	18,929	4,870	114,040,759	46,638,133
2021	Part-time	6,121	24	4,533	1,564	13,685,689	3,270,411
2021	Other	23,501	196	18,929	4,376	35,635,931	13,309,213
2021	Affiliate	195	0	177	18	62,489	17,994
	Total	53,679	283	42,568	10,828	163,424,868	63,235,750
2022	Full-time	18,766	1,892	13,161	3,713	80,843,582	19,108,273
2022	Part-time	6,653	1,985	3,097	1,571	9,516,237	1,063,719
2022	Other	28,922	4,067	19,548	5,307	37,306,664	7,088,709
2022	Affiliate	499	15	414	70	150,287	21,973
	Total	54,840	7,959	36,220	10,661	127,816,770	27,282,673
2023	Full-time	15,926	14,976	249	701	1,625,587	141,862
2023	Part-time	2,478	2,421	0	57	0	0
2023	Other	11,374	9,667	1,502	205	2,187,188	414,786
2023	Affiliate	123	123	0	0	0	0
	Total	29,901	27,187	1,751	963	3,812,776	556,649
Cumulative to Date		1,727,082	35,765	1,352,332	338,985	4,637,142,187	3,371,840,038



Civil Monetary Penalty Adjustment for Inflation

The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (P.L. 114-74)⁴⁷, which amended the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. §2461,⁴⁸ note), requires federal agencies to annually adjust the level of civil monetary penalties for inflation to improve their effectiveness and maintain their deterrent effect. The implementation of this law helps deter violations of law; encourages corrective actions for existing violations; and helps prevent fraud, waste, and abuse within AmeriCorps. The civil monetary penalty adjustments for AmeriCorps are published as final rules in the Federal Register.⁴⁹ Additional supporting details about these penalties are available at Federal Register Volume 88, pages 3928-3930.⁵⁰

Statutory Authority	Penalty (Name and Description)	Year Enacted	Latest Year of adjustment (via statute or regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name/Agency	Location of Penalty Update Details
P.L. 101-121, Sec. 319 (31 U.S.C. 1352); P.L. 93-113; 42 U.S.C. 4951, et seq.; 42 U.S.C. 5060	The penalty associated to Restrictions on Lobbying (45 CFR 1230.400)	1990	2023	Penalties range from \$23,728 to \$237,267	AmeriCorps*	88 FR 3928 (Jan. 23, 2023) ⁵¹
P. L. 99-509, Secs. 6101-6104, 100 Stat. 1874 (31 U.S.C. 3801-3812); 42 U.S.C. 12651c-12651d	The penalty associated to the Program Fraud Civil Remedies Act of 1986 (45 CFR 2554.1)	2006	2023	Penalties have an upper limit of \$13,508	AmeriCorps*	88 FR 3928 (Jan. 23, 2023) ⁵²

*The Federal Register changes were posted under the Corporation for National and Community Service, which is the legal name of the AmeriCorps agency.

⁴⁷ <https://www.congress.gov/114/plaws/publ74/PLAW-114publ74.pdf#page=17>

⁴⁸ [http://uscode.house.gov/view.xhtml?req=\(title:28%20section:2461%20edition:prelim\)%20](http://uscode.house.gov/view.xhtml?req=(title:28%20section:2461%20edition:prelim)%20)

⁴⁹ <https://www.federalregister.gov/>

⁵⁰ <https://www.federalregister.gov/documents/2023/01/23/2023-01227/annual-civil-monetary-penalties-inflation-adjustment>

⁵¹ <https://www.federalregister.gov/documents/2023/01/23/2023-01227/annual-civil-monetary-penalties-inflation-adjustment>

⁵² <https://www.federalregister.gov/documents/2023/01/23/2023-01227/annual-civil-monetary-penalties-inflation-adjustment>

Grants Programs

This past year, AmeriCorps has made significant progress to ensure timely grant closeout. AmeriCorps has reduced overdue awards still pending closeout considerably. Eighty-two awards were overdue for closeout in FY 2022 and 22 are overdue for closeout in FY 2023. This progress was made possible through dedicated full-time employees that work predominately with closeouts, a new Grant Closeout Standard Operating Procedures to resolve unique and challenging closeout issues, and regular closeout meetings to address closeout compliance. In addition, the transition in Payment Management System to eliminate the disbursement report has made a significant impact on reconciliation thus making awards easier to close. Closing the much older grants (expired five years or more) has proved challenging as these awards have unique system issues that have made it difficult to resolve. Despite these challenges, the Office of Grant Administration has been able to make significant progress in closing these older awards by:

- creating and submitting Disbursement Adjustment Forms to reconcile funds with Payment Management System;
- leading cross-program meetings concerning awards that need to re-obligate funds to close out; and
- working with AmeriCorps’ Office of Accounting and Financial Management Services contractors on how to reconcile cancelled funds.

The table below shows the total number of awards for which close out has not yet occurred:

CATEGORY	2-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Number of Grants / Cooperative Agreements with Zero Dollar Balances	1	4	11
Number of Grants / Cooperative Agreements with Undisbursed Balances	0	0	0
Total Amount of Undisbursed Balances	0	0	0

APPENDICIES

Appendix A: Glossary of Acronyms

Acronym	Description
CSRS	Civil Service Retirement System
ERM	Enterprise Risk Management
FERS	Federal Employees Retirement System
FOR	Financial and Operational Reform
FY	Fiscal Year
GAAP	General Accepted Accounting Principles
GPRA	Government Performance Results Act
OMB	Office of Management and Budget
OPM	Office of Personnel Management
TBD	To Be Determined
U.S.C.	United States Code

Appendix B: AmeriCorps Participant Race and Ethnicity Details

Comparison of AmeriCorps Participant Race and Ethnicity to the U.S. Population at the National Level		
<p>"Over" indicates the racial or ethnic group is over-represented in AmeriCorps compared to the general population; "Under" indicates the racial or ethnic group is under-represented in AmeriCorps compared to the general population; "No Difference" indicates insufficient evidence exists to conclude that the racial or ethnic group is under- or over-represented.</p>		
AmeriCorps State & National (ASN)	2021	2022⁵³
Asian or Asian American	Over	No Difference*
American Indian or Alaska Native	Over	Over
Black or African American	Over	Over
Two or More Races	No Difference	No Difference*
Native Hawaiian or Other Pacific Islander	Over	Over
Other	Over	Over
White	Under	Under
Hispanic or Latino(a)	Over	Over
Public Health AmeriCorps (PHA)	2021	2022
Asian or Asian American	Not Available	No Difference
American Indian or Alaska Native	Not Available	No Difference
Black or African American	Not Available	Over
Two or More Races	Not Available	No Difference
Native Hawaiian or Other Pacific Islander	Not Available	Insufficient Data*
Other	Not Available	No Difference
White	Not Available	Under
Hispanic or Latino(a)	Not Available	Under
AmeriCorps NCCC	2021	2022
Asian or Asian American	No Difference	No Difference*
American Indian or Alaska Native	No Difference	No Difference*
Black or African American	Under	Under
Two or More Races	No Difference	No Difference*
Native Hawaiian or Other Pacific Islander	Over	Over
Other	No Difference	Under
White	Over	Over
Hispanic or Latino(a)	Under	Under

⁵³ Demographic results marked with an asterisk in the table were reported incorrectly in the 2024 congressional budget justification. Results have been updated following methodological adjustments.



AmeriCorps VISTA	2021	2022
Asian or Asian American	No Difference	No Difference*
American Indian or Alaska Native	Over	Over
Black or African American	Over	Over
Two or More Races	No Difference	No Difference*
Native Hawaiian or Other Pacific Islander	Over	Over
Other	No Difference	Over
White	Under	Under
Hispanic or Latino(a)	Under	No Difference*
AmeriCorps Seniors (FGP and SCP)	2021	2022
Asian or Asian American	Under*	Under
American Indian or Alaska Native	Over	Over
Black or African American	Over	Over
Two or More Races	Under	Under
Native Hawaiian or Other Pacific Islander	Over	Over
White	Under	Under
Hispanic or Latino(a)	Under	Under
AmeriCorps Seniors Volunteers (RSVP)	2021	2022
Asian or Asian American	Under	Under
American Indian or Alaska Native	Under	Under
Black or African American	Under	Under
Two or More Races	Under	Under
Native Hawaiian or Other Pacific Islander	Over	Over
White	Over	Over
Hispanic or Latino(a)	Under	Under

AmeriCorps Participant Race and Ethnicity Distributions Compared to Census Estimates

AmeriCorps race and ethnicity data in Table 1 and 2 below is for the most recent fiscal year available, which varies by program. The charts display FY 2022 data for the AmeriCorps member programs and FY 2021 data for the AmeriCorps Seniors programs. Race and ethnicity estimates for the US population are from the 2021 American Community Survey five-year dataset⁵⁴.

⁵⁴ U.S. Census Bureau. 2022. Demographic and housing estimates [DP05], 2017-2021 American Community Survey 5-year estimates. Available at: <https://data.census.gov/cedsci/>. Last accessed: Jan. 28, 2023.

Table 1

2022 AmeriCorps Participant Race Distribution Compared to Census Estimates

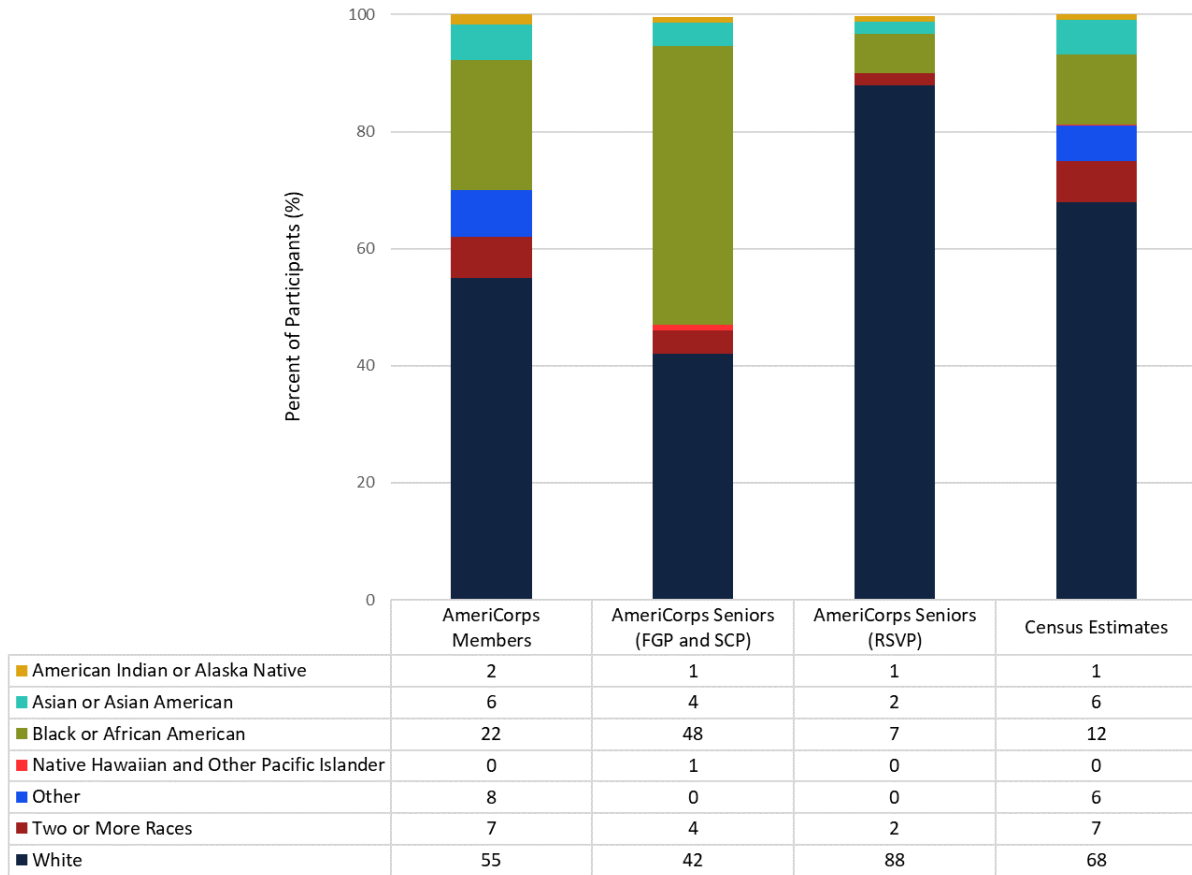
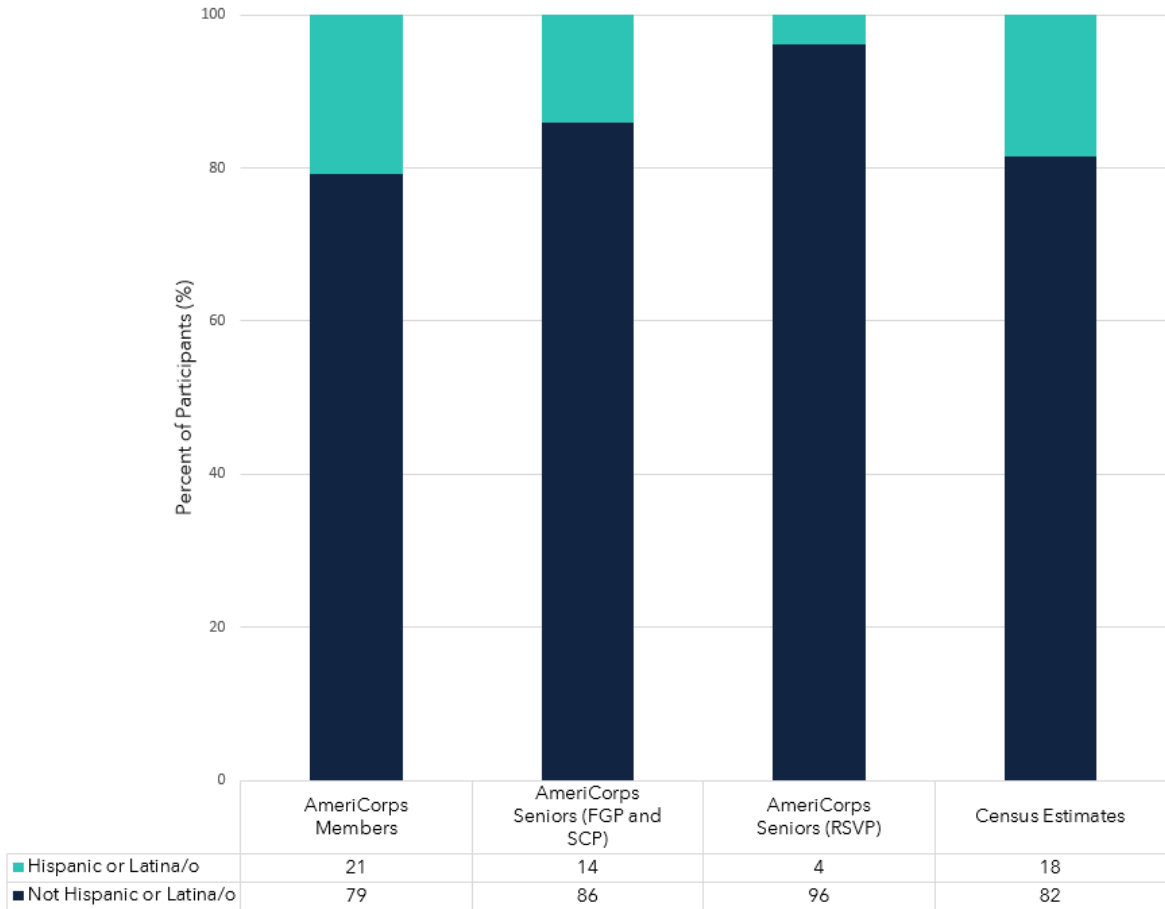


Table 2

2022 AmeriCorps Participant Ethnicity Distribution Compared to Census Estimates



Appendix C: Changes from Previous Performance Plan

Objectives and Notes		
Additions/Modifications		
Objective	Performance Goal Description	Notes
1.1	Help more than 11.2 million people mitigate the impacts of COVID-19 and other public health crises.	The target was changed from 18.3M to 11.2M to improve and standardize the methodology across programs
1.1	By FY 2026, 66% of AmeriCorps program funding in mitigating the impacts of COVID-19 and other public health crises will have moderate or strong levels of evidence.	Agency has identified this measure as a priority for reporting.
1.1	Percentage of the AmeriCorps portfolio dedicated to mitigating the impacts of COVID-19 for those hardest hit by the pandemic.	Agency has identified this measure as a priority for reporting.
1.2	Help more than 3.8M people directly by reducing greenhouse gas emissions, conserving lands and waters, and adapting to the changing climate.	The target was changed from 1.9M to 3.8M to improve and standardize the methodology across programs.
1.2	Help improve more than 1.8M locations and structures by reducing greenhouse gas emissions, conserving lands and waters, and adapting to the changing climate.	The target was changed from 2.3M to 1.8M to improve and standardize the methodology across programs.
1.2	By FY 2026, 70% of AmeriCorps program funding in reducing greenhouse gas emissions, conserving lands and waters, and adapting to the changing climate will have moderate or strong levels of evidence.	Agency has identified this measure as a priority for reporting.
1.2	Percentage of the AmeriCorps portfolio dedicated to reducing greenhouse gas emissions, conserving lands and waters and adapting to the changing climate.	Agency has identified this measure as a priority for reporting.
1.3	Help more than 6.2M people expand their educational and economic opportunity.	The target was changed from 7.2M to 6.2M to improve and standardize the methodology across programs.
1.3	By FY 2026, 89% of AmeriCorps program funding in expanding educational and economic opportunity will have moderate or strong levels of evidence.	Agency has identified this measure as a priority for reporting.
2.1	AmeriCorps Seniors programs will reach pre-COVID-19 enrollment levels.	Agency has identified this measure as a priority for reporting.

Objective	Performance Goal Description	Notes
3.2	Number of 'pitches' to other federal agency offices about the role AmeriCorps members or AmeriCorps Seniors volunteers could play to advance their agency's mission.	Changed "federal agencies" to "federal agency offices" because the strategic partnership team typically conducts outreach to offices within federal agencies rather than entire agencies. Changed the 2022 pitch count to 8 to reflect the de-duplicated count of agency offices pitched in 2022.
4.3	Eliminate repeat findings.	Agency has identified this measure as a priority for reporting.
4.3.3	# of material weaknesses resolved	This metric was previously listed as a performance goal in the 2024 Congressional Budget Justification. It was transitioned to the "Other Indicator" section to align with the approved strategic plan.
4.3.3	# of significant deficiencies resolved	This metric was previously listed as a performance goal in the 2024 Congressional Budget Justification. It was transitioned to the "Other Indicator" section to align with the approved strategic plan.
5.1	At least 70% of AmeriCorps employees will agree or strongly agree that their workload is reasonable - from a baseline of 40% in FY 2021 - as reported in the Federal Employee Viewpoint Survey.	Agency has identified this measure as a priority for reporting.
5.1	Employee Retention Rate	Agency has identified this measure as a priority for reporting.
5.2	Percentage of diversity, equity, inclusion, and accessibility training attendees who believe the training enhanced their understanding of diversity, equity, inclusion, and accessibility issues	Agency has identified this measure as a priority for reporting.
5.3	Percent of staff satisfied with the recognition they receive	Agency has identified this measure as a priority for reporting.
5.3	Employee Turnover Rate	Agency has identified this measure as a priority for reporting.
5.4	An engaged workforce that pursues leadership development opportunities. Employee Engagement Index*: achieve a score of at least 75 (the combined small agency average) - from a baseline of 71 in FY 2020 - on the Federal Employee Viewpoint Survey.	Agency has identified this measure as a priority for reporting.



Exclusions⁵⁶		
Objective	Performance Goal Description	Notes
3.4	In every state, 1-in-3 adults will volunteer at least once a year.	This performance goal is being replaced by a performance goal over which the agency has more direct influence.

⁵⁶ AmeriCorps has removed these measures from its Annual Performance Report to allow the agency to reassess whether related data can be captured, and if these measures best fit with current agency high priorities.



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