

# Agency Financial Report

FISCAL YEAR 2015





# Table of Contents

## I. Management's Discussion and Analysis

Message from the Chief Executive Officer .....	2
Agency Mission and Overview .....	4
Strategic Priorities .....	8
Fiscal Year (FY) 2015 Agency Mission Performance .....	10
FY 2015 Program Mission Performance .....	12
FY 2015 Agency Management Performance .....	28
Management Assurances .....	33
Analysis of Appropriations and Financial Condition .....	35

## II. Financial Statements

Message from the Acting Chief Financial Officer .....	40
Consolidated Financial Statements .....	41

## III. Independent Auditor's Report

Office of Inspector General (OIG) Transmittal Letter .....	68
Independent Auditor's Report on Financial Statements .....	69
Independent Auditor's Report on Internal Control Over Financial Reporting .....	72
Independent Auditor's Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements .....	82
OIG Transmittal Letter for Trust Fund Financial Statements .....	86
Independent Auditor's Report on the Trust Fund Financial Statements .....	87
Management's Response .....	90

## IV. Other Information

Donations and Contributions .....	94
National Service Trust Fund Status Report .....	97
Improper Payments .....	118

## How to Serve

If you are interested in joining or learning more about the Corporation for National and Community Service (CNCS) programs, go to [www.nationalservice.gov](http://www.nationalservice.gov). Click "Serve Your Community" to discover which opportunity is right for you.

An electronic copy of this report is available on the web at: [www.nationalservice.gov/about/budget-and-performance/performance-and-accountability-reports](http://www.nationalservice.gov/about/budget-and-performance/performance-and-accountability-reports)

This report is in the public domain. Authorization to reproduce it in whole or in part is granted. The citation should be: Corporation for National and Community Service FY 2015 Agency Financial Report, Washington, DC, 20525.

To request a printed copy of this report, obtain this report in a format that is accessible to individuals with disabilities, or provide any feedback regarding this report, please contact the Office of the Chief Financial Officer at 202-606-5000 or at the mailing address noted on the page following.

Fiscal Year 2015

# Agency Financial Report



## About this Report

In lieu of a Performance and Accountability Report, the Corporation for National and Community Service (CNCS) will instead produce three reports that provide financial management and program performance information. Each report will be available on CNCS's website as it is completed.

- This report, the Agency Financial Report (AFR), focuses on CNCS's financial management and the results of the agency's annual financial audit. It includes management's assurance statement, CNCS's improper payments report, and a response from management. This report can be found at [www.nationalservice.gov/about/budget-and-performance/performance-and-accountability-reports](http://www.nationalservice.gov/about/budget-and-performance/performance-and-accountability-reports).
- The Annual Performance Report (APR) provides an overall assessment of agency performance. The APR will be included in CNCS's fiscal year 2017 (FY 2017) Congressional Budget Justification, which will be transmitted to Congress in February 2016. Congressional Budget Justification reports can be found at [www.nationalservice.gov/about/budget](http://www.nationalservice.gov/about/budget).
- The Performance Highlights Report summarizes key information from the AFR and APR. It will be available in February 2016.

These reports meet all requirements under the Government Performance and Results Act, the Federal Financial Management Improvement Act, the Federal Managers' Financial Integrity Act, the Government Corporation Control Act, and the Federal Information Security Management Act, among others. These reports also follow applicable guidance from the Office of Management and Budget (OMB), as well as the recommendations of the Association of Government Accountants' Certificate of Excellence in Accountability Reporting program.

## How This Report Is Organized

### Section I: Management's Discussion and Analysis

Section I provides an overview of performance and financial information. It includes a brief history of CNCS, introduces its mission, and contains a description of CNCS's organizational structure and strategic framework. This section highlights performance and key accomplishments in each of its strategic goals and objectives. Section I also provides management's assessment of future priorities and assurances over internal controls. The section closes with highlights of financial results.

### Section II: Financial Statements

Section II begins with a message from the Chief Financial Officer. This section provides the details of CNCS's finances, including the audited financial statements and footnotes.

### Section III: Independent Auditor's Report

Section III provides the independent auditor's reports on the audited financial statements and footnotes, compliance matters, and internal controls. This section also contains management's response to the auditor's report.

### Section IV: Other Information

Section IV provides supplementary reporting of Donations and Contributions, the National Service Trust Fund (Trust), and Improper Payments. Donations and Contributions reporting identifies the nature and amount of donations, as well as how they were used in support of CNCS's programs and activities. The National Service Trust Status Report provides the status of Segal AmeriCorps Education Awards (Education Awards) and student loan interest forbearance to eligible participants. The section ends with an assessment of Improper Payments made by each program or activity and actions taken to recover them.

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

1201 New York Avenue, NW  
Washington, DC 20525  
202-606-5000 • TTY 202-606-3472  
[NationalService.gov](http://NationalService.gov) [info@cns.gov](mailto:info@cns.gov)

# Message from the CEO



The Corporation for National and Community Service (CNCS) taps the nation's greatest resource—the American people—to get things done.

Working hand in hand with thousands of local partners, CNCS programs improve lives, strengthen communities, and engage millions of Americans in solving tough problems.

I am pleased to present our fiscal year 2015 (FY 2015) Agency Financial Report. This report demonstrates our continued commitment to strong performance, focused investments, innovative partnerships, and management excellence.

This past year, CNCS engaged millions of Americans of all ages and backgrounds in results-driven service, strengthened thousands of nonprofit and faith-based groups, and forged innovative partnerships. This engagement was matched with increased accountability and our strong record of reliable fiscal stewardship that reflects our mission to build a better future for our citizens.

## Expanding Economic Opportunity

In FY 2015, we continued our focus on expanding economic opportunity by educating students for 21st Century jobs, connecting returning veterans to employment, helping seniors live independently, rebuilding communities after disasters, teaching financial literacy, tutoring students in low-performing schools, and more.

CNCS programs also expanded economic opportunity for service participants by helping them graduate from high school, gain career skills, pursue higher education, and find work. For both beneficiaries and participants, national service helps expand individual opportunity, build family stability, and create more sustainable, resilient communities.

## Driving Impact and Innovation

This past year, we continued the vision of the bipartisan Edward M. Kennedy Serve America Act to target resources on Disaster Services,

Economic Opportunity, Education, Environmental Stewardship, Healthy Futures, and Veterans and Military Families.

Through performance measures, research, and evaluation, CNCS is using data to show the impact of national service on key challenges. Competition is a fundamental value that we are using to drive funds to the highest-quality, highest-value programs.

For instance, the Social Innovation Fund (SIF), now in its fifth year, is continuing its promise of finding what works and making it work for more people. The SIF combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities. In five years, the SIF has leveraged more than a half billion of non-federal dollars to support more than 200 organizations and to reach more than 400,000 individuals.

## Expanding Partnerships and Growing Volunteerism

National service is a model of public-private partnership that recognizes progress is best made by working together. The modest federal investment leverages hundreds of millions of additional resources from non-CNCS sources to strengthen community impact and increase return on taxpayer dollars.

Recognizing the wisdom of this approach, President Obama created the Task Force on Expanding National Service to increase national service opportunities through partnerships with other federal agencies and the private sector. Through our partnerships and growth strategy, we have secured public and private sector partners to support more than 10,000 AmeriCorps positions to meet critical national challenges while expanding educational and economic opportunity for those who serve.

## Managing for Results and Accountability

CNCS has a deep commitment to ensuring the highest levels of accountability. In FY 2015, CNCS maintained its unmodified audit opinion for the 16th consecutive year. CNCS is committed to improving its internal controls, oversight, and monitoring to demonstrate the importance of integrity, accountability, and transparency. We have built an outstanding senior team with the vision and experience to lead the agency to higher levels of impact and accountability.

## National Service Works for America

A sense of shared responsibility is woven into the fabric of our nation. For decades, successive Administrations of both parties have invested in national service as a smart way to tap the ingenuity and can-do spirit of the American people.

Our agency understands the need to continue engaging elected officials, and corporate, nonprofit, and other leaders in communicating the impact of national service.

This year, the annual Mayors Day of Recognition for National Service engaged a record-high 2,786 mayors and county leaders from across the country who united around one common message: AmeriCorps and Senior Corps work for America. Together, these officials represent more than 150 million Americans—nearly 50 percent of the U.S. population. Through our Employers of National Service initiative, CNCS is recognizing the contributions and unique skills of the more than 950,000 men and women who have served in AmeriCorps and the more than 200,000 individuals who have volunteered with the Peace Corps. More than 260 employers representing 1.5 million jobs in the public, private, and nonprofit sectors have joined this effort to recruit and hire AmeriCorps alumni.

We look forward to building on this great foundation and creating more opportunities for Americans to make a difference in their communities.

In Service,



Wendy Spencer  
Chief Executive Officer

## Section I:

# Management's Discussion & Analysis

## Agency Mission and Overview

The mission of the Corporation for National and Community Service (CNCS) is to improve lives, strengthen communities, and foster civic participation through service and volunteering.

Service and social innovation are vital components of the American character. From the earliest days of our nation, Americans have stepped forward to help their neighbors, working together in creative ways to solve problems and strengthen communities.

As citizens, we recognize that we have responsibilities as well as rights. One of the ways Americans express their citizenship is by serving their communities. National service, volunteerism, and social innovation demonstrate the best of the American spirit and ingenuity—people turning toward problems and working together to find community solutions.

Since its creation more than 20 years ago, CNCS has led the nation's efforts to engage the energy of citizens to solve problems in communities. Working with thousands of local partners, CNCS improves lives, expands economic opportunity, bolsters civic and faith-based organizations, fosters innovation, and engages millions of Americans in service.

CNCS focuses its resources on the most pressing challenges facing our nation:

- Educating students for the jobs of the 21st century
- Supporting individuals, families, and neighborhoods on the road to economic recovery
- Addressing the needs of military families and a new generation of veterans returning from war
- Helping communities rebuild after natural disasters
- Promoting health and well being
- Preserving the nation's parks and public lands.



Through its AmeriCorps and Senior Corps national service programs, CNCS engages millions of Americans in service and volunteerism each year at tens of thousands of locations across the country, from large cities to small towns and rural areas.

In addition to CNCS's national service programs, the SIF improves the lives of people in low-income communities. The SIF mobilizes public and private resources to replicate and scale promising and evidence-based solutions focused on economic opportunity, youth development, and healthy futures.

At a time when public, private, and nonprofit organizations are struggling to meet the nation's most pressing challenges, and when tough choices are being made at every level to maximize limited resources, the SIF represents a new way of doing business for the federal government.

## Evidence and Results

CNCS has made it a priority to develop a knowledge and evidence base to support the agency's mission, programs, and strategic goals through rigorous program evaluation and research initiatives. CNCS's emphasis on evaluation is aligned with federal guidance on the importance of using evidence and rigorous evaluation in budget, management, and policy decisions. CNCS believes that implementing a robust research and evaluation agenda is critical to the agency's ability to achieve and communicate the value that national service and social innovation bring to communities across the country. A more detailed discussion of the agency's evidence agenda will be available in the FY 2017 Budget.

## Expanding Economic Opportunity

In all its programs, CNCS seeks to expand economic opportunity — helping disconnected youth, new Americans, veterans, military families, seniors, people with disabilities, and others acquire the skills, education, and training they need for productive employment.

National service and SIF grantees support the beneficiaries of our programs by expanding individual opportunity, building family stability, and creating more sustainable, resilient communities. When programs help seniors live independently in their homes, or provide tutoring to help students graduate, or work alongside a low-income family to build a new home, they are driving economic independence.

Second, national service is a proven pathway to education and employment for those who serve. AmeriCorps is viewed as a pathway to economic opportunity that provides members with valuable skills, leadership abilities, and experience to jumpstart their careers. In addition to gaining valuable experience to help them find employment, over more than 20 years AmeriCorps alumni have earned an estimated \$3 billion in Education Awards to help them pay for college or pay back student loans.

CNCS research reinforces the positive connection between volunteering and employment. As shown in its seminal study, *Volunteering as a Pathway to Employment*, CNCS found that volunteers have a 27 percent higher likelihood of finding a job after being out of work than non-volunteers. This link was stable across socioeconomic variables such as gender, age, ethnicity, geographical area, and job market conditions. Volunteering can increase a person's social connections, professional contacts, skills, and experience — all factors that are positively related to finding work. Thus, the millions of volunteers engaged through CNCS programs each year not only help their communities, they may also improve their own employment prospects.

By helping more Americans graduate, pursue higher education, and find work, national service provides immediate benefits to the community and significant long-term benefits to service recipients and those who serve.

## Partnerships

National service is a public-private partnership that recognizes no one sector can meet the nation's challenges alone and that we make progress best by working together. Nearly everything CNCS does is accomplished by working with and through others — including nonprofit and faith-based organizations, schools and higher education institutions, government at all levels, businesses — and, ultimately, individual citizens.

As the nation's largest grantmaker for community transformation through service, volunteering and social innovation, CNCS supports thousands of organizations, including schools, food banks, homeless shelters, health clinics, youth centers, veteran's service facilities, hospitals, and other

organizations. CNCS's programs help these organizations expand their reach and impact through direct service and by recruiting and managing volunteers. Each year, the modest federal investment by CNCS leverages more than \$800 million in additional resources from non-CNCS sources to strengthen community impact. Two examples include:

- AmeriCorps, Citi Foundation, and Points of Light launched the ServiceWorks initiative to help 25,000 low-income youth develop the skills they need to prepare for college and careers. The 225 AmeriCorps members who served in this partnership engaged youth age 16-24 in a volunteer response effort in ten cities.
- In the summer of 2015, as part of a major expansion of the Science, Technology, Engineering, and Math education (STEM) AmeriCorps initiative that President Obama announced at the White House Science Fair, CNCS placed 256 AmeriCorps VISTA (Volunteers In Service To America) members in Alabama, Florida, Georgia, Mississippi, South Carolina, and West Virginia. These VISTA members connected approximately 20,600 at-risk students in low-performing schools to STEM opportunities.

In addition to collaborating with nonprofit organizations across the country, CNCS also works with federal, state, and local government to coordinate efforts, engage citizens, and carry out programming to meet important community needs. Congress created national service as a shared federal-state partnership, providing a central role for governors in designing and implementing national service through governor-appointed State Service Commissions. CNCS also works closely with mayors and city officials across the country, supporting organizations that achieve measurable results where the need is greatest.

On the federal level, CNCS has developed several innovative partnerships with other agencies to meet critical challenges and expand opportunities for those who serve. For example:

- FEMA Corps is a unit of the AmeriCorps National Civilian Community Corps (NCCC) that strengthens disaster response capacity, prepares young people for emergency management careers, and saves significant taxpayer dollars.
- School Turnaround AmeriCorps is a partnership between the U.S. Department of Education and AmeriCorps that is bringing hundreds of new AmeriCorps members into some of the nation's lowest-performing schools, where they work to boost student academic achievement, attendance, high school graduation rates, and college and career readiness.
- As part of the Administration's My Brother's Keeper initiative, CNCS joined the Department of Justice in launching Youth Opportunity AmeriCorps, a \$10 million investment over 3 years to enroll disconnected youth in national service programs.



Building on the success of these partnerships, President Obama created the President's Task Force on Expanding National Service (Task Force), co-chaired by the Domestic Policy Council and CNCS. The Task Force is the latest action the Administration has taken to expand opportunities for Americans to serve, to focus service on our toughest challenges, and to increase the impact citizens have in our communities and nation. Through these new partnerships, an estimated \$33 million in additional resources have been dedicated to these priorities while creating approximately 4,200 opportunities to serve in our communities.

CNCS has worked with a number of federal and private sector partners to launch new AmeriCorps service opportunities that address critical challenges, including:

- Justice AmeriCorps, a partnership between CNCS and the Department of Justice, is engaging approximately 100 lawyers and paralegals annually as AmeriCorps members to provide legal services to unaccompanied immigrant children.
- The Financial Opportunity Corps, a partnership with Bank of America and Points of Light, engages VISTA members in bringing financial coaching to 10 communities around the nation.
- The U.S. Forest Service and AmeriCorps have joined in a new 21st Century Conservation Service Corps partnership to engage approximately 300 AmeriCorps members and other youth in gaining valuable career skills and experience while restoring the nation's forests and grasslands.

In addition to implementing these initiatives, CNCS is continuing to work with other federal agencies and the private sector to develop other service

corps to meet the nation's most important challenges while providing pathways to opportunity for those who serve.

### **Efficiency and Accountability**

CNCS has made it a priority to develop a knowledge and evidence base to support the agency's mission, programs, and strategic goals through rigorous program evaluation and research initiatives. CNCS's emphasis on evaluation is aligned with the Administration's guidance on the importance of using evidence and rigorous evaluation in budget, management, and policy decisions. CNCS believes that implementing a robust research and evaluation agenda is critical to our ability to achieve and communicate the value that national service and social innovation bring to communities across the country.

CNCS is committed to increasing efficiency in its program and financial operations, streamlining processes and reducing burdens, and supporting grantees and project sponsors in achieving their objectives. Among other activities, CNCS is increasing efficiency by enhancing the agency's accounting and financial management systems, streamlining grant applications, making customer transactions more user-friendly, and developing more efficient grant monitoring tools.

### **Legislation**

Congress created CNCS in 1993, merging the work and staff of two separate agencies that provided opportunities for Americans of all ages and backgrounds to serve their communities.

At its inception, CNCS was directed to manage two main programs:

- Senior Corps, which incorporated the Foster Grandparents Program (FGP), RSVP, and Senior Companion Program (SCP)
- The newly-created AmeriCorps, which incorporated Volunteers in Service to America (VISTA), State and National, and the National Civilian Community Corps (NCCC).

Enacted on April 21, 2009, the bipartisan Edward M. Kennedy Serve America Act (SAA) reauthorized and expanded the mission and operation of CNCS, amending the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973.

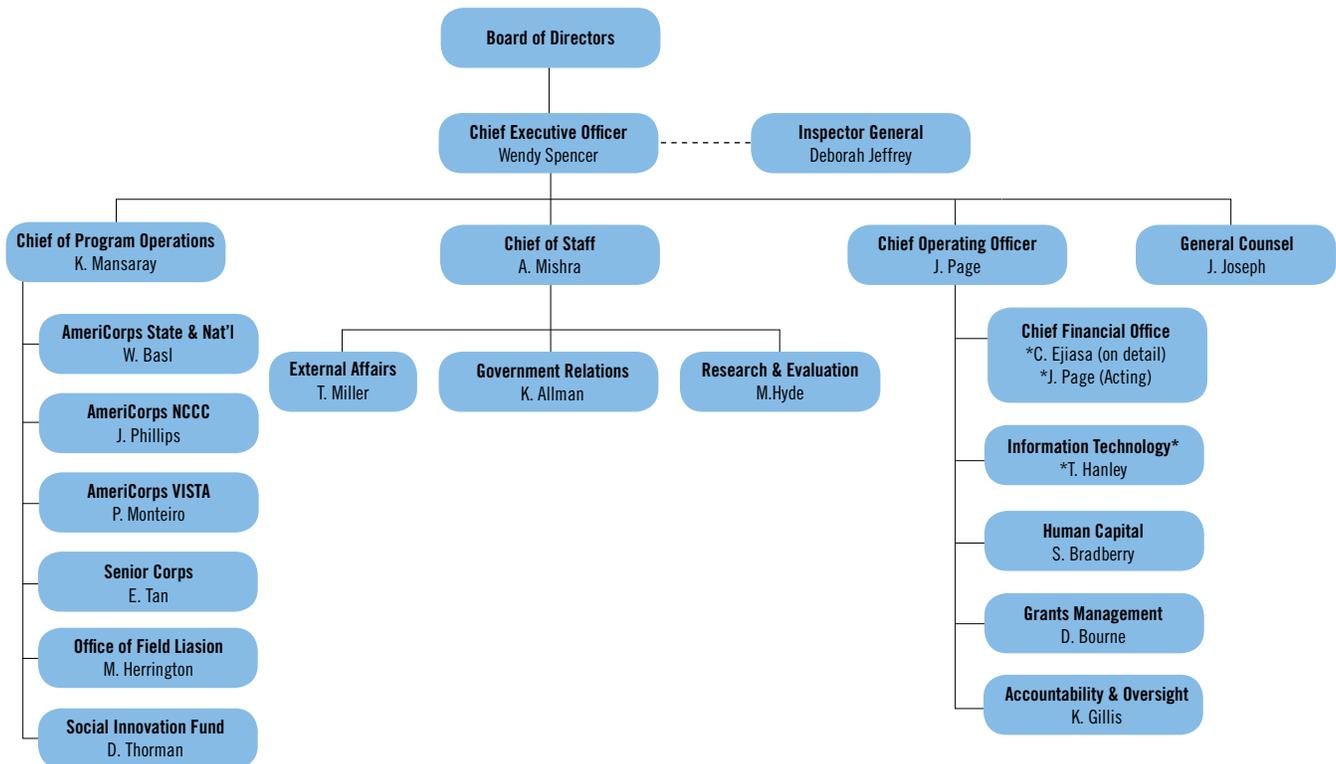
The SAA authorized both the expansion of existing service programs and the creation of a number of new programs to provide opportunities to serve and provide support for the nonprofit sector. The legislation also directed CNCS to target resources on a core set of critical national problems and evaluate its impact using standardized performance measures.

## Organizational Structure

Headquartered in Washington, D.C., CNCS is an independent federal agency with a Board of Directors, Chief Executive Officer (CEO), and Inspector General (IG) – all of whom are appointed by the President and confirmed by the Senate.

The CEO provides overall management for the agency's programs and operations, including more than 600 employees who work throughout the United States and its territories. The Board of Directors works closely with the CEO to set the direction for CNCS, advises the President and Congress concerning developments in national and community service that merit their attention, and conducts an annual evaluation of the CEO.

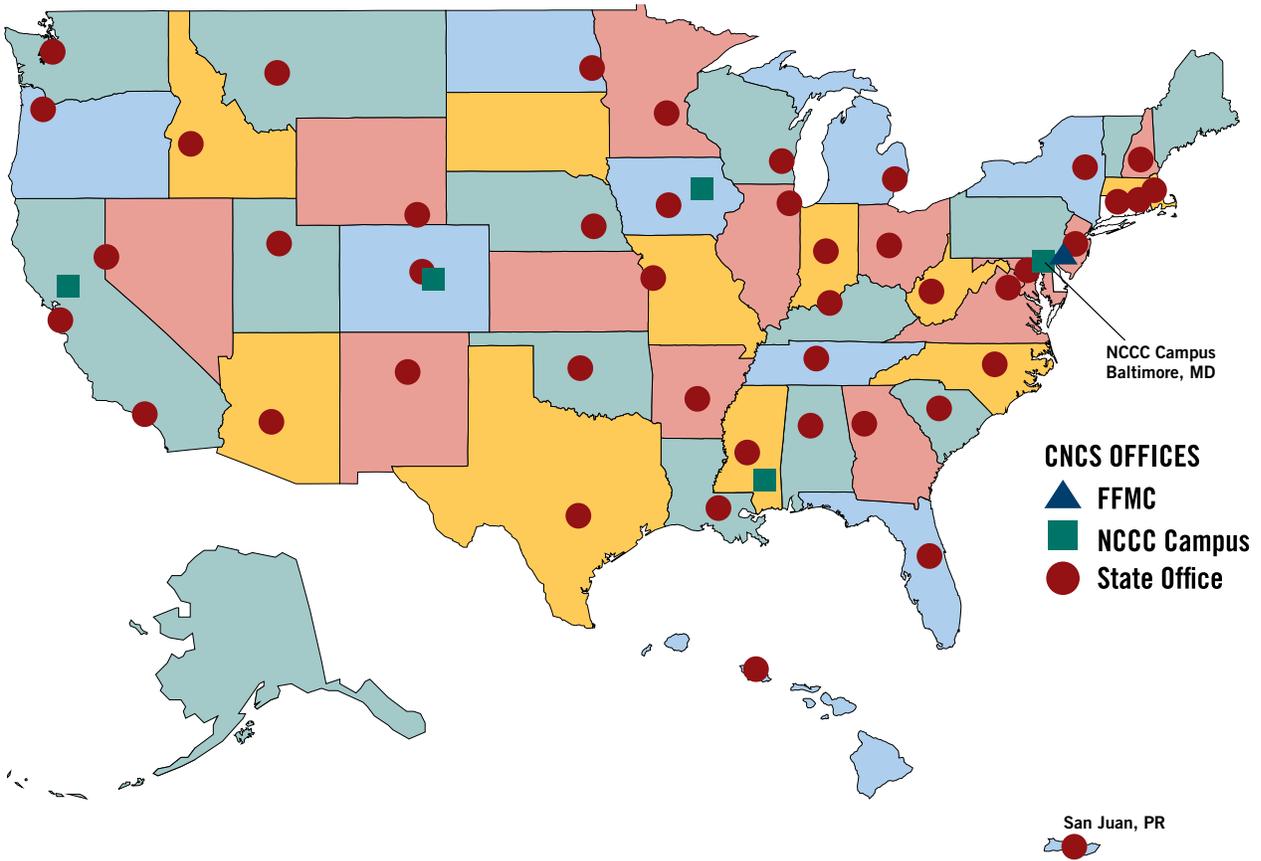
**Figure 1: CNCS Organization Chart**



Organization Chart is as of October 2015

\* Denotes staff that also have reporting line to the CEO

**Figure 2: CNCS Field Offices**



## Strategic Priorities

During FY 2015, CNCS received \$1.05 billion in resources that it used to focus national service on six priority areas: Disaster Services, Economic Opportunity, Education, Environmental Stewardship, Healthy Futures, and Veterans and Military Families. In addition, CNCS set forth the goals outlined in the tables on the following pages to help improve lives and strengthen communities of those serving and being served by the agency's programs.

CNCS's priority measures provide a common focal point for all its programs, and they allow the agency to demonstrate the tangible ways in

which its recipients are having an impact. As CNCS works to expand and strengthen national service, the agency is also taking additional steps to adopt a more performance-oriented culture.

These steps include building structures and systems for performance measurement, analysis, and knowledge management, and enhancing staff capacity to support results-based services. Highlights of this effort are provided later in this report. While working toward its goals, CNCS is also renewing its commitment to operational efficiency and accountability. More specific information on related performance initiatives will be presented with the CNCS FY 2017 Congressional Budget Justification in February 2016.

## Strategic Priority Goals

---

### **Goal 1: Increase the impact of national service on community needs in communities served by CNCS-supported programs**

<b>Disaster Services</b>	Number of individuals that received assistance from CNCS-supported programs in disaster preparedness, mitigation, response, and/or recovery.
<b>Economic Opportunity</b>	Percent of economically disadvantaged people who showed improvement in their housing situation after receiving housing related assistance from CNCS-supported members, participants, and volunteers.
<b>Education</b>	Percent of children that demonstrated gains in school readiness. Percent of students served by or serving in CNCS-supported programs that demonstrated improved academic performance (including the percent meeting state proficiency levels in literacy and/or math, or whose scores on state standardized tests improved). Percent of students served by CNCS-supported programs, or engaged in CNCS-supported service-learning, that demonstrated improved academic engagement.
<b>Environment Stewardship</b>	Number of at-risk acres (land and/or water) improved by CNCS-supported members, participants, and volunteers.
<b>Healthy Futures</b>	Percent of homebound or older adults and individuals with disabilities who received CNCS-supported services and reported having increased social ties/perceived social support. Number of individuals that gained access to food resources provided with the assistance of CNCS-supported members, participants, or volunteers.
<b>Veterans and Military Families</b>	Number of each of the four categories of service recipients (veterans, veterans' family members, family members of active duty military, and military service members) that received CNCS-supported assistance.

---

### **Goal 2: Strengthen national service so that participants engaged in CNCS-supported programs consistently find satisfaction, meaning, and opportunities**

<b>Veterans and Military Families</b>	Number of veterans and military family members engaged in providing services through CNCS-supported programs.
<b>Member Experience</b>	Percent of service participants engaged in CNCS-supported programs who report gaining skills they can apply to future educational, professional, or civic endeavors.

---

### Goal 3: Maximize the value we add to grantees, partners, and participants

<b>Social Innovation</b>	Number of veterans and military family members engaged in providing services through CNCS-supported programs.
<b>Capacity Building</b>	Percent of service participants engaged in CNCS-supported programs who report gaining skills they can apply to future educational, professional, or civic endeavors.

---

### Goal 4: Fortify management operations and sustain a capable, responsive, and accountable organization

<b>Information Technology (IT)</b>	Complete modernization of IT infrastructure.
<b>Financial Management</b>	Ensure that no material internal control or compliance issues are identified in the annual financial statement audit.
<b>Grant Management</b>	Award and close grants and contracts within prescribed timeframes.

## FY 2015 Agency Mission Performance<sup>1</sup>

In FY 2015, CNCS continued to provide targeted, critical support through its national network of State Service Commissions, grantees, and partners to deliver services to communities throughout the country. Below is a partial sample of these accomplishments, grouped by goals set out in the agency's Strategic Plan:

#### Goal 1: Increase the impact of national service on local needs in communities served by CNCS-supported programs

- Engaged approximately 78,000 AmeriCorps members and nearly 270,000 Senior Corps volunteers in results-driven service to strengthen education, support veterans and military families, help communities recover from disasters, expand economic opportunity, preserve the environment, provide health services, and more
- Created new public-private and interagency partnerships through the President's Task Force on Expanding National Service to engage more Americans in meeting national priorities and expanding educational and economic opportunity for those who serve
- Awarded the sixth year of SIF funding to experienced grantmakers with strong track records in expanding the impact of high-

performing organizations and improving the lives of people in low-income communities, including continuing to support the SIF Pay for Success grants that seek to more closely align public funding with impactful outcomes

- Provided critical support to Americans affected by natural and man-made disasters, including direct assistance to homeowners in the cleanup and gutting of their homes, volunteer coordination, and documentation of match that may be used for a state's cost share for Federal Emergency Management Agency (FEMA) grants
- Awarded 10 Operation AmeriCorps grants to help tribal and local leaders address their community's most pressing local challenges. In this program, which was initiated in the summer of 2014, tribal and local leaders identified a high-priority local challenge that AmeriCorps members can address in a relatively short period of time. Unlike other CNCS programs, applicants were able to request AmeriCorps State and National, AmeriCorps VISTA, and AmeriCorps NCCC resources in a single application.
- Continued partnerships to support community solutions including the Shaping Our Appalachian Region initiative to improve the economy and quality of life in rural Eastern Kentucky and the AmeriCorps Urban Public Safety Corps to reduce crime and blight in Detroit.

---

<sup>1</sup> All FY 2015 member and volunteer data are estimated.

## **Goal 2: Strengthen national service so that participants engaged in CNCS-supported programs consistently find opportunity, satisfaction, and meaning**

- Continued support for Employers of National Service, an initiative to recognize the valuable skills and experience gained by AmeriCorps and Peace Corps alumni and to provide opportunities for them to apply their skills in the workplace
- Recognized the 50th anniversary of AmeriCorps VISTA and its efforts to mitigate poverty over five decades
- Continued the Call to Service initiatives which engage hundreds of thousands of Americans in projects on the Dr. Martin Luther King Jr. Day of Service and the September 11th National Day of Service and Remembrance, many of which focus on supporting veterans, soldiers, and military families
- Piloted an alumni survey of AmeriCorps State and National members through which 75 percent reported that they did things they never thought they could do and 88 percent felt their future educational, professional, or civic endeavors will benefit as a result of AmeriCorps service.

## **Goal 3: Maximize the value we add to grantees, partners and participants**

- Through the funding of AmeriCorps programs across the nation, established an infrastructure that recruited and managed more than 1,000,000 community volunteers to multiply the impact of national service participants and strengthen nonprofit and faith-based organizations across the country. AmeriCorps VISTA members specifically raised more than \$200 million in cash and in-kind resources in support of anti-poverty programs.
- Expanded the use of competition to increase quality and impact, including a new competition for an AmeriCorps Partnership Challenge and Youth Opportunity AmeriCorps as well as continued competition for regional training events, Justice AmeriCorps, School Turnaround AmeriCorps, RSVP, and AmeriCorps State and National grants.
- Strengthened relationships with governors, mayors, and other local elected officials across the country. These officials are important partners in identifying local needs and ensuring national service resources are effectively meeting those needs.
- Strengthened volunteer recruitment and management practices in 18 states through the Volunteer Generation Fund.

- Supported five regional training events led by State Service Commissions that engaged 2,000 staff from AmeriCorps and Senior Corps grantees, State Service Commissions, and other partners. These trainings focused on performance measures, compliance with grant requirements, evaluation strategies, best practices, and used a peer-to-peer approach that leveraged the knowledge and skills of the field to advance the mission of national service.

## **Goal 4: Fortify management operations and sustain a capable, responsive, and accountable organization**

- Continued to implement enhancements to the agency's Integrity Assurance Program and planning to incorporate the principles of Enterprise Risk Management outlined by the Government Accountability Office's "Standards for Internal Control in the Federal Government" also known as the "Green Book." Implementing Enterprise Risk Management will help develop heightened accountability among staff at the agency and its network of Governor-supported State Service Commissions and grantees.
- Expanded partnerships between CNCS and other federal agencies to increase AmeriCorps service opportunities and to support partner agencies' national priorities.
- Continued to enhance the agency's accounting and financial management systems to improve operational efficiency, including updating the system that electronically clears checks, thereby reducing the potential for human error and increasing the accuracy of payment recordkeeping.
- Maintained the agency's unmodified audit opinion for the 16th consecutive year.
- Continued modernization efforts of the IT infrastructure and systems.

# FY 2015 Program Mission Performance<sup>2</sup>

## AmeriCorps State and National<sup>3</sup>

For more than two decades, AmeriCorps State and National has engaged hundreds of thousands of members in intense, impactful service in every state and inhabited territory. These AmeriCorps members have dedicated millions of hours of service in communities across the nation. They have expanded economic opportunities for all Americans through activities such as tutoring, disaster response, and helping veterans.



### AmeriCorps State and National Strategic Goals

- |                                    |   |  |
|------------------------------------|---|--|
| 1 - Increase impact on communities | 2 - Enhance national service participant experience | 3 - Maximize value to grantees, partners, and participants |
|------------------------------------|---|--|

**FY 2015 ENACTED LEVEL: \$335.4 MILLION**

In FY 2015, AmeriCorps State and National engaged more than 69,000 members in addition to more than 1,000,000 volunteers to help achieve the estimated results below.

Strategic Objectives and Performance Measures	FY 2015 Estimated <sup>4</sup>
<b>Help improve school readiness for economically-disadvantaged young children</b>	
Number of students showing improved academic performance	333,000
Number of students demonstrating improved academic engagement	151,000
<b>Help increase the number of veterans served by CNCS programs</b>	
Number of veterans, veterans' family members, family members of active-duty military, and military service members served	44,500
<b>Help individuals and communities prepare, respond, recover, and mitigate disasters and increase community resiliency.</b>	
Number of individuals receiving disaster preparedness services	665,000
<b>Help improve at-risk ecosystems</b>	
Number of at-risk acres and miles of public land improved	874,000
<b>Help increase the number of economically-disadvantaged people transitioning into or remaining in safe, healthy, affordable housing</b>	
Number of economically disadvantaged people receiving housing assistance	31,000
<b>Help reduce childhood obesity and increase access to nutritious food</b>	
Number of individuals that gained access to food resources	75,000
<b>Help improve organizational capacity to conduct rigorous evaluations of CNCS programs to measure outcomes and impact</b>	
Percent of program awardees with at least preliminary levels of evidence	71

<sup>2</sup> All Performance-related data is estimated based on the previous year.

<sup>3</sup> FY 2015 data is estimated.

<sup>4</sup> Estimate is based on performance measures in applications from grantees who will report results in fall 2015. Additionally, the distribution of measures used across the portfolio is dependent on which programs are funded and which performance measures they believe best capture the outcomes of their program model. As grantees change and/or they change what they are measuring, the total targets may vary from year to year.

The AmeriCorps State and National performance measures presented above do not reflect all of the work being done by grantees, but they do help illustrate how CNCS is having a positive influence on challenges important to the broad range of citizens across the nation. For example, three of the measures track improvements in students' success in school or helping people find safe housing, which are issues that affect millions of Americans. For FY 2015, CNCS estimates that its recipients met the needs of more than 500,000 people in these priority issue areas.

For activities in FY 2014, the most recent year for which CNCS has actual data, grantees reported on 77 different national performance measures plus numerous recipient-determined measures. For example, CNCS has continued to expand the number of self-identified veterans that have served in AmeriCorps State and National. The number has increased by 20 percent over the past two years and now exceeds 1,200 members.

In the fall of 2015, CNCS will collect data regarding progress that took place during FY 2015 based on funded activities of FY 2014 recipients. The agency will continue to analyze this information over the coming months and provide more detail in the agency's FY 2017 Congressional Budget Justification.

### Results of Evaluations

The following programs are a few that submitted recently-conducted. The following programs submitted the results of recently-conducted, rigorous third-party evaluations this year. The strength of these findings demonstrates how national service provides important support from cradle to career.

- Playworks conducted a quasi-experimental design and an experimental, randomized controlled trial study. Both demonstrated positive, statistically-significant findings. In the Playworks model, AmeriCorps members use play to teach and model skills such as respect, empathy, problem-solving, and conflict resolution. The resulting positive recess climate improves students' feelings of inclusion, which in turn leads to an improved overall school climate in which students are 36 percent more likely to feel physically and emotionally safe and 42 percent more likely to feel they belong. In addition, they have a 34 percent greater sense of connection to school. Research has identified that school engagement is an indicator of long-term academic success and positive social outcomes.
- A randomized controlled trial study of the Reading Partners program assigned 1,265 students from second to fifth grades at 19 schools to either receive or not receive the intervention. Using student reading assessment scores from the beginning and end of the school year,

the evaluation found statistically significant impacts of the program on reading comprehension, reading fluency, and sight-word reading after one year.

### AmeriCorps VISTA<sup>5</sup>

AmeriCorps VISTA was created to help reduce poverty and build economic opportunity throughout the country. Authorized in 1964 as Volunteers in Service to America, the program became part of the AmeriCorps network of programs in 1993. AmeriCorps VISTA primarily supports efforts to alleviate poverty by engaging individuals aged 18 and older in a year of full-time service. These AmeriCorps members build the organizational, administrative, and financial capacity of programs that help low-income Americans gain the skills and resources they need to break the cycle of poverty.

AmeriCorps VISTA Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
FY 2015 ENACTED LEVEL: \$92.4 MILLION		

In FY 2015, CNCS funded approximately 7,800 AmeriCorps VISTA members who leveraged more than one million additional volunteers to help organizations meet community needs in the agency's primary focus areas. These organizations in turn generated more than \$200 million in cash and in-kind resources that expanded the program's reach. The following are examples of AmeriCorps VISTA successes by focus area.

### Economic Opportunity

#### Financial Opportunity Corps

During FY 2014, the most recent year in which information is currently available, in partnership with Bank of America and the Points of Light Institute, AmeriCorps VISTA launched the Financial Opportunity Corps to support low- and moderate-income households. This initiative placed 20 AmeriCorps VISTA members at local nonprofit, public, and faith-based organizations throughout the country. The AmeriCorps VISTA members build local capacity at their sites by launching and supporting financial coaching programs to help low- and moderate-income households achieve financial stability.

#### Neighborhood Housing Services of Greater Cleveland (Cleveland, OH)

One of AmeriCorps VISTA's most significant accomplishments was recruiting and managing volunteers to operate and provide outreach for the Volunteer Income Tax Assistance (VITA) website in Ohio. In FY 2014, the most recent year for which data is available, the number of clients served increased by 53 percent.

<sup>5</sup> FY 2015 data is estimated.

In total, the VITA site saved 917 clients from spending \$412,650 with paid tax preparers. Those 917 clients:

- Qualified for \$475,009 in Earned Income Tax Credits
- Received \$1,049,943 in federal tax refunds
- Received \$110,929 in Ohio state tax refunds.

## Education

### ServiceWorks

Citi Foundation's \$10 million investment in ServiceWorks is one of the largest private sector commitments in AmeriCorps VISTA history. Managed by Points of Light, ServiceWorks is a groundbreaking, three-year national program that engages volunteers to assist 18,000 low-income youth and young adults in 10 cities develop the skills they need to prepare for college and careers. The program, which will deploy 225 AmeriCorps VISTA members over three years, also engages youth, ages 16–24, in service and build a large-scale volunteer response to the crisis of low college and career attainment.

### Healthy Futures

#### Top Box Foods VISTA Project, Chicago, Illinois

The Top Box Foods VISTA project addresses the issue of food deserts and swamps in low-income Chicago neighborhoods that either lack grocery stores or offer fast food only. Top Box provides high quality and nutritious food at affordable prices to low-income individuals and families. AmeriCorps VISTA members help expand the program by adding churches, community organizations, schools, pantries, public housing, and senior centers as partners.

In FY 2015, AmeriCorps VISTA members developed 21 new community partners, recruited 75 new community volunteers, and secured \$48,000 in grant funding. These operational and financial capacity-building efforts enabled the program to distribute 227,284 lbs. of food, including 137,445 lbs. of fresh produce to 1,450 new customers. Most program participants (90 percent) reported that Top Box increased their food security and helped them to provide high quality nutritional meals to their family.

### Capacity-Building

Many AmeriCorps VISTA service sites engage members in one or more service activities such as strengthening community partnerships, recruiting volunteers, and helping to improve voluntary organizations' management systems. The key to the effectiveness of AmeriCorps VISTA projects is that the local community determines how AmeriCorps VISTA members are leveraged to create or expand their capacity to address local needs.

## Shaping Our Appalachian Region (SOAR)<sup>6</sup>

In FY 2015, AmeriCorps VISTA continued to implement this initiative, which was launched by Kentucky Governor Steve Beshear (D) and Congressman Hal Rogers (R-KY) to help meet the challenges in eastern Kentucky related to unemployment and poverty, and to help the region develop and put into action new locally-oriented strategies to attack persistent challenges. Through this investment of more than \$1 million, CNCS estimates that 50 AmeriCorps VISTA members are providing provide 100,000 volunteer hours to eastern Kentucky families and individuals in the areas of job creation and retention, youth engagement, education success, and health and human services. These AmeriCorps VISTA members recruit and manage volunteers, raise funds, and build the capacity of 16 local nonprofit and education organizations that tackle poverty and expand opportunity to 50 counties in rural Kentucky's Appalachian region.

## AmeriCorps VISTA Members Generate Significant Additional Resources to Help Fight Poverty

A single AmeriCorps VISTA member secured a \$19.9 million grant funded by the U.S. Department of Agriculture to help underemployed Kentuckians gain vital workforce skills. Partnering with the Eastern Kentucky Concentrated Employment Program (EKCEP), Education and Workforce Development Cabinet, and the Kentucky Community and Technical College System, this grant will help low-income residents increase their employment readiness.

## AmeriCorps NCCC<sup>7</sup>

AmeriCorps NCCC is a residential, team-based program that provides opportunities for young Americans between the ages of 18 and 24 to address pressing national and community needs in all 50 states through 10 months of full-time, intensive national service.

AmeriCorps NCCC provides rigorous training in skills such as first aid, CPR, firefighting, case management and asset mapping, and volunteer coordination which prepare its members to serve with AmeriCorps Disaster Response Teams and as force multipliers that can effectively coordinate and manage episodic volunteers.

<sup>6</sup> CNCS will provide updated results for this initiative in the agency's FY 2017 Congressional Budget Justification.

<sup>7</sup> FY 2015 data is estimated.

AmeriCorps NCCC Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
FY 2015 ENACTED LEVEL: \$30.0 MILLION		

In FY 2015, AmeriCorps NCCC estimates that it engaged 1,000 members and recruited or managed more than 12,000 additional volunteers in efforts to improve communities throughout the country. NCCC leveraged approximately 11,000 fewer volunteers in FY 2015 as compared to FY 2014 due to differences in the number and type of projects.

In addition to disaster preparation, mitigation, response, and recovery, AmeriCorps NCCC members serve at the request of local, state, and regional organizations in the focus areas identified in the SAA and CNCS’s Strategic Plan: natural and other disasters, infrastructure improvement, environmental stewardship and conservation, urban and rural development, and energy conservation. Below is a sample of results for selected measures within these focus areas.

In addition to capturing these performance indicators, AmeriCorps NCCC conducts project sponsor surveys, which provide outcome evidence on the community impact of the AmeriCorps NCCC program model. The most recently available results, for FY 2014, demonstrate two primary results of AmeriCorps NCCC projects. First, AmeriCorps NCCC service enhanced the capacity of the sponsoring organization to meet community needs. Second, collaborating with AmeriCorps NCCC expanded or enhanced the sponsoring organization’s community impact. Nearly all of the sponsors (95 percent) enhanced their ability to provide services, including increasing the number of people they could serve and the amount of service they could provide. Specific examples of projects are described below.

### AmeriCorps NCCC Performance Measures

Performance Indicator	FY2015 Actual
Wildfires - suppressed and contained	39,089
Wildfire - acres of brush cleared	3,824
Wildfire - prescribed burns	14,727
Homeless assisted	18,289
At-risk youth assisted	24,654
Veterans assisted	4,705
People taught environmental information	19,207
New trees planted	49,409
Volunteers coordinated or recruited	24,645
Houses constructed	275
Houses weatherized/outfitted with energy-efficiency modifications	200
Taxpayer dollars returned to Americans through tax prep services	\$16,588,114
FEMACorps: Helpline calls answered	23,557
FEMACorps: Educational materials or preparedness kits distributed	18,534
FEMACorps: Survivor cases updated	2,651
FEMACorps: Shelter sites assessed	1,769

For FY 2015, in support of the work highlighted earlier in this section, AmeriCorps NCCC project hours were allocated as follows:

**FY 2015 AmeriCorps NCCC Project Hours by Focus Area<sup>8</sup>**

Issue Area	Team Service Hours Completed <sup>9</sup>	Percentage of Total Team Service Hours
Natural and Other Disasters	193,938	16.54%
Infrastructure Improvement	136,189	11.61%
Environmental Stewardship and Conservation	343,751	29.31%
Energy Conservation	10,442	.89%
Urban and Rural Development	488,472	41.65%
<b>Total</b>	<b>1,172,792</b>	<b>100%</b>

AmeriCorps NCCC is a strong contributor to the agency’s strategic goal of providing professional, educational, and life benefits to service participants. The most recent performance measures survey for the AmeriCorps NCCC program found that members reported:

- Improved sensitivity and respect for cultural differences (90%)
- Strengthened commitment to community service (84%)
- Increased likelihood to motivate others to strengthen their commitment to community service in the next year (88%)
- An intention to volunteer more frequently (84%).

**Successful Project Examples**

**Urban and Rural Development – 2015 Summer Food Program Support**

AmeriCorps NCCC teams addressed childhood hunger in several states by supporting, enhancing and improving access to food during the summer of 2015. The City of Little Rock, Arkansas, received a \$200,000 Cities of Service Leadership Grant funded by Bloomberg Philanthropies and the Rockefeller Foundation and initiated an evidence-based childhood obesity intervention. Three AmeriCorps NCCC teams delivered nutrition presentations to students, constructed gardens, and led physical activity programs for students.

**Supporting Disaster Survivors**

In FY 2015, AmeriCorps NCCC responded to flooding in Michigan, Texas, Oklahoma, South Dakota, and West Virginia. FEMA Corps teams

responded to disasters throughout the country, including in Guam and Puerto Rico. In response to flooding, the state of Texas requested 10 AmeriCorps NCCC and FEMA Corps teams (1,722 members) which complemented the efforts of other CNCS disaster programs to provide critical resources to disaster damaged areas. They played a critical role in marshalling and managing outside volunteers to augment their efforts and helped bridge the gap between private and government sector assistance to disaster survivors.

Disaster survivors continue to benefit from innovative practices that FEMA Corps amplifies, including the use of cross functional teams. The first 72 hours are critical in disaster response, and FEMA Corps teams are often first on the scene to establish response infrastructure. The new FEMA Corps management assistance teams enhance effectiveness, efficiency, and capacity and ultimately benefit disaster survivors. The agency has highlighted this partnership as a great example of government delivering services better, faster, and more efficiently – a core element of President Obama’s Management Agenda.

**Infrastructure Improvement – Bigfork Playhouse Children’s Theater; Bigfork, Montana**

An NCCC team partnered with the Bigfork Playhouse Children’s Theater (BPCT) to assist with infrastructure improvements and after school programming. The BPCT produces and presents a yearly series of youth-oriented theatrical productions at the Bigfork Center for the Performing Arts in order to promote, encourage, and help train youths in all aspects of theatre. The Bigfork ACES (Arts, Community, Education, and Sports) Afterschool Program also utilizes the theater and provides a variety of activities including tutoring and mentoring, music, art, recreation, cooking, gardening, STEM, and social enrichment classes to at-risk youth. While serving at BPCT, the NCCC team renovated the theater and engaged youths in the afterschool program to encourage physical activity, creative adventures, and healthy interpersonal communication. BPCT performs for approximately 5,000 children and involves 150 children in various programs throughout the year, including the afterschool program. The improvement of the facilities will assist in helping children feel special, valued, and safe.

**State Service Commissions**

Since CNCS’s inception in 1993, Congress envisioned AmeriCorps and national service as a joint state-federal undertaking. To carry out this partnership, Congress created a unique role and responsibility for State Service Commissions. More than a thousand private citizens serve as governor-appointed commissioners and direct the states’ national service efforts. These State Service Commissions are invaluable partners to

<sup>8</sup>Data submitted as of October 15, 2015.

<sup>9</sup>These hours do not include those devoted to training or the 80 hours of individual service each NCCC member must complete with a community sponsor of their own choosing.

CNCS, identifying local needs and directing federal and state resources to address them.

State Service Commissions Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
FY 2015 ENACTED LEVEL: \$16 MILLION		

In FY 2015, State Service Commissions continued to conduct a variety of activities in their states to ensure accountability, develop partnerships, build the use of evidence, and maintain a strong network of service delivery. These activities included training, performance reviews, site visits, risk assessments, and other activities.

As an example of partnership development, ServeMinnesota continued to support the expansion of Reading Corps, an evidence-based, data-driven model that has proven to be effective in boosting literacy levels of Pre-K and K-3 students. ServeMinnesota has provided technical support for the replication of the Reading Corps model, which now operates in 11 states and Washington D.C., serving more than 40,000 students annually in nearly 1,200 preschools and elementary schools.

Many State Service Commissions play leadership roles in disaster services operations, working in partnership with state emergency management agencies, Voluntary Organizations Active in Disasters (VOADs), and faith-based and nonprofit organizations. Some State Service Commissions are formally charged with key response tasks including managing volunteers and donations. For example, 91 AmeriCorps members supported by the Missouri Community Service Commission participated in disaster service projects in 2013-2014. Those members responded to 70 local disasters and provided assistance to 3,266 individuals affected by disaster. The AmeriCorps St. Louis Safety Service Corps, which focuses on responding to disaster, has responded to disasters in more than 50 counties in 30 states.

State Service Commissions also promote the evidence agenda. For example, the Seeing Impact Project is a partnership of Serve Washington and Oregon Volunteers to design and embed programs into the leadership

teams of Oregon and Washington AmeriCorps that evaluate impact in credible, powerful, and meaningful ways. The intent is to develop the capability of leaders to develop durable and sustainable practices of evaluating impact.

One of CNCS's most significant State Service Commission successes is the Detroit Urban Safety Corps. For this effort, CNCS partnered with Michigan's Governor, Detroit's Mayor and Police Chief, and Wayne State University to mobilize community members to help increase public safety and reduce blight in a number of high-need Detroit neighborhoods. AmeriCorps members along with volunteers created special maps featuring crime hotspots, which were targeted for focused area patrols – by both uniformed and plain clothes officers – and other community policing methods. AmeriCorps members mobilized and recruited community volunteers that became part of the solution.

In addition, those State Service Commissions with AmeriCorps National Direct operating sites in their states support and connect those sites to the AmeriCorps network in the state. State Service Commissions are responsible for conducting a variety of activities in their states to ensure accountability and maintain a strong network of service delivery. These activities include training, performance reviews, site visits, risk assessments, and other oversight activities. As the centers for national service and volunteer activity in their states, State Service Commissions have established partnerships that strengthen service and expand volunteer opportunities.

### Senior Corps RSVP<sup>10</sup>

RSVP engages the skills, talents, and interests of volunteers age 55 and older to meet a wide range of community needs, such as mentoring and independent living services. RSVP is a flexible volunteer service model without established service schedules or compensation for the volunteers when on assignment, with the exception of insurance coverage and mileage reimbursement.

RSVP Strategic Goals		
1 - Increase impact on communities	2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
FY 2015 ENACTED LEVEL: \$48.9 MILLION		

<sup>10</sup> FY 2015 data is estimated.

### RSVP Performance Measures<sup>11</sup>

Measure	FY 2015 Estimated
Veterans served	329,000
Children mentored	78,000
Adults receiving independent living services	797,000
Families or caregivers receiving respite care	20,300
Veterans serving as RSVP volunteers	20,100
Volunteers	232,384

In FY 2015, RSVP volunteers provided service in their communities through local organizations that deliver meals to the homes of isolated older adults and schools where volunteers tutor at-risk youth. Below are estimated results for related RSVP projects.

In addition to carrying out the FY 2015 activities listed above, CNCS conducted case studies on disaster services provided by CNCS grantees in FY 2013 in response to 1) tornadoes in Moore, Oklahoma, 2) flooding in Colorado, 3) flooding in Springfield, Missouri, 4) an industrial accident in West, Texas, and 5) damage from Super Storm Sandy on Long Island, New York. These case studies resulted in the development of disaster services tool kits for RSVP grantees and a series of regional trainings that will occur in FY 2016. CNCS also provided \$95,000 in supplemental funding to the Morehead State University RSVP project to support long-term disaster service work in eastern Kentucky.

CNCS recently published a factor analysis and interrater reliability analysis of the FY 2013 RSVP competition, validating key elements of the program’s grantmaking.<sup>12</sup> These elements included the rate of grantee compliance in adopting CNCS’s national performance measures. This will help ensure that CNCS is able to report RSVP community impact measures data in future budget and performance reports.

Finally, in FY 2015, CNCS estimated that state and local communities contributed \$39 million in non-federal support, including cash and in-kind resources, to RSVP projects. These additional resources, including an estimated \$4 million in state-appropriated dollars, demonstrate how RSVP is able to efficiently expand the reach of federal funds to achieve the results highlighted below.



### Successful Project Example

#### RSVP of Central Oklahoma – Moore, Oklahoma

In the year following the Moore, Oklahoma, tornado in 2013, more than 90 volunteers from RSVP of Central Oklahoma contributed 4,515 hours to nine nonprofit and state organizations working in the recovery effort. Senior Corps RSVP volunteers answered disaster hotlines, performed follow-up calls to families affected by the disaster, served meals, provided companionship at day shelters, provided survivors with rides to medical appointments, and collected and distributed donated goods to disaster survivors.

During the coming year, volunteers with the RSVP of Central Oklahoma will continue to participate in disaster recovery projects, and will prepare and distribute disaster-ready kits to families and elderly persons in Oklahoma’s tornado-prone communities. Believing that public/private partnerships strengthen community impact, the Shell Company of the Americas contributed \$50,000 to support the vital disaster recovery and preparedness services provided by the RSVP of Central Oklahoma. In her blog, a senior official at Shell explains, “At Shell we believe that there is no community issue that a group of dedicated individuals can’t solve. When people employ teamwork and creativity, good things happen. That is why we support national service — a public-private partnership that engages citizens in solving problems.”

Additional examples for other focus areas will be provided in CNCS’s FY 2017 Congressional Budget Justification.

<sup>11</sup> In FY 2015, CNCS began a comprehensive review of the first agency-wide performance data reported by RSVP grantees and anticipates providing some related preliminary analysis in FY 2016.

<sup>12</sup> Journal Article 2015. 0957-8765 VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations 10.1007/s11266-015-9602-2 *Validating Grant-Making Processes: Construct Validity of the 2013 Senior Corps RSVP Grant Review*. <http://dx.doi.org/10.1007/s11266-015-9602-2> Springer US, 2015-06-06. Tan, Erwin; Ghertner, Robin; Stengel, Patricia J.; Coles, Malcolm; Garibaldi, Vielka E. P 1-22 English.



### Senior Corps SCP<sup>13</sup>

SCP provides a cost-effective option in the continuum of care available to the nation's aging population. Each year, SCP volunteers serve thousands of older and frail adults by providing companionship, transportation, light chores, and respite to assist seniors to remain in their own homes. They help aging Americans and veterans to maintain their dignity and quality of life, while enriching their own lives through their national service experience. Traditional program clients include frail seniors, particularly women over the age of 85 who live alone, in addition to individuals with disabilities and their caregivers. Below is a selection of important FY 2015 program accomplishments.

Senior Companion Program Strategic Goals	
1 - Increase impact on communities	2 - Enhance national service participant experience
<b>FY 2015 ENACTED LEVEL: \$45.5 MILLION</b>	

In addition to the performance highlighted above, in FY 2015, CNCS estimates that state and local communities contributed \$22 million in non-federal support, including cash and in-kind resources, to SCP projects. These additional resources, including an estimated \$6 million in state appropriated dollars, demonstrate how SCP is able to efficiently expand the reach of federal funds to achieve the results highlighted below.

### SCP Performance Measures<sup>14</sup>

Measure	FY 2015 Estimated
Volunteers' hours of service	10,000,000
Families receiving respite care	6,650
Frail, older adults served (e.g., buying food, providing transportation to medical appointments, etc.)	43,000
Frail, older adult veterans served	3,100
Direct volunteers <sup>15</sup>	12,190

### Successful Project Example

A new SCP grant to the Kenaitze Indian Tribe that will support 40 Tribal Elders with an estimated 45 Senior Companions in FY 2015. Recruitment of Senior Companions will primarily occur within the existing Tyotkas Elders program in Kenai, Alaska through a project partnership with the Kenai and Soldotna Senior Centers. Senior Companion Program funding will allow the tribe to expand support to homebound elders in the community who currently receive limited services and have limited connection with the community. In addition to common SCP activities, the volunteers will also assist their clients to age in place while still maintaining traditional activities.

<sup>13</sup> FY 2015 data is estimated.

<sup>14</sup> In FY 2015, CNCS began a comprehensive review of the first agency-wide performance data reported by SCP grantees and anticipates providing some related preliminary analysis in FY 2016.

<sup>15</sup> The Direct Number of Senior Companion Volunteers includes both CNCS funded and non-CNCS funded. Of this total, CNCS estimates that in FY 2015, 2,226 Senior Companion Volunteers were non-CNCS funded. This is based on the most recent available data.

CNCS will provide additional information for the project examples below in the agency's FY 2017 Congressional Budget Justification:

- Kingdom House Senior Companion Program, St Louis, Missouri
- SCP of Harrison County Missouri
- MOVRC SCP.

### Senior Corps Foster Grandparent Program (FGP)<sup>16</sup>

Foster Grandparent Program is an intergenerational program first established in 1965. It connects volunteers age 55 and over with opportunities to provide one-on-one mentoring, nurturing, and support to children with special needs, exceptional needs, or who are at an academic, social, or financial disadvantage. Foster Grandparents help young children with special or exceptional needs to gain skills and confidence to succeed in school, tutor children in literacy, and assist children in the child welfare system.

Foster Grandparent Program Strategic Goals	
1 - Increase impact on communities	2 - Enhance national service participant experience
FY 2015 ENACTED LEVEL: \$107.7 MILLION	

### FGP Performance Measures<sup>17</sup>

Measure	FY 2015 Estimated
Volunteers' hours served	23,000,000
Children served	189,100
Children of military families served	2,700
Direct volunteers <sup>18</sup>	25,190

Also in FY 2015, CNCS initiated case studies of two AmeriCorps models that are being implemented with FGP's support. These case studies examined the barriers to adoption of evidence-based national service models and provide a roadmap for the integration of evidence in the Foster Grandparent Program. The results of these case studies will lead to the proposal of policy, regulatory, and statutory changes to support the expansion of evidence-based programs in FGP. An example of this is the proposal to provide statutory relief to allow Foster Grandparent Volunteers to serve in team leader roles, as Senior Companion Grantees are allowed.

Additionally, in FY 2015, CNCS estimates that state and local communities contributed more than \$30 million in non-federal support,



including cash and in-kind resources, to FGP projects. These additional resources, including an estimated \$6 million in state-appropriated dollars, demonstrate how FGP is able to efficiently expand the reach of federal funds to achieve the results highlighted below.

### Successful Project Example Education – Reading Partners

Charleston Area Senior Citizens (CASC) offers a range of services and support to seniors living in the Charleston area and has sponsored a Foster Grandparent Program since 1975. There are 60 Foster Grandparents serving, and 20 of these volunteers have served as Foster Grandparents for at least 10 years. Foster Grandparents with CASC serve at a variety of volunteer stations, including pre-schools (including Head Start and Early Head Start centers), elementary schools, middle schools, and high schools, throughout the Charleston area. The volunteer stations are governed by a memorandum of understanding between CASC and the school district or individual school. At most volunteer stations, Foster Grandparents work directly with a classroom teacher, and they assist the teacher by mentoring and tutoring students.

Foster Grandparents from FGP grantees in Baltimore, Maryland; Denver, Colorado; Charleston, South Carolina; and Dallas, Texas served as tutors in the Reading Partners program, an evidence-based national service model. CNCS is completing a case study in FY 2015 to determine the barriers to engaging FGP volunteers in the Reading Partners program model. The goal of this research is to increase coordinated service between AmeriCorps and Senior Corps grantees to promote the collective impact of national service.

CNCS will provide additional information on the Maryland State Department of Juvenile Services in the agency's FY 2017 Congressional Budget Justification.

<sup>17</sup> In FY 2015, CNCS began a comprehensive review of the first agency-wide performance data reported by FGP grantees and anticipates providing some related preliminary analysis in FY 2016.

<sup>18</sup> The direct number of Foster Grandparent Volunteers includes both CNCS funded and non-CNCS funded. Of this total, CNCS estimates that in FY 2015, 1,186 Foster Grandparent Volunteers were non-CNCS funded.

## Subtitle H—Innovation and Demonstration and Call to Service

Subtitle H Innovation funding provides resources for CNCS to support and encourage new forms of national service and civic participation and improve existing national service programs. The activities in Subtitle H generally promote national service and volunteering throughout the country. These activities identify innovative program models and disseminate practices found to improve the effectiveness of programs and projects.

Innovation and Demonstration and Call to Service Strategic Goals	
2 - Enhance national service participant experience	3 - Maximize value to grantees, partners, and participants
FY 2015 ENACTED LEVEL: \$3.6 MILLION	

### Call to Service

In FY 2015, Call to Service activities including national days of service, partnerships, and convenings that engaged hundreds of thousands of Americans in service, expanded to new communities, demonstrated impact, and recognized the efforts of those who serve.

### Dr. Martin Luther King, Jr. National Day of Service

The Dr. Martin Luther King, Jr. National Day of Service (MLK Day) was a significant opportunity to highlight national service. Specific examples of MLK Day success include:

- Faith-based grantee Hope Worldwide engaged more than 6,100 volunteers and reached more than 43,000 households with critical fire prevention safety and disaster preparedness information.
- Service for Peace engaged an estimated 23,300 volunteers in 359 projects on MLK Day with an additional 3,600 volunteers engaged in 123 projects in the 40 subsequent days of peace. Projects included teen violence mitigation activities and book and clothing drives., among many others
- Points of Light mobilized an estimated 111,900 individuals in almost 2,000 local projects that provided technical and strategic counseling, among other activities.

### September 11th National Day of Service and Remembrance

Like MLK Day, the September 11th National Day of Service and Remembrance brought together citizens in all 50 states and the District of Columbia to build affordable housing for veterans and military families, educate citizens on disaster preparedness, organize food drives, and more.

CNCS led the annual event, working with MyGoodDeed, Community Organizations Active in Disasters, Inc., Montana Campus Compact, Points of Light, and hundreds of nonprofit groups, faith-based organizations, and

schools and businesses nationwide. In many locations, AmeriCorps and Senior Corps members organized and participated in service projects.

### Employers of National Service

Announced by President Obama as part of the 20th anniversary of AmeriCorps in FY 2014, this initiative recognizes the valuable skills gained by the 900,000 Americans who have participated in AmeriCorps since 1994 and the 215,000 who have participated in the Peace Corps. Employers of National Service builds a talent pipeline that connects AmeriCorps and Peace Corps alumni with leading employers from the private, public, and nonprofit sectors to create recruitment, hiring, and advancement opportunities. Over 250 employers representing corporations; federal, state, and local governments; institutions of higher education; and non-profits have committed to seeking and hiring AmeriCorps alumni for their organizations.

### Stars of Service

In addition to Employers of National Service, the President established the Star of Service on the 20th Anniversary of AmeriCorps. The President's Star of Service Award recognizes youth leaders and encourages them to consider applying to serve in AmeriCorps. State Service Commissions asked each governor to submit the name of a Star of Service recipient between the ages of 12 to 18 for recognition from the White House in 2015.

### Mentoring

As part of its focus on engaging Americans in service and volunteering, CNCS served as the presenting sponsor of the National Mentoring Summit, organized by MENTOR. This summit brought together 500 nonprofit, business, and government leaders to enhance the quality and impact of mentoring programs, chart the future of mentoring, and focus the power of mentoring on measurable outcomes. The Mentoring Summit provided CNCS with an opportunity to highlight the agency's lead role in advancing one of the President's priorities, the My Brother's Keeper Task Force.

### President's Higher Education Community Service Honor Roll

Working with the Department of Education, CNCS recognized an estimated 766 schools for exemplary community service by including them in the President's Higher Education Community Service Honor Roll. The 2014 Presidential Award winners were California State University, Dominguez Hills in Carson, California; Loras College in Dubuque, Iowa; University of Nebraska-Omaha in Omaha, Nebraska; and Wheelock College in Boston, Massachusetts. The institutions were recognized for their achievements in general community service, interfaith community service, economic opportunity, or education.

One of the winners, the University of Nebraska-Omaha, has increased the number of service-learning courses offered in all six academic colleges and at every level, from first year general education through graduate



seminars. Today, 42 percent of the student body participates in service learning and volunteer projects. In the last 14 years, academic service-learning has grown from seven courses with 100 students to more than 160 courses with more than 2,600 students each year.

### Support for Innovative Service and Other Assistance

In FY 2015, CNCS support targeted enhancing grantee and project performance through innovative training models, while digital infrastructure support focused on compliance, accountability, and management.

Four hundred AmeriCorps State and National grantee leaders (from State Service Commissions, multi-state programs, programs operating in a territory without a State Service Commission, tribal programs, and tribal planning grantees) participated in their annual symposium. Training topics focused on financial, grant management, and compliance requirements.

In FY 2015, CNCS issued competitive grants for Regional Trainings Conferences. The events were held in five locations and reached 2,000 participants. This innovative series extended training opportunities to many frontline staff who have not previously received direct training in critical topics including financial and grants management, performance measures, and compliance including criminal history checks.

### The Volunteer Generation Fund (VGF)

VGF supports voluntary organizations and State Service Commissions that help grow volunteerism, increase volunteer career skills, and expand opportunity for the unemployed, veterans, and disadvantaged youth.

#### Volunteer Generation Fund Strategic Goals

2 - Enhance national service participant experience

**FY 2015 ENACTED LEVEL: \$3.8 MILLION**

In FY 2015, VGF grantees that received awards in FY 2014 reported results and CNCS made new awards to grantees that will continue to focus on the agency's priorities.<sup>19</sup> All VGF grants support CNCS's mission to improve lives and strengthen communities through growing and strengthening national service.

In FY 2015, State Service Commissions that received their VGF grant awards in the previous year supported volunteer connector organizations, trained nonprofits in volunteer management, and increased the number of new and continuing volunteers in their states, especially skilled volunteers. These State Service Commissions provided direct support to numerous nonprofits and volunteer connector organizations in urban and rural communities in their states, and reported on performance measures related to volunteer recruitment and management.

For example, VGF grantees:

- Expanded access to volunteer opportunities by expanding geographic reach of volunteer centers in underserved communities
- Improved systems and training for coordinating disaster and emergency volunteers to meet immediate and long-term needs

<sup>19</sup> FY 2013 VGF grants were awarded in the 4th quarter of the fiscal year and were funded for one year. Therefore, results from these grants occurred in FY 2014 and represent the most current VGF accomplishments. More information on these grants' results will be provided in the agency's FY 2017 Congressional Budget Justification.

- Implemented a research-based volunteer management curriculum for nonprofit organizations
- Enhanced nonprofit organizational capacity to manage and engage volunteers in meaningful service through training and technical assistance
- Recruited volunteers from among specialized populations including college students, youth, and corporate volunteers
- Built capacity to manage volunteers in times of disaster.

In addition, State Service Commissions supported community-based organizations by helping them to recruit, manage and support volunteers, including four State Service Commissions new to the VGF. All grantees sub-grant to locally-based non-profits and volunteer centers, including those located in rural and underserved communities in Mississippi, Louisiana, Michigan, and Maryland. Priority areas include education, disaster response, and capacity-building for volunteer recruitment and retention. Several grantees build capacity in their states by implementing the Service Enterprise Model, developed under the VGF grant by CaliforniaVolunteers. Priority initiatives are represented through recruitment of STEM volunteers and focusing on mentoring and training and assistance to youth-serving volunteer programs.

## Evaluation<sup>20</sup>

In alignment with CNCS's commitment to do what works, and as part of the agency's effort to improve the quality and impact of its programs, CNCS implements an ambitious research and evaluation agenda that addresses the agency's mission and illuminates its most effective policies, programs, and practices.

### Evaluation Strategic Goals

3 – Maximize the value to grantees, partners, and participants

**FY 2015 ENACTED LEVEL: \$5.0 MILLION**

CNCS's Office of Research and Evaluation worked with program offices in FY 2015 to improve the agency's use of evidence and evaluation in budget, policy, and management decisions. Examples of important FY 2015 accomplishments follow.

## Research Learning Strategies

- Initiated a research grant competition to expand the agency's connection to academia. The Notice of Funding Availability published in June of 2015 generated 75 letters of interest from institutions of higher education nationwide. These letters of interest resulted in 55 completed applications and 7 awards to public and private

universities nationwide.

- Improved its member survey methodology that will increase the quality of information the agency collects from its national service members. The member exit survey content and administration were revised and administered for the first time in the spring of 2015.
- Completed a Senior Corps survey that provided first-ever descriptive data for volunteers in the program and implementation of a longitudinal survey of volunteers based on these findings.
- Drafted a literature-based rationale and data-based volunteering and civic engagement supplement<sup>21</sup> to share with the U.S. Census Bureau and other Federal stakeholders in preparation for revising current data collection procedures.

## Evaluation Learning Strategies

- Released a prioritized set of third-party program evaluations focused on assessing the agency's highest-profile initiatives which currently include the Social Innovation Fund, School Turnaround AmeriCorps, and the Social Innovation Fund Pay for Success.
- Implemented an evaluation capacity-building initiative that has increased grantee' ability to conduct quality evaluations and will ultimately generate more credible evidence of effectiveness. Within two years of implementing this model, State Service Commission staff have experienced a transition from resistance to evaluation to invitations from State Service Commissions to offer workshops at their regional training conferences nationwide.

## Dissemination and Utilization Strategies

- Launched a virtual repository of evaluation reports and resources, facilitating access to existing evidence and best practices for program design and evaluation purposes and contributing to an increase of three points for the Agency's What Works Index score in 2015.
- Conducted a systematic review of the National Service and Social Innovation research literature and developed two practice briefs focused on the Education and Economic Opportunity focus areas for the field to use.
- Completed a review of 50 years of AmeriCorps VISTA's evaluations used to facilitate a discussion with program staff around their long-term research and evaluation strategy.

## Partnerships and Priority Initiatives

CNCS's Office of Research and Evaluation also continued to work closely with agency programs to enhance CNCS's infrastructure (e.g., leadership, systems and structures, communication, culture<sup>22</sup>) for evidence-based decision-making including:

<sup>20</sup> CNCS will be releasing more information about its evidence agenda in the agency's FY 2017 Congressional Budget Justification.

<sup>21</sup> For more information about these supplements be go to <https://catalog.data.gov/dataset/current-population-survey-volunteers-supplement> and <http://catalog.data.gov/dataset/current-population-survey-civic-engagement-supplement>.

<sup>22</sup> Source: Preskill, H., & Boyle, S. (2008). A multidisciplinary model of evaluation capacity-building. *American Journal of Evaluation*, 29, 443-459.

- Convening a now-annual research and evaluation strategy meeting with agency leadership, including all program directors, to determine priorities for the year.
- Inclusion and refinement of evidence criteria in the scoring matrix for AmeriCorps applications.

## Social Innovation Fund (SIF)

Both SIF programs focus on:

- Improving economic opportunity
- Improving health outcomes
- Investing in children and youth.

### Social Innovation Fund Strategic Goals

3 – Maximize value to grantees, partners, and participants

**FY 2015 ENACTED LEVEL: \$70.0 MILLION**

### SIF Classic (Original SIF Program)

Over the past five years SIF Classic has leveraged public and private resources to grow the impact of innovative, community-based solutions with compelling evidence of improving the lives of people in low-income communities throughout the United States. More than half a billion dollars have been matched by almost 200 nonprofit organizations. These funds were generated by local, regional, and national funding sources.

### SIF Pay for Success (PFS)

As part of the President’s vision for building a smarter, more effective government, PFS has emerged as a promising approach to government partnering with the private sector to fund proven and promising practices. PFS projects use an innovative contracting and financing model that leverages philanthropic and/or private dollars to fund services up front, with the government paying after the project generates results.

Through its grantmaking, the SIF PFS program aims to:

- Strengthen and diversify the pipeline of government and nonprofit organizations that are prepared to engage in PFS projects
- Assess the potential of PFS to address a variety of social issues relating to diverse populations in diverse geographic contexts
- Attract capital to high-performing institutions seeking to strengthen, grow, and sustain effective solutions for challenges facing low-income communities.

In FY 2015, SIF selected eight grantees to help communities assess the feasibility of PFS, develop their capacity to engage in PFS, and structure transactions in preparation for launching PFS projects tackling social problems ranging from childhood asthma to chronic homelessness. As of July 2015, SIF was funding 33 PFS feasibility studies and providing support for

transaction structuring for five PFS projects. SIF estimates that its support will double the number of PFS projects in development in the country.

### Key Outcomes and Performance Measures

Key outcomes of the SIF include the competitive selection of high performing subrecipients to implement SIF programming, the scaling of effective programs to reach more people in need, the development and successful execution of rigorous evaluation plans, and the completion of PFS feasibility studies and the structuring of PFS transactions. Additionally, the SIF tracks grantee contributions to a set of outcomes in its three focus areas (improving economic opportunity, improving health outcomes, and investing in children and youth).

As of March, 2015:

- Ninety-six subgrantees and subrecipients were selected in FY 2015 for a total of 279 across the country
- Services have been expanded to address the needs of over 500,000 new beneficiaries
- Eighty-six evaluation plans have been developed, and 20 evaluations have been completed.

In the fall of 2015, the SIF will be collecting data from awardees regarding their contributions to key outcomes such as: improved K-12 education outcomes and improved financial literacy, stability, and employability. This data will be analyzed over the coming months and discussed in the agency’s FY 2017 Congressional Budget Justification.

### Successful Project Examples

#### Program Results

The John Hartford Foundation is fulfilling its aim to increase health access by providing depression treatment to over 3,000 patients in low-income rural communities throughout Washington, Wyoming, Alaska, and Montana. The clinical program is implemented throughout eight primary care organizations and utilizes a highly successful Improve Mood – Promoting Access to Collaborative Treatment (IMPACT) model.

The Greenlight Fund’s Blueprint Schools Network has served over 1,500 low-income students in Boston public schools by combating the achievement and opportunity gap through their school turnaround model. Their model, which utilizes principles from research published by the Education Innovation Laboratory at Harvard University, focuses on excellence in leadership and instruction, daily tutoring in critical growth years, increased instructional time, a culture of high expectations, and the use of data from frequent assessments to improve instruction.

SaveUSA, a tax-time savings program from the Mayor’s Fund to Advance New York City, which supports financial stability for low to moderate-income families, opened over 2,200 accounts in New York City and San Antonio for their 2015 tax refund dollars.

## Evaluation Results

### Jobs for the Future

Evaluation of the Greater Cincinnati Workforce Network partnership found that programs demonstrated statistically significant positive effects on the general employment rates of participants and were highly effective in improving focus industry employment, job retention, and earnings for Health Careers participants.

### Reading Partners

Evaluation of Reading Partners found that the program:

- More effectively raised students' reading proficiency than other similar reading programs in the same schools that were studied.
- Had a positive and statistically significant impact on students' reading comprehension, reading fluency, and sight word efficiency.
- Showed suggestive evidence that it was particularly effective with students reading at the lowest levels.
- Cost the host school/school district on average \$710 per student, compared with an average of \$1690 per student for other reading programs offered in the same school. This results in a per student savings of \$980 for the host school/school district.

### REDF (Roberts Enterprise Development Fund)

Life and work-related outcomes were tracked for 282 workers at seven social enterprises over the course of the study, which found that social enterprise workers moved toward economic self-sufficiency and life stability:

- Employment increased from 18 to 51 percent
- Stable housing increased from 15 to 53 percent
- Dependence on government support decreased from 71 to 24 percent
- Social enterprises produced \$2.23 in social benefits for every \$1 they spent (by reducing dependence on government support and increasing tax revenue).

### U.S. Soccer Foundation

Soccer for Success is a sports-based youth development program that serves children in grades K-8 in underserved, urban communities. The program uses soccer as a tool to combat obesity, promote healthy eating and exercise habits, and foster positive youth development. The program consists of soccer activities that incorporate nutritional lessons.

Evaluation of Soccer for Success found that the program participants showed:

- Greater improvement towards healthy BMI and waist circumference categories than participants in other similar programs in the same neighborhoods
- Greater improvement in aerobic capacity compared to participants in similar programs.

- Implementation as designed (i.e. with fidelity) across the sites studied
- Statistically significant and consistent results across different locations, genders, and socio-economic backgrounds supporting the conclusion that if the program were replicated with fidelity in other urban communities, similar results would be likely.

### Disaster Response, Recovery, and Mitigation Strategy

In FY 2015, local AmeriCorps members provided direct service and responded to disasters in more than 13 states and a territory (California, Guam, Illinois, Kentucky, Maine, Minnesota, Missouri, Michigan, Oklahoma, South Dakota, Texas, Washington, West Virginia, and Vermont). They provided critical direct assistance including debris removal and cleanup of homes damaged by disasters, conducted damage assessments, registered disaster survivors for assistance, and managed and documented volunteer hours and donations.

In addition to direct response activities, AmeriCorps members regularly provide service across the nation in disaster preparedness through education, outreach, and training; mitigation projects, including environmental projects to mitigate the effects of flooding and hurricanes; and recovery operations which include the rebuilding and repair of storm damaged homes, long-term recovery support, and case management.

Fifteen AmeriCorps State and National grantees are trained as AmeriCorps Disaster Response Teams. They can deploy 3,000 specially trained AmeriCorps members to disaster locations to provide:

- Direct support to homeowners in the cleanup of their homes. There is often a long-term demand for cleanup support with few voluntary agencies to meet the high demand.
- Coordination and volunteer leadership in the cleanup efforts. This coordination is critical to community capacity to recover quickly and safely.
- Tracking of volunteer hours and donated resources that may be used as match for a state's cost share for FEMA resources.

In FY 2015, CNCS increased the effectiveness of AmeriCorps in disaster services by:

- Increasing the number of CNCS partnerships with State Emergency Management Agencies. CNCS implemented a tiered system of national service and emergency management engagement to provide best practices, targeted goals, and a consistent framework for engaging national service. CNCS intends for disaster response partners to reach the basic level of engagement while continuing growth and engagement once the base goal is reached.
- Creating a State Service Commission Working Group on disaster services. CNCS has increased the level of training and technical support

to strengthen collaboration between State Service Commissions and the Disaster Services Unit. Regional work groups are planning and implementing regional preparedness exercises between the Disaster Services Unit, State Service Commissions, and CNCS State Offices.

## Successful Project Examples

### AmeriCorps

In response to heavy rainfall that led to flooding and landslides in Grays Harbor County, Washington, 45 Washington Conservation Corps members conducted damage assessments and debris removal and supported the management of the Volunteer Reception Center. They were able to conduct nearly 80 damage assessments and leverage an additional 225 volunteers to remove more than 400 cubic yards of debris.

Following the severe weather and tornadoes that struck Van, Texas on May 11, 2015, nine American Youth Works Texas Conservation Corps members were called in by the state Emergency Management Agency to set up and manage a Volunteer Reception Center. These members were able to coordinate and manage more than 1,000 volunteers that arrived to assist with the cleanup efforts. Just weeks later, with continued severe weather, record amounts of rainfall flooded many communities. Before the rain had even stopped, Texas Conservation Corps deployed 28 AmeriCorps members to manage two volunteer reception centers in San Marcos and Wimberley, Texas. Within the first day they registered over 1,000 volunteers.

### Senior Corps

In FY 2015 local Senior Corps volunteers provided direct assistance including supporting food and shelter operations, managing 211 call centers, conducting damage assessments registering disaster survivors for assistance, and managing and documenting volunteer hours and donations. In addition to direct response activities, Senior Corps volunteers regularly provides essential services across the nation in areas of disaster preparedness through education, outreach, and training; mitigation projects; and recovery operations which include long-term recovery support and survivor case management.

In FY 2014 and FY 2015, Senior Corps augmented RSVP projects in communities impacted by disasters. These awards increased the number of RSVP volunteers assisting communities to build community resiliency. Case studies of the eight augmentation awards analyzed how RSVP volunteers can be effective in providing support to disaster.

In June 2013, the state of Oklahoma was hit by a series of devastating tornadoes. These historic storms caused catastrophic damage and overwhelmed local emergency responders. Illustrating the magnitude and severity of these events, the storm left a path of destruction two miles wide and 12 miles long through a major metropolitan area, including Moore, Oklahoma.

Prior to these storms, RSVP of Central Oklahoma had no disaster-related experience. Shortly after the most severe storms, RSVP of Central Oklahoma was inundated with calls requesting volunteers from multiple organizations. To assist with relief efforts, the grantee placed volunteers at various call centers, nonprofit organizations, and shelters. In total, 108 RSVP of Central Oklahoma volunteers contributed more than 5,500 service hours to nine nonprofit and state organizations. RSVP of Central Oklahoma also engaged in outreach to local agencies to determine and respond to needs for volunteer placement.

One of the augmentation awards was provided to this grantee to expand their disaster-related activities. Grant resources were used to fund and train a disaster coordinator, strengthen partnerships with United Way and Heartline 211, where RSVP volunteers assisted with disaster relief call centers. RSVP of Central Oklahoma also directed some augmentation funds toward support for disaster preparedness within the program's existing base of 500 vulnerable, low-income clients.

RSVP volunteers assembled and disseminated disaster preparedness kits and conducted consultations with recipients to help them prepare for future emergencies. RSVP volunteers also distributed Be-Ready bags – containing essential disaster preparedness materials such as blankets, flashlights, and emergency water – to a total of 6,000 seniors throughout the State of Oklahoma.

When severe weather and storms struck the same area again in the spring of 2015, RSVP of Central Oklahoma was already on hand and able to coordinate with the state Emergency Operations Center and assist with phone calls, volunteer in-take, and volunteer/donation management. RSVP volunteers also worked with Heartline 211 and Red Cross on the ground assessing further needs

## Disability Inclusion

Disability inclusion is a priority for CNCS. In alignment with the agency's authorizing legislation, CNCS seeks to expand opportunities for the meaningful and successful inclusion of people with disabilities in national service.<sup>23</sup> The agency's disability inclusion strategy supports the objectives of Goal 2 in the CNCS strategic plan to strengthen national service so that participants engaged in CNCS-supported programs consistently find satisfaction, meaning, and opportunity.

Disability Inclusion Grants Strategic Goals	
2 - Enhance national service participant experience	
FY 2015 ENACTED LEVEL	
CNCS did not receive an appropriation for this line item in FY 2015. However, as authorized by the Serve America Act, CNCS funded disability activities with money from its program budget.	

<sup>23</sup> For FY 2015, as authorized by the Serve America Act, CNCS used program dollars to fund its disability activities.

In FY 2015, to support the goal of including people with disabilities in service, CNCS signed a Memorandum of Understanding (MOU) with the Department of Labor Office of Disability Employment Policy. The MOU will further the coordination of policy activities, disseminate effective practices, and share informational resources and technical efforts between the two agencies. It will amplify mutual interests and engage people with disabilities in national service where they can acquire the skills and experience that prepare them for gainful employment.

For National Disability Employment Awareness Month in 2015, CNCS released a public awareness campaign to highlight the reflections of service members' with disabilities and show the types of careers service members with disabilities have engaged in following their national service.

In addition, CNCS signed a MOU with Health and Human Services' Administration for Community Living (ACL). Under this MOU, ACL and CNCS will jointly recruit, engage, and support older Americans and people with disabilities in national service and maximize the ability of older adults to live independently. The primary goals of this collaboration are:

- Supporting inclusive, accessible service sites and programs
- Building integrated National Service Learning Community networks
- Increasing the impact of volunteering by and for older adults and persons with disabilities

- Strengthening volunteer service, so that participants find satisfaction, meaning and opportunity
- Maximizing the value added to grantees, partners and participants through research, technical assistance, evaluation and program oversight; and heightening the visibility of volunteering and the ACL/CNCS partnership.

CNCS also improved the process for obtaining funding for reasonable accommodations for national service members with disabilities. AmeriCorps grantees are now able to submit requests for reimbursement after they verify that their AmeriCorps member has a qualifying disability in accordance with the Americans with Disabilities Act and identify the proper reasonable accommodation.

The cooperative agreement with the National Service Inclusion Project ended in FY 2015 All relevant website content (webinars, e-courses, and tips) was archived and will move to a CNCS-operated disability resource webpage. This webpage will also be the home of five new e-courses developed to assist grantees and partners who are supervising service members with disabilities to recruit, accommodate, retain, and better understand some of the unique issues associated with disability identity. The new webpage will also include updated additional resources regarding disability issues for grantees and partners.

# FY 2015 Agency Management Performance

## CNCS Strategic Goal 4: Operations Measures

Measure	FY 2015
Award all grants before the budget period start date.	96%
Post grant competition award and review data to the internet within 90 days of completion of the award process.*	TBD
Complete all grant monitoring activities identified in the annual monitoring plan and follow up with grantees where necessary.**	85%
Close all grants within 180 days of the performance period end date.	56%

\*Actual FY 2015 data for this measure will be available February 2016.

\*\*FY 2015 data is estimated.

## Human Capital

CNCS remains committed to ensuring its employees are prepared to do their jobs effectively and efficiently. An important tool in helping meet this goal is the Employee Viewpoint Survey, which assesses the extent to which Federal employees believe their agencies provide them with the necessary support to achieve mission success. Below are the current data on CNCS employee satisfaction and related trend information for previous years.

As shown in the table above, CNCS achieved an employee satisfaction score of 70 percent for 2015, which was five percentage points above its annual goal and seven percentage points above the agency's 2014 results. Seventy percent satisfaction is the highest score at CNCS in five years. This gain is significantly greater than overall Federal employees' job satisfaction scores, which only increased by one percentage point over 2014. CNCS continues to assess its survey score and identify major causes for these results.

During FY 2015, CNCS focused on improving engagement, effectiveness, and efficiency across CNCS. To that end, the agency placed special emphasis on employee development in mission critical areas such as leadership and supervision, appropriations law, and grants management. More than one-third of all CNCS supervisors or managers received leadership training in FY 2015. More than 14 percent of full-time permanent staff received training on appropriations law or grants management.

In FY 2015, CNCS efforts to improve employee engagement included special emphasis on Diversity and Inclusion (D&I). Managers in the Department of the Chief Operating Officer (COO) received four hours of training on topics such as Unconscious Bias and Cultural Competence. In FY 2015, overall job satisfaction in the COO increased by 17%. CNCS will continue to leverage D&I for improved employee engagement in FY 2016.

## Information Technology (IT)

CNCS's recent IT investments have prioritized entity-wide modernization that will enhance and facilitate business processes in support of the agency's mission, while strengthening CNCS's enterprise-wide cybersecurity program to enable secure and effective IT management.

In FY 2015, CNCS continued to execute its IT strategy through initiatives and projects emphasizing:

- Modernizing systems to meet evolving business processes
- Expanding cybersecurity oversight for IT systems and data
- Maximizing return on IT investment
- Effectively managing agency information resources.

Key accomplishments by Strategic Area include:

### Modernizing systems to meet evolving business processes:

- Implemented information system projects focused on optimizing grants management business processes and deploying support services to the next-generation grants and member management system
- Implemented online versions of office productivity and collaboration software
- Implemented an email records management solution

## Employee Satisfaction Trends (2010–2015)

Performance Objective and Measure	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	Actual Data Trend FY 10-15
Percent of employees who report overall satisfaction with their jobs	73%	69%	65%	67%	63%	70%	

- Updated CNCS's core telecommunications and network infrastructure to support 21st Century service delivery and mitigate the risk of failure due to aging equipment
- Deployed new applications and hardware to improve overall office automation, accountability, and staff mobility.

**Expanding cybersecurity oversight for IT systems and data:**

- Awarded a cybersecurity support contract, filled critical staff vacancies, developed a plan for remediating known weaknesses in the information assurance program, and created a more robust cybersecurity strategy
- Implemented new portable media encryption technology to protect CNCS data and networks
- Improved Security Authorization and Accreditation processes.

**Maximizing return on IT investment:**

- Awarded new IT Managed Service Contract which will enable the Office of Information Technology to improve delivery of core IT services to programs/offices making use of cloud technologies
- Continued to consolidate web and digital properties onto a single web platform reducing management overhead and redundancy

**Effectively managing agency information resources:**

- Implemented new tools to improve the overall usability of web sites and web applications to ensure compliance with Section 508 requirements.

## Priority Measures

### Grantmaking

As the nation's largest federal grantmaker focused exclusively on supporting national and community service, CNCS provides approximately \$750 million in results-focused funding to organizations across the nation that improve lives and strengthen communities.

CNCS has adopted key indicators, detailed below, to help gauge the agency's effectiveness and efficiency in managing grants. These metrics serve as a supplement to the Goal 1 and 2 priority measures listed earlier in this report, which focus on grant results.<sup>24</sup>

### CNCS High Priority Measures

**CNCS Strategic Goal 4:** Strengthen and align operations to support and grow innovative community solutions and national service

Performance Measure	2015 Actual	2014 Actual
<b>Financial Statements:</b>		
Prepare and publish audited financial statements covering CNCS operations within 45 days of fiscal year end and receive a clean audit opinion on annual financial statements		
No material internal control weaknesses identified in the annual financial statement audit	0	0
No significant deficiencies in internal control weaknesses identified in the annual financial statement	2	2
No compliance issues identified in the annual financial statement audit	1	1
<b>Grantmaking:</b>		
Award all grants before the budget period start date	96%	95%
Post all grant competition award data to the Internet within 90 days of completion of the award process*	TBD%	63%
Complete all grant-monitoring activities identified in the annual monitoring plan and follow up with grantees where necessary	85%	85%
Close all grants within 180 days of the performance period end date	56%	65%

\*Actual FY 2015 data for this measure will be available February 2016.

<sup>24</sup> CNCS's strategic plan is located at <http://www.nationalservice.gov/about/strategic-plan>.

In FY 2015, CNCS launched a number of critical initiatives across the agency to improve overall operations, performance, and accountability. Within the last year, CNCS completed the following management initiatives:

### **Accounting and Financial Management Services (AFMS)**

In FY 2015, AFMS continued to focus on updating its administration of collections processing. System improvements are resulting in more accurate, timely, and better documented transactions including:

- Requiring AmeriCorps VISTA Cost Share sponsors to make reimbursement payments electronically
- Offering two additional electronic payment options to AmeriCorps VISTA Cost Share sponsors: preauthorized payments and Automated Clearing House (ACH) credit payments
- Replacing malfunctioning electronic check processing equipment to eliminate the need for the manual processing of paper check payments submitted to CNCS
- Preparing for participation in the Department of Treasury's (Treasury) Electronic Check Processing program
- Implementing an automated interface between the CNCS financial system (Momentum) and Treasury's payment and collection system (IPAC) to eliminate manual entries
- Implementing a new employee travel management system (ETS2) that includes exception reporting to the agency CFO of travelers who submit vouchers late
- Participating in all training offered by Treasury on debt management in preparation for updating CNCS's debt management system in FY 2016.

In addition, AFMS improved other administrative processes, including:

- Implemented a Cost Accounting and Allocation module to automate tasks associated with the distribution and allocation of costs
- Implemented a paperless process for certifying expenditures to Treasury
- Interfaced financial system to Treasury's System for Award Management (SAM)
- Created a new model for effectively managing NCCC FEMA mission assignments.

### **Accountability**

CNCS continued to foster a culture of integrity, accountability and transparency in FY 2015 by fortifying its internal controls, oversight, and monitoring. In this spirit of continual improvement and CNCS's Strategic Plan Goal 4 strategy of promoting adherence to internal controls, CNCS continued to implement an Integrity Assurance Program

— Internal Controls Policy to help ensure CNCS's organizational effectiveness, cohesion, and longevity. This policy identifies integrity as the cultural value by which all CNCS staff members are called upon to act in accordance with high ethical and professional standards, and to continually assess and improve daily business practices. To support this proposition, CNCS utilized management team work plans with an enhanced integrity performance standard. CNCS, with the coordination of the Office of Accountability and Oversight (OAO), continued an intense campaign to strengthen grants management oversight, improve internal controls and address audit findings. Aligning with the internal controls, CNCS established an oversight and governance structure for its Integrity Assurance Program, and set out the roles and responsibilities of executive leadership, managers and rank-and-file CNCS staff in maintaining an effective system of internal controls.

### **Internal Controls: Management Assurance Statements**

CNCS annually makes a number of specific assurances that its policies, procedures and operations are sufficient to meet specified management objectives. These assurance statements cover meeting government-wide objectives in regard to CNCS's internal and management controls (including controls over financial reporting) and CNCS's financial management systems, as well as specific annual assurances regarding the management and operation of the National Service Trust. This section briefly describes each of these management objectives, the bases for CNCS's assessments, and provides the specific management assurance statements for each area.

### **Internal Controls, Audit Results, and Management Assurances**

CNCS is subject to the reporting requirements of the Government Corporation Control Act (31 U.S.C. 9101 et. seq.). Under these requirements, CNCS provides a statement on its internal accounting and administrative controls consistent with the requirements of the amendments made by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), (31 U.S.C. 3512, et seq.) and implemented by Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control. The statement reflects CNCS' assessment of whether there is reasonable assurance that internal controls are achieving the intended results, reports any material weaknesses in internal controls present within the agency, and describes management's current plans to address and correct any material weaknesses.

During FY 2015, CNCS continued to strengthen its internal control program by following the requirements of the FMFIA, the Government Corporation Control Act, applying OMB Circular A-123 and its related appendices, implementing a new internal control governance structure, and enhancing its assessment process.

CNCS' FY 2015 internal control program is led by the Director of OAO, under the direction of the Chief Operating Officer. Senior management from across the agency provided support and guidance based on their subject matter expertise.

In FY 2015 CNCS made enhancements to its Integrity Assurance Program and began planning to implement the principles of Enterprise Risk Management outlined by the Government Accountability Office's (GAO) "Standards for Internal Control in the Federal Government" also known as the "Green Book." The principles within the "Green Book" describe the standards, principles, and attributes for internal controls government-wide and therefore apply to all aspects of CNCS's operations: programmatic, financial, and compliance. The improvements to the Integrity Assurance Program have allowed CNCS to assess how well internal controls are an integral part of its operations, and are built into its entity-wide policies, procedures, and practices.

Further, in FY 2015 CNCS applied GAO's Risk Management Framework as an important tool in planning its assessment of internal and management controls. This framework helps identify the areas of greatest risk within agency operations and provides indicators as to where CNCS should concentrate its efforts to assess the effectiveness and efficiency of controls. Additionally, based on the assessment of risk, CNCS can determine the scope and frequency of control evaluations it should establish. CNCS further incorporated risk assessment and management into its overall assessment of internal and management controls by conducting a structured, rigorous analysis to meet the OMB Circular A-123 requirement to establish materiality levels that provide reasonable assurance that significant deficiencies will be detected and corrected in a timely manner.

Through the materiality assessment and by applying the GAO Risk Management Framework, CNCS identified the following thirteen business processes for evaluation in FY 2015—

- Accounts Receivable
- Budget Execution
- Disbursements
- Entity-wide
- Information Systems (including Financial Management Systems)
- Reporting (including Financial and Non-financial Reporting)
- Fund Balance with Treasury
- Grants Management
- Human Capital
- Interest and Investments
- Procurement
- Property and Equipment
- National Service Trust Service Award Liability

To assess the sufficiency of internal and management controls in these areas, CNCS established a five step process:

**Step 1:** Planning

**Step 2:** Evaluating Internal Control at the Entity Level

**Step 3:** Evaluating Internal Control at the Process Level

**Step 4:** Testing Control Design and Operating Effectiveness at the Transaction Level

**Step 5:** Concluding, Reporting, and Implementing Corrective Action.

After OAO carried out a series of assessments using the five-step process, the Director of OAO reported the results to CNCS's governing body for Enterprise Risk Management, also known as the Integrity Steering Committee.

CNCS also considered the knowledge of management officials gained from daily operations of its programs, offices and systems, as well as the results of its annual financial statement audit, as part of its internal controls assessment. The directors responsible for most of CNCS's programs and significant operational functions provided specific assurances that they are aware of their responsibilities to report any significant deficiencies to higher level management, and that they have done so, if applicable. FY 2015 marks the 16th consecutive year CNCS has earned an unmodified opinion on its financial statements. The financial audit also found no material instance of noncompliance with laws and regulations. These results reflect CNCS' commitment to sound financial management and the hard work by staff over the past year to continuously improve financial operations.



## Management Assurances

### Management's Statement of Assurance for Financial Management Systems, Operations, and Compliance with Laws and Regulations

CNCS management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of FMFIA and OMB Circular A-123. These objectives are to ensure (1) effective and efficient operations; (2) compliance with applicable laws and regulations; and (3) reliable reporting. As required by OMB Circular A-123, CNCS has evaluated its internal control and financial management systems to determine whether the FMFIA objectives are being met. Based on its assessment (as described above), CNCS provides a qualified statement of assurance that its internal control and financial systems meet the objectives of the FMFIA as of September 30, 2015. This statement of assurance is qualified because the OIG's FY 2015 evaluation of CNCS's compliance with Federal Information Security Modernization Act (FISMA) found that CNCS was not compliant with the FISMA legislation, OMB guidance and National Institute of Standards and Technology (NIST) security publications as of September 30, 2015. The FISMA evaluation noted a number of significant deficiencies, which under OMB guidance must be reported as a material weakness under FMFIA. Attachment I contains a description of these control weaknesses.

### Management's Statement of Assurance for Internal Control over Financial Reporting

CNCS's management is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations. CNCS conducted its assessment of the effectiveness of the Corporation's

internal control over financial reporting in accordance with OMB Circular A-123. Based on the results of this evaluation, CNCS can provide reasonable assurance that internal control over financial reporting as of June 30, 2015 was operating effectively no material weaknesses were found in the design or operation of the internal controls over financial reporting.

CNCS notes that in FYs 2014 and 2015, its auditors opined that CNCS's systems of internal control represented a significant deficiency. CNCS acknowledges that it has substantial need to improve the implementation of its Integrity Assurance Program (including the incorporation of the principals and practices of Enterprise Risk Management), particularly in the areas of senior staff governance and oversight of the Program and in leveraging and balancing the use of its resources to achieve overall effective monitoring and oversight of its grantees' and internal operations. Nonetheless, CNCS believes that its internal control program, as described above, when combined with the knowledge of management officials gained from daily operations of its programs, offices and systems, as well as the overall results of its annual financial statement audit, provides a sufficient basis for CNCS to provide the following assurances.

### Compliance with Financial Systems Requirements, Accounting Standards, and U.S. Standard General Ledger

Although not required by OMB Bulletin 15-02, Audit Requirements for Federal Financial Statements, CNCS has adopted the standards governing financial systems that were established by the Federal Financial Management Improvement Act (FFMIA). FFMIA provides guidance to federal agencies in implementing and maintaining financial management systems that are in substantial compliance with Federal financial system requirements, Federal accounting standards issued by the Federal Accounting Standards Advisory Board, and implementation of the Treasury Standard General Ledger (USSGL) at the transaction level. Pursuant

to FFMIA, OMB issued Circular A-123 Appendix D, Compliance with the Federal Financial Management Improvement Act. Appendix D prescribes the policies and standards for agencies to follow in developing, operating, evaluating, and reporting on financial management systems.

CNCS' assessment of its compliance with FFMIA standards is based in part on its use of Momentum Financials as its core financial system and other mission operational systems that impact the overall financial system. Momentum Financials is a commercial off-the-shelf software application certified by the Office of Federal Financial Management as meeting the Circular A-123 Appendix D financial system requirements. By design, activity is posted in Momentum Financials following the USSGL at the transaction level.

CNCS' assessment of its compliance with FFMIA is also informed by CNCS' overall information system security assessments. In accordance with FISMA, OMB policies and guidance, and standards and guidance issued by the NIST, federal agencies are required to secure information and information systems through the implementation of appropriate risk mitigation strategies.

### Management's Statement of Compliance with Financial Systems Requirements, Accounting Standards, and U.S. Standard General Ledger

Based on the FISMA evaluation, CNCS Financial Systems are in compliance with FFMIA. Based on its assessments of its financial management systems (as described above), CNCS has determined that it substantially complies with the requirements of the FFMIA for FY 2015.

### National Service Trust Obligations

Section 149(a)(3) of the National and Community Service Act of 1990 (NCSA), as amended by the Edward M. Kennedy Serve America Act (PL 111-13), establishes the specific criteria for timing and recording obligations in the National Service Trust. Section 149(a)(3) of the NCSA requires the Chief Executive Officer of CNCS to annually certify that CNCS is in compliance with the requirements of the NCSA with regard to the timing and recording of obligations within the Trust.

Section 149(c) of the NCSA requires CNCS to obtain an independent audit of the accounts and records demonstrating the manner in which CNCS has recorded its Trust estimates (see 42 U.S.C. 12606). For FY 2015, the CNCS OIG obtained the independent audit required by section 149(c) of the NCSA. At the conclusion the audit, the auditors issued an unmodified opinion that CNCS' financial reports regarding the National Service Trust present fairly, in all material respects, the assets, liabilities, net position, and obligations of the Trust as of September 30, 2015.

### Management Certification of Compliance Regarding National Service Trust

Based on CNCS' analysis and review of its National Service Trust activities and the results of the OIG's audit, CNCS certifies that for FY 2015 it complied with the requirements for recording National Service Trust Obligations as described in section 149(a)(1) of the NCSA.

### Summary of Material Weakness

#### Information Technology – General Controls

CNCS relies on extensive information technology systems operated by both the agency, other federal agencies, and various contractors to provide and monitor general control activities. In its FY 2014 evaluations of CNCS's Information Security Program, the OIG determined that, in a number of metrics, CNCS was not fully compliant with the FISMA legislation, OMB guidance, and applicable NIST security publications as of September 30, 2014. Of the noted areas of noncompliance in 2014, those relating to Continuous Monitoring Management and Risk Management were determined to be significant deficiencies under applicable OMB FISMA guidance. As required by OMB Circular A-123, CNCS is reporting the significant deficiencies found in the FISMA evaluation as material weaknesses under FMFIA. While improvements have been made, the material weakness findings repeat in FY 2015.

#### Core Action Plan and Impact of Material Weakness

Material Weakness and Corrective Action Plan	Corrective Action Date	Impact of Control Weakness on the Agency
CNCS formed a remediation team under the direction of the Chief Operating Officer to formulate and execute a plan for remediating the findings in the FY 2014 FISMA evaluation. Additionally, CNCS hired an experienced Chief Information Security Officer to oversee day-to-day FISMA improvements.	TBD	Although significant information security risks still existed at the beginning of the FY 2015, no actual event occurred that impacted the reliability of or accuracy of CNCS's operational or financial data. In addition, there has been significant progress in closing three of four significant deficiencies identified in the FISMA evaluation. It is anticipated that the fourth significant deficiency will be closed by 9/30/2016.



**Wendy Spencer**  
Chief Executive Officer



**Jeffrey Page**  
Acting Chief Financial Officer

# Analysis of Appropriations and Financial Condition

## Understanding the Financial Statements

CNCS has a fiduciary and stewardship responsibility to efficiently and effectively manage its federal funds and to comply with federal guidance on financial management. As part of this responsibility, the agency prepares annual financial statements in conformity with generally accepted accounting principles (GAAP) for U.S. federal government corporations and subjects them to an independent audit to ensure their integrity and reliability in assessing performance. For FY 2015 and 2014, CNCS's financial statements received an unmodified opinion. This opinion recognized that CNCS's financial statements are fairly presented and in conformity with GAAP in all material respects.

The consolidated financial statements report CNCS's financial position, results of operations, cash flows, and budgetary resources, as required by the Government Corporation Control Act (GCCA) and Executive Order 13331, National and Community Service Programs. As specified in GCCA, the principal financial statements of CNCS are the:

- Statement of Financial Position (balance sheet), which reports the status of CNCS assets, liabilities, and net position;
- Statement of Operations and Changes in Net Position (income statement), which reports CNCS's revenues and expenses for the year and the changes in net position that occurred during the year; and
- Statement of Cash Flows, which shows how changes in CNCS's financial position affected its Fund Balance with Treasury (FBWT) and breaks down the analysis according to operating, investing, and financing activities.

In addition, under the requirements of Executive Order 13331, CNCS prepares a Statement of Budgetary Resources (SBR). The SBR provides information about the budgetary resources made available to CNCS and the status of those resources at the end of the fiscal year.

## Composition of CNCS Assets

The Statement of Financial Position presents the total amounts available for use by CNCS (assets), against the amounts owed (liabilities), and amounts that comprise the difference (net position). Over 96 percent of CNCS's total assets are comprised of the FBWT and Trust Investments and Related Receivables.

In FY 2015, total assets increased four percent over the balance at the end of FY 2014. The majority of the \$69.2 million increase occurred in the FBWT and the Investments and Related Receivables.



The FBWT is funding available to CNCS to make expenditures for authorized expenses through the disbursement authority of the Treasury. The FBWT is increased through appropriations and collections and decreased by expenditures and rescissions.

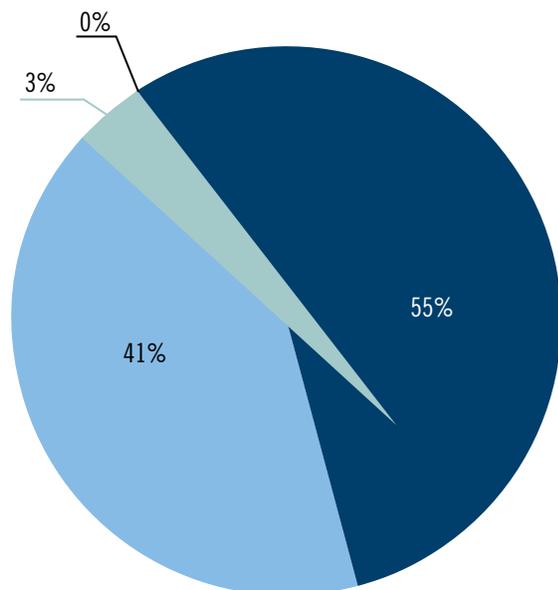
Investments and Related Receivables are used to pay Education Awards for eligible participants who complete AmeriCorps service. Funding for the Trust comes from appropriations, interest earned, sponsorships, and proceeds from the sale or redemption of investments. The account increased by \$33.5 million, reflecting the investment of FY 2015 appropriations for new AmeriCorps positions awarded during the year and net of payments made on previously earned awards.

CNCS records Trust obligations at the time of the grant award for AmeriCorps State and National, or at the time AmeriCorps VISTA and NCCC members begin their terms of service. The amount to be obligated is the estimated value of authorized education benefits, discounted for estimated enrollment, historical earning and usage rates, and the time value of money.

CNCS has also set aside a Trust reserve of \$50.2 million (including \$3.5 million set aside in FY 2009 for Recovery Act member positions) to protect CNCS in the event that the estimates used to calculate obligations differ from actual results. During FY 2015, CNCS based its obligation amount on the full value of the education award, a 100 percent enrollment rate (allowing for refills), the time value of money, and earning and usage rates ranging from 77 percent to 87 percent, depending on term type.

As of September 30, 2015, the Trust had available cash, investments, and other assets of approximately \$760.2 million to make education award

## CNCS Assets as of September 30, 2015



- Fund Balance with Treasury 55%
- Cash and Other Monetary Assets 0%
- Trust Investments and Related Receivables 41%
- Advances to Others 3%
- Accounts Receivable 0%
- Property, Plant, and Equipment 0%

and interest forbearance payments. CNCS's unliquidated obligations for awarded AmeriCorps positions totaled approximately \$635.3 million.

Approximately \$62.6 million was available at year-end to fund new AmeriCorps member positions, of which \$1.9 million derives from Recovery Act funding which cannot be used without new authorization. Trust assets are estimated to be fully sufficient to pay for all AmeriCorps positions.

CNCS de-obligates any funds related to member positions that were not filled on the expiration of the grant. CNCS continues to analyze Trust operations and liability projections to identify any needed adjustments to obligations.

Advances to Others mainly represents funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year. Advances to Others decreased by about one percent, from \$58.1 million at September 30, 2014 to \$57.3 million at September 30, 2015.

Property and Equipment increased \$5 million from \$2.4 million at September 30, 2014 to \$7.4 million at September 30, 2015, representing CNCS's investment into IT modernization.

### Composition of CNCS Liabilities

CNCS's most significant liabilities are the Trust Service Award Liability and Grants Payable. Individuals who successfully complete terms of service in AmeriCorps programs earn education awards that can be used

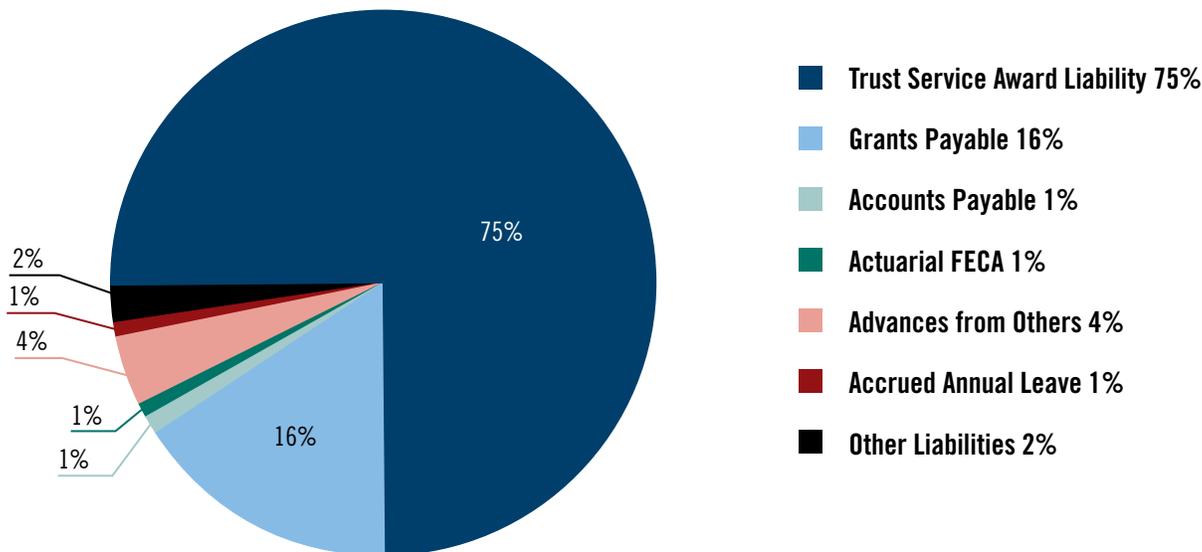
to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which can be used for a period of up to seven years, are paid from the National Service Trust. Since CNCS's inception through FY 2009 the maximum amount of an education award was \$4,725. Beginning with FY 2010, the SAA tied the amount of the award to the amount of a Pell Grant administered by the Department of Education. The award amount of \$5,730 was in effect throughout FY 2015.

The Trust also pays forbearance interest on qualified student loans during the period members perform community service. Each year the award liability components related to education awards and interest forbearance are adjusted to reflect current trends. For FY 2015, the Trust Service Award Liability minimally increased by \$.759 million.

Grants Payable represents funds due to grantees in payment of their performance under a grant. For the most part, these payables are liquidated during the first quarter of the subsequent fiscal year. Grants Payable increased one percent, from \$95.6 million at September 30, 2014 to \$97.0 million at September 30, 2015, reflecting increased grant activity from prior years.

Actuarial FECA liability is an estimate of future workers' compensation expenses that is based on past events and calculated using procedures developed by Department of Labor (DOL). The Actuarial FECA liability reduced 10 percent, from \$9.3 million at September 30, 2014 to \$8.3 million at September 30, 2015.

## CNCS Liabilities as of September 30, 2015



Advances from Others represent the receipt of cash for work to be performed at a future date. This liability increased \$1.7 million during FY 2015 resulting from an increase of advancing funds supporting reimbursable partnerships with other agencies.

Accrued Annual Leave Liability had a minimal increase from \$4.2 million at September 30, 2014 to \$4.3 million at September 30, 2015.

### Results of Operations

The Statement of Operations and Changes in Net Position presents revenue earned by CNCS (primarily appropriations) and the annual cost of operating CNCS programs. CNCS recognizes its use of appropriated capital as revenue at the time it is expended or accrued to pay program or administrative expenses. Appropriations received for the Trust are recognized as revenue when received. Using an appropriate cost accounting methodology, CNCS's expenses have been allocated among its major programs, at the sub-program level. Costs for each major CNCS

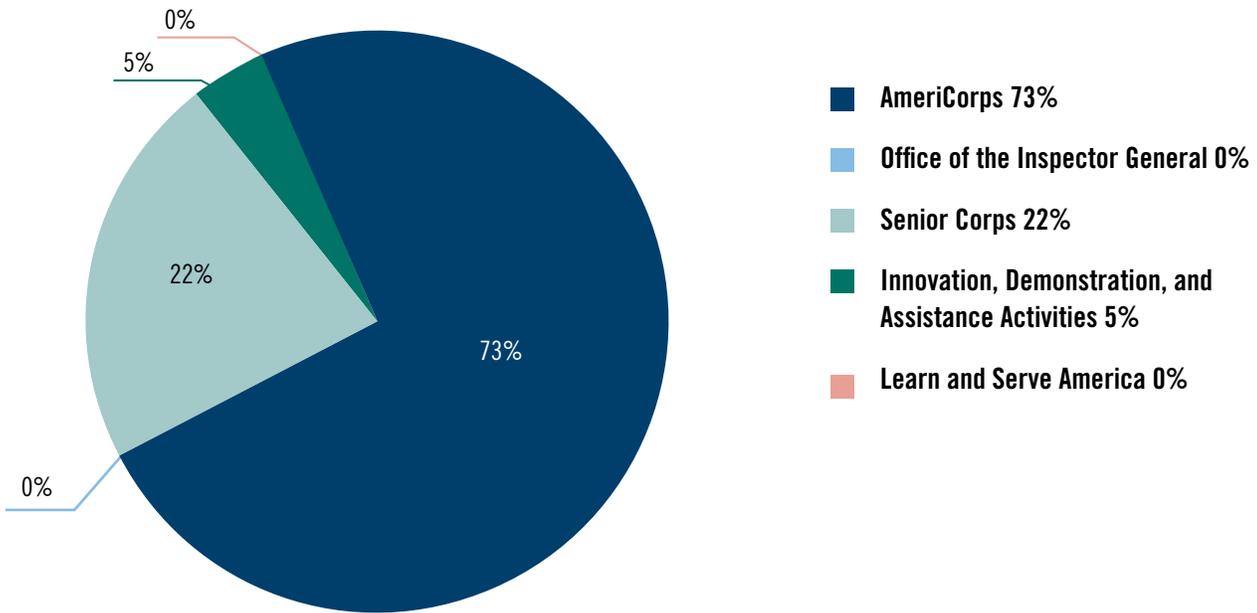
program are reported separately. Program costs include grant expenses and direct and allocated personnel and administrative costs, including AmeriCorps recruitment and Trust operations.

For FY 2015, CNCS Revenue totaled \$1.057 billion, an increase of \$44.9 million, or four percent, from FY 2014. Total Expenses reported for FY 2015 were \$1.016 billion which represents an increase of \$43.2 million, or four percent, from FY 2014. CNCS's net revenue over expenses for FY 2015 was \$40.4 million which is an increase of \$1.7 million compared to FY 2014.

### Budgetary Resources

The Statement of Budgetary Resources provides information on how budgetary resources were made available to CNCS for the year and the status of those budgetary resources at year-end. Total budgetary resources had a small increase of \$2 million from September 30, 2014 to September 30, 2015 which is less than one percent.

## CNCS Expenses for the Period Ended September 30, 2015



## Future Operations Focus

While furthering its mission, CNCS is committed to serve as an effective and efficient steward of taxpayer dollars. Agency leaders enforce principles of continuous improvement, accountability, strong oversight, and transparency. These principles in turn help mitigate mission risks and establish the operational framework necessary for the agency to succeed.

In accordance with CNCS's strategic goal 4 (fortifying operations), below are key agency planned initiatives for FY 2016. These activities follow from the principles discussed above and will lay a foundation for the agency to meet its other three strategic goals discussed earlier in this report.

### Continue to strengthen CNCS's Enterprise Risk Management framework

As part of its risk management efforts, the agency will assess where risk-mitigation strategies can be further integrated into the agency's important business processes such as grant oversight activities. With these enhanced processes, the agency will be better positioned to identify opportunities for improving operational effectiveness and efficiency.

### Complete new Grants and Member Management System development<sup>25</sup>

CNCS's new online platform will streamline the agency's grantmaking process for applicants and staff, allowing each more time to focus on application content. Central to this system is functionality that allows CNCS staff to build customizable grant applications from a menu of possible solicitation sections as needed. This avoids the confusion and inefficiency that can occur with fixed-form grant applications containing sections that only apply to certain types of applicants.

### Sustain targeted IT security investments

As part of its comprehensive effort to provide the strongest IT security possible, CNCS will maintain hardware and software investments that seek to identify and protect against the unauthorized access and use of agency information systems. CNCS will also proactively continue to train and inform staff on how to avoid information system threats such as phishing scams.

### Relocate headquarters offices

By relocating, CNCS will reduce its physical footprint by optimizing space for the agency's business needs. This is in keeping with the general fiscal responsibility promoted by the agency and its leadership.

---

<sup>25</sup> CNCS expects core functionality to be available in late FY 2016. Additional functionality (e.g., a new performance module) will come online in FY 2017.

# Message from the Acting CFO



The mission of the Corporation for National and Community Service (CNCS) is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. Through AmeriCorps, Senior Corps, the Social Innovation Fund, and the Volunteer Generation Fund, CNCS has helped to engage millions of citizens in meeting community and national challenges through service and volunteer action. CNCS strives to make these national service programs as effective and cost-efficient as possible. CNCS's Agency Financial Report (AFR) presents a comprehensive report on financial operations of the agency and provides transparency and accountability to the American people.

I am pleased to report that for the 16th consecutive year, CNCS has earned an unmodified opinion on its AFR. This accomplishment demonstrates an on-going commitment to delivering cost effective programs through sound fiscal management and effective internal controls. We have continued our efforts to address management letter findings and were able to close one finding cited in the 2014 audit.

The CFO organization is committed to making continuous improvements to fiscal operations as part of delivering mission-critical support to the agency. We continue to design and implement policies and procedures to enhance accountability, fiscal responsibility, and enterprise risk management.

While this progress serves as a foundation for continued improvements in organizational and financial management, we recognize the need to address ongoing challenges as we move forward. We are committed to continue to resource and fully implement a sound governance and oversight framework for CNCS's entity-wide risk management program in order to maximize sound fiscal stewardship.

Finally, I would like to thank the financial and program professionals throughout the agency for their continued dedication and hard work this past year. It is their efforts that enable CNCS to meet our goals which are vital to the nation.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form the name 'Jeffrey Page'.

**Jeffrey Page**  
Acting Chief Financial Officer

## Section II:

# Financial Statements

## Consolidated Financial Statements

The Corporation for National and Community Service's (CNCS) consolidated financial statements outline its financial position, results of operations, cash flows, and budgetary resources, as required by the Government Corporation Control Act (GCCA) and Executive Order 13331, National and Community Service Programs. The Act requires government corporations to submit an annual report including the corporation's financial statements to Congress. As specified in the Act, the principal financial statements of CNCS are the:

- Statement of Financial Position (balance sheet), which reports the status of CNCS assets, liabilities, and net position
- Statement of Operations and Changes in Net Position (income statement), which reports CNCS's revenues and expenses for the year and the changes in net position that occurred during the year
- Statement of Cash Flows, which shows how changes in CNCS's financial position and results affected its cash (Fund Balance with Treasury), and presents analysis of operating, investing, and financing activities.

In addition, under the requirements of Executive Order 13331, CNCS prepares a Statement of Budgetary Resources (SBR) as a principal financial statement. The SBR provides information about the budgetary resources made available to CNCS and the status of those resources at the end of the fiscal year.

CNCS's financial statements provide comparative information for Fiscal Year (FY) 2015 and 2014. For FY 2015, CNCS's financial statements, for the 16th consecutive year, received an unmodified opinion. This opinion recognizes that CNCS's financial statements are fairly presented, in all



material respects, in conformity with generally accepted accounting principles.

Section IV, Other Information of this report presents the National Service Trust Fund Status Report which includes the Statements of Financial Position, Operations and Changes in Net Position, Cash Flows, and Budgetary Resources prepared in accordance with Generally Accepted Accounting Principles (GAAP) as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs. These principal statements and the accompanying notes present information on the assets, liabilities, revenue, expenses, cash flow, and budgetary resources of the National Service Trust Fund.

### Limitations of the Financial Statements

The principal financial statements have been prepared in compliance with the reporting requirements described above. CNCS's financial statements published herein are in addition to the financial reports it uses to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. An implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.

**Corporation for National and Community Service**  
**Consolidated Statements of Financial Position**  
**As of September 30, 2015 and 2014** *(dollars in thousands)*

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Fund Balance with Treasury (Note 2)	\$ 1,004,351	\$ 971,738
Cash and Other Monetary Assets	79	125
Investments and Related Receivables (Note 3)	751,464	717,973
Advances to Others	57,288	58,122
Accounts Receivable, Net (Note 4)	8,157	9,278
Property and Equipment, Net (Note 5)	7,440	2,387
<b>Total Assets</b>	<b><u>\$ 1,828,779</u></b>	<b><u>\$ 1,759,623</u></b>
<b>Liabilities</b>		
Trust Service Award Liability (Note 6)	\$ 454,890	\$ 454,131
Grants Payable	96,978	95,571
Accounts Payable	5,149	5,103
Actuarial FECA Liability (Note 8)	8,328	9,255
Advances from Others (Note 9)	26,725	24,990
Accrued Annual Leave	4,301	4,244
Other Liabilities (Note 10)	14,912	14,273
<b>Total Liabilities</b>	<b><u>611,283</u></b>	<b><u>607,567</u></b>
Contingencies (Note 16)		
<b>Net Position</b>		
Unexpended Appropriation	915,432	890,367
Cumulative Results of Operations	302,064	261,689
<b>Total Net Position (Note 11)</b>	<b><u>\$ 1,217,496</u></b>	<b><u>\$ 1,152,056</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 1,828,779</u></b>	<b><u>\$ 1,759,623</u></b>

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

**Corporation for National and Community Service**  
**Consolidated Statements of Operations and Changes in Net Position**  
**For the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

<b>Revenue</b>	<b>2015</b>	<b>2014</b>
Appropriated Capital Used	\$ 779,799	\$ 740,124
Appropriations Received by the National Service Trust (Note 12)	217,507	212,496
Interest	2,747	2,442
Revenue from Services Provided	40,450	44,545
Other	16,194	12,201
<b>Total Revenue</b>	<b>\$ 1,056,697</b>	<b>\$ 1,011,808</b>
<b>Expenses</b>		
AmeriCorps	\$ 742,280	\$ 707,310
SeniorCorps	221,788	219,678
Learn and Serve America	-	472
Innovation, Demonstration and Assistance Activities	47,702	42,165
Office of the Inspector General	4,552	3,458
<b>Total Expenses (Note 13)</b>	<b>1,016,322</b>	<b>973,083</b>
<b>Net of Revenue Over Expenses</b>	<b>\$ 40,375</b>	<b>\$ 38,725</b>
<b>Net Position</b>		
Net of Revenue over Expenses	\$ 40,375	\$ 38,725
Increase/(Decrease) in Unexpended Appropriations, Net (Note 15)	25,065	80,854
Increase/(Decrease) in Net Position, Net	65,440	119,579
Net Position, Beginning Balance	1,152,056	1,032,477
<b>Net Position, Ending Balance (Note 11)</b>	<b>\$ 1,217,496</b>	<b>\$ 1,152,056</b>

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

**Corporation for National and Community Service**  
**Consolidated Statements of Cash Flows**  
**For the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2015</b>	<b>2014</b>
Net of Revenue over Expenses	\$ 40,375	\$ 38,725
Adjustments Affecting Cash Flow:		
Depreciation, Amortization, and Loss on Disposition of Assets	1,917	1,740
Amortization of Premium/(Discount) on Investments	(1,606)	(613)
Appropriated Capital Used	(779,799)	(740,124)
Appropriations Received in Trust	(217,507)	(212,496)
Appropriations Transferred to Other Federal Agencies	(1,000)	(2,000)
Decrease/(Increase) in Cash and Other Monetary Assets	46	(125)
Decrease/(Increase) in Accounts Receivable	1,121	323
Decrease/(Increase) in Interest Receivable	182	253
Decrease/(Increase) in Advances to Others	834	(2,122)
Increase/(Decrease) in Accounts Payable and Other Liabilities	685	2,868
Increase/(Decrease) in Advances from Others	1,735	(21,131)
Increase/(Decrease) in FECA and Annual Leave Liabilities	(870)	(332)
Increase/(Decrease) in Trust Liability	759	(10,143)
Increase/(Decrease) in Grants Payable	1,407	(7,554)
Total Adjustments	(992,096)	(991,456)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(951,721)</b>	<b>(952,731)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Securities	981,391	867,395
Purchase of Assets	(6,970)	(781)
Purchase of Securities	(1,013,458)	(891,843)
<b>Net Cash Provided/(Used) in Investing Activities</b>	<b>(39,037)</b>	<b>(25,229)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations Received, Net of Trust	1,054,954	1,049,954
Rescissions and Cancellations	(31,583)	(14,480)
<b>Net Cash Provided by Financing Activities</b>	<b>1,023,371</b>	<b>1,035,474</b>
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>32,613</b>	<b>57,514</b>
<b>Fund Balance with Treasury, Beginning</b>	<b>971,738</b>	<b>914,224</b>
<b>Fund Balance with Treasury, Ending (Note 2)</b>	<b>\$ 1,004,351</b>	<b>\$ 971,738</b>

**Corporation for National and Community Service**  
**Combined Statements of Budgetary Resources**  
**For the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

<b>BUDGETARY RESOURCES</b>	<b>2015</b>	<b>2014</b>
Unobligated, balance brought forward, October 1	\$ 205,420	\$ 213,255
Recoveries of unpaid prior year obligations	31,772	37,405
Other changes in unobligated balance	<u>(31,583)</u>	<u>(14,480)</u>
Unobligated balance from prior year budget authority, net	205,609	236,180
Appropriations Discretionary	1,053,954	1,047,954
Appropriation (special or trust funds)	<u>217,514</u>	<u>212,589</u>
Appropriation Discretionary (total)	1,271,468	1,260,543
Appropriation Mandatory (special or trust funds)	<u>3,933</u>	<u>5,050</u>
Appropriation (discretionary and mandatory)	1,275,401	1,265,593
Spending authority from offsetting collections (discretionary and mandatory)	50,718	27,911
<b>Total Budgetary Resources</b>	<b><u>\$ 1,531,728</u></b>	<b><u>\$ 1,529,684</u></b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations incurred (Note 19)	<u>\$ 1,300,749</u>	<u>\$ 1,324,264</u>
Unobligated balance, end of year:		
Apportioned (Note 2)	98,113	60,614
Unapportioned (Note 2)	<u>132,866</u>	<u>144,806</u>
Total unobligated balance, end of year	<u>230,979</u>	<u>205,420</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 1,531,728</u></b>	<b><u>\$ 1,529,684</u></b>

*(Continued)*

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

**Corporation for National and Community Service**  
**Combined Statements of Budgetary Resources – Continued**  
**For the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

<b>CHANGE IN OBLIGATED BALANCE</b>	<b>2015</b>	<b>2014</b>
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 1,480,417	\$ 1,387,779
Obligations incurred	1,300,749	1,324,263
Outlays (gross)	(1,225,581)	(1,194,220)
Recoveries of prior year unpaid obligations, actual	<u>(31,772)</u>	<u>(37,405)</u>
<b>Unpaid Obligations, end of year</b>	<b>1,523,813</b>	<b>1,480,417</b>
Uncollected payments:		
Uncollected payments, Federal sources, brought forward, October 1	(131)	(104)
Change in uncollected payments, Federal sources	<u>(1,911)</u>	<u>(27)</u>
<b>Uncollected payments, Federal sources, end of year</b>	<b>(2,042)</b>	<b>(131)</b>
Memorandum (non-add) entries:		
<b>Obligated balance, start of year</b>	<u>\$ 1,480,286</u>	<u>\$ 1,387,675</u>
<b>Obligated balance, end of year (Note 2)</b>	<u><b>\$ 1,521,771</b></u>	<u><b>\$ 1,480,286</b></u>
<b>BUDGET AUTHORITY AND OUTLAYS, NET</b>		
Budgetary authority, gross (discretionary and mandatory)	\$ 1,326,119	\$ 1,293,504
Actual offsetting collections (discretionary and mandatory)	(48,807)	(27,884)
Change in uncollected payments, Federal sources	<u>(1,911)</u>	<u>(27)</u>
<b>Budget authority, net (discretionary and mandatory)</b>	<u><b>\$ 1,275,401</b></u>	<u><b>\$ 1,265,593</b></u>
Outlays, gross (discretionary and mandatory)	1,225,581	1,194,220
Actual offsetting collections (discretionary and mandatory)	<u>(48,807)</u>	<u>(27,884)</u>
<b>Outlays, net (discretionary and mandatory)</b>	<b>1,176,774</b>	<b>1,166,336</b>
Distributed offsetting receipts	<u>(218,475)</u>	<u>(214,188)</u>
<b>Agency outlays, net (discretionary and mandatory)</b>	<u><b>\$ 958,299</b></u>	<u><b>\$ 952,148</b></u>

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

## NOTE 1—Summary of Significant Accounting Policies

### A. REPORTING ENTITY

The Corporation for National and Community Service (CNCS) was created by the National and Community Service Trust Act of 1993 (Public Law 103-82). CNCS's mission is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. To meet its mission, CNCS provides grants and other assistance to states, local municipalities, and nonprofit organizations to help communities meet critical challenges in the areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and assisting veterans and military families through volunteer service. CNCS's major programs are:

**Senior Corps.** Senior Corps offers a network of programs that tap into the rich experience, skills, and talents of older citizens to meet community challenges. Senior Corps comprises the RSVP, the Foster Grandparent Program, and the Senior Companion Program.

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

- AmeriCorps State, National, Tribes, and Territories (State and National) offers grants supporting a broad range of local service programs that engage thousands of Americans in intensive service to meet critical community needs.
- AmeriCorps Volunteers in Service to America (VISTA) helps community organizations and public agencies create and expand programs that build capacity and ultimately bring low-income individuals and communities out of poverty.
- AmeriCorps National Civilian Community Corps (NCCC) strengthens communities while developing leaders through direct, team-based national and community service.

CNCS, for the most part, administered its programs in FY 2015 from the following funds:

#### Trust and Gift Funds:

- National Service Trust (Trust), from which CNCS provided education awards and interest forbearance for volunteers under the AmeriCorps members.
- Gifts and Contributions, into which CNCS deposited qualified gifts and contributions from individuals and organizations, from which approved expenditures are made furthering CNCS's goals.

#### Appropriated Funds:

- Operating Expenses, from which CNCS funded Senior Corps, AmeriCorps, and other program activity.
- Salaries and Expenses, from which CNCS funded its general administrative expenses.

- Office of Inspector General (OIG), from which CNCS funded the expenses of the Office of Inspector General.
- AmeriCorps VISTA Advance Payment Revolving Fund, from which CNCS paid the living allowances for AmeriCorps VISTA members enrolled under cost share agreements with sponsoring organizations. CNCS is reimbursed for these costs by the sponsoring organization. Despite the account title, the AmeriCorps VISTA Advance Payment Revolving Fund is not a revolving fund, but rather a general fund expenditure account.

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act included funding for the use of CNCS to support an expansion of the AmeriCorps State and National and VISTA programs. As a result of the passage of the Recovery Act, three additional appropriated funds were established:

- Operating Expenses, Recovery Act, from which CNCS funded the increased AmeriCorps State and National and VISTA membership as a result.
- Salaries and Expenses, Recovery Act, which funded CNCS's expenses to improve Information Technology (IT) systems and administer the increased AmeriCorps State and National and VISTA membership.
- OIG, Recovery Act, from which CNCS funded the expenses of the OIG's Recovery Act oversight responsibilities.

### B. BASIS OF ACCOUNTING

The accompanying financial statements include all funds administered by CNCS, as delineated in Note 1A—Reporting Entity. They include CNCS's activities related to providing grants and other assistance to eligible states, local governments, and nonprofit organizations as well as education awards to eligible national service participants. All significant intra-entity transactions and balances are eliminated in consolidation.

### C. FINANCIAL STATEMENT PRESENTATION AND CONSOLIDATION POLICY

The accompanying financial statements report CNCS's financial position, results of operations, and cash flows, as required by the Government Corporation Control Act (GCCA). As required by GCCA, the principal financial statements of CNCS are the:

- Statement of Financial Position, which reports the status of CNCS assets, liabilities, and net position;
- Statement of Operations and Changes in Net Position, which reports CNCS's revenues and expenses for the year and the changes in net position that occurred during the year; and
- Statement of Cash Flows, which shows how changes in CNCS's financial position and results affected its cash (Fund Balance with Treasury), and present the analysis of operating, investing, and financing activities.

The financial statements are presented in accordance with the Generally Accepted Accounting Principles in the United States of America (GAAP), as applicable to federal government corporations. The Federal Accounting Standards Advisory Board (FASAB) is the standard setting body for the federal government. The Statement of Federal Financial Accounting Standards Number 34 (SFFAS 34) provides that financial statements prepared by certain government corporations in conformity with the accounting standards issued by the Financial Accounting Standards Board (FASB), are regarded as being in conformity with GAAP. As provided by SFFAS 34, where there is no standard issued by FASB applicable to the federal corporation the financial statements are presented in accordance with the accounting standards issued by FASAB.

In addition, under Executive Order 13331, National and Community Service Programs, CNCS must prepare a Combined Statement of Budgetary Resources as a principal statement. The accompanying Combined Statements of Budgetary Resources have been prepared in accordance with GAAP, as prescribed by FASAB. The Combined Statement of Budgetary Resources presents additional details to include activity that is significant to CNCS.

CNCS's consolidation policy requires the consolidation of all funds administered by CNCS, as delineated in Note 1A—Reporting Entity.

In FY 2015, presentation changes have been made to facilitate a greater understanding of the statements and notes. Certain prior year amounts have been reclassified to conform to the current year presentation. No changes made were material at the financial statement line item or at the note line level.

#### **D. BUDGETS AND BUDGETARY ACCOUNTING**

The activities of CNCS are primarily funded through the annual Departments of Labor (DOL), Health and Human Services (HHS), Education, and Related Agencies Appropriation Act. CNCS's accounting structure reflects both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the actual collection or payment of cash. Federal budgetary accounting recognizes the obligation of appropriations and other funds upon the establishment of a properly documented legal liability, which, in many cases, is different from the recording of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of federal funds.

#### **E. ASSET AND LIABILITY VALUATION**

CNCS values its investments at carrying value and discloses fair value. As of September 30, 2015, the carrying amounts of Fund Balance with Treasury, Cash and Other Monetary Assets, Accounts Receivable, Advances to Others, Accrued Interest Receivable, Accounts Payable, and Other Liabilities approximate their fair value.

#### **F. FUND BALANCE WITH TREASURY**

CNCS considers Fund Balance with Treasury (FBWT) to represent cash and cash equivalents. It is CNCS's cash accounts with the Department of the Treasury (Treasury). Treasury processes cash receipts and disbursements on behalf of CNCS and CNCS's accounting records are reconciled with those of Treasury on a regular basis. CNCS's FBWT includes all of its appropriated, gift, and trust funds.

The FBWT maintained in the National Service Trust is restricted to specific purposes, such as paying service awards earned by eligible participants, and is not available for use in the current operations of CNCS. In addition, the majority of the funds received from individuals and organizations for deposit in the Gifts and Contributions fund are restricted for particular uses, such as service projects.

#### **G. CASH AND OTHER MONETARY ASSETS**

Cash consists of: coins, paper currency, and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit.

#### **H. INVESTMENTS AND RELATED RECEIVABLES**

By law, CNCS may invest the funds of the National Service Trust in interest-bearing Treasury securities guaranteed by the United States as to principal and interest. These Treasury securities are referred to as "market-based," since they mirror actual Treasury securities sold on the open market. They consist of Treasury notes, bonds, bills, and one-day certificates.

Since they are expected to be held-to-maturity, CNCS's investments are valued at cost and adjusted for the amortization of premiums and discounts. The premiums and discounts are recognized as adjustments to interest income, using the effective interest method. Interest receivable represents amounts earned, but not received on investments held at year-end. Prepaid interest is the amount of interest earned on a security since the date of its last interest payment, up to the date the security is purchased by CNCS. Such interest, if any, at year-end is included in the interest receivable balance.

#### **I. CASH EQUIVALENTS**

For purposes of the statement of cash flows, CNCS considers all interest-bearing Treasury securities guaranteed by the United States to be cash equivalents.

#### **J. ADVANCES TO OTHERS**

CNCS advances funds to non-federal entities, primarily in response to grantee drawdown requests, to facilitate their authorized service activities. The cash payments to grantees, in excess of amounts appropriately expended under the terms of the grant agreements, are accounted for as advances. At the end of the fiscal year, the total amount advanced

to grantees is compared with the total CNCS-funded amount of grant expenses properly incurred by the grantees. Grantee expenses are determined from reports submitted by the grantees. For those grantees with advances exceeding expenses, the aggregate difference is reported as the advance account balance.

#### **K. ACCOUNTS RECEIVABLE**

Accounts receivable represents amounts due to CNCS primarily under federal and non-federal reimbursable agreements, grantee audit resolution determinations, and outstanding travel advances due from employees. An allowance for doubtful accounts is established for reporting purposes based on past experience.

#### **L. PROPERTY AND EQUIPMENT**

Property and Equipment is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation (or amortization). Normal maintenance and repair costs on capitalized property and equipment are expensed when incurred.

CNCS's general policy is to capitalize Property and Equipment if the initial acquisition price is \$50 thousand or more. Property and equipment with an estimated useful life that extends beyond the year of acquisition is capitalized at historical cost and is depreciated (or amortized) on a straight-line basis over estimated useful lives ranging from two to ten years.

#### **M. TRUST SERVICE AWARD LIABILITY**

The Trust Service Award Liability represents unpaid earned, and expected to be earned, education awards and eligible student loan interest forbearance costs expected to be used. These amounts relate to participants who have completed service or are currently enrolled in the program and are expected to earn an award, based on CNCS's historical experience.

#### **N. GRANTS PAYABLE**

CNCS 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.

Although most grantees request funds prior to incurring expenses, some incur expenditures prior to initiating a request for disbursement, based on the nature of the expenditures. At the end of the fiscal year, CNCS computes and reports an estimate of the amount of unreimbursed grantee expenses as grants payable. This accrual is based on an analysis of the amounts actually disbursed to grantees in the third quarter.

#### **O. ACCOUNTS PAYABLE**

CNCS records as liabilities all amounts that are likely to be paid as a direct result of a transaction or event that has already occurred. Accounts payable represents amounts due to external entities for goods and services received by CNCS, but not paid for at the end of the fiscal year.

#### **P. ACTUARIAL FECA LIABILITY**

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees, AmeriCorps NCCC and VISTA members injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for CNCS's employees and members under FECA are determined and paid by the DOL and later billed to CNCS. CNCS's actuarial liability for workers' compensation includes costs incurred, but unbilled as of year-end, as calculated by DOL. CNCS reimburses DOL for FECA claims out of current appropriations upon receipt of a bill from DOL.

#### **Q. OTHER LIABILITIES**

Other liabilities include amounts owed but not paid at the end of the fiscal year for payroll and benefits, AmeriCorps VISTA stipends, the amount of claims for benefits for CNCS employees under FECA that have been paid by DOL and billed to CNCS but have not yet been reimbursed to DOL, other unfunded employment related liability, liability for non-fiduciary deposit funds and undeposited collections, and accounts payable canceled appropriations.

#### **R. ACCRUED ANNUAL LEAVE**

Annual leave is accrued as a liability based on amounts earned but not used as of the fiscal year-end. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates and leave balances. Annual leave is funded from current appropriations when used. As unused annual leave is used in the future, financing will be obtained from appropriations current at that time. Sick leave and other types of non-vested leave are also expensed when used.

#### **S. ADVANCES FROM OTHERS**

Advances from others consist of advances from other federal agencies and the public related to interagency and cost share agreements into which CNCS entered to provide services.

#### **T. NET POSITION**

Net Position represents Net Assets. It is comprised of CNCS's unexpended appropriations and its cumulative results of operations. Unexpended appropriations reflect the balance of appropriated authority granted to CNCS against which no outlays have been made. Cumulative results of operations represent the net differences between revenues and expenses from the inception of CNCS.

#### **U. REVENUE RECOGNITION**

**Appropriated Capital Used.** CNCS recognizes its use of appropriated capital as revenue at the time it is expended or accrued to pay program or administrative expenses. Appropriations expended for property and equipment are recognized as used when the property is purchased. Appropriated capital not expended within five fiscal years after it became available for obligation is canceled. Unpaid obligations recorded

against cancelled appropriated capital are paid from currently available appropriated funds as payments become due. Appropriations received for the Trust are recognized as revenue when received in the Trust Fund. Trust appropriations do not expire with the passage of time and are retained by CNCS in the Trust until used for eligible education service award purposes.

**Interest on Investments.** Interest income is recognized when earned. Treasury notes and bonds pay interest semi-annually, based on the stated rate of interest. Interest on Treasury bills is paid at maturity. Interest income is adjusted by amortization of premiums and discounts using the effective interest method.

**Revenue from Services Provided.** CNCS also receives income from reimbursable service agreements that is recorded as revenue from services provided. Revenue from services provided is recognized when earned, i.e., goods have been delivered or services rendered.

**Gifts and Donations.** Revenue is recognized at the time gifts and donations are received and deposited in Treasury to the credit of the Gifts and Contributions Fund.

## V. RETIREMENT BENEFITS

CNCS's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984, elected to join FERS and Social Security or remained in the CSRS.

For employees covered by CSRS, CNCS contributes seven percent of their basic pay. For those employees covered by FERS, CNCS contributes 11.2 percent of their gross pay towards retirement. Employees are allowed to participate in the Federal Thrift Savings Plan (TSP). For employees under FERS, CNCS contributes an automatic one percent of basic pay to TSP and

matches employee contributions up to an additional four percent of pay, for a maximum CNCS contribution amounting to five percent of pay. Employees under CSRS may participate in the TSP, but will not receive either CNCS's automatic or matching contributions.

## W. INCOME TAXES

As a federal entity, CNCS is exempt from all income taxes imposed by any governing body, Federal, State, commonwealth, local, or foreign government.

## X. USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires CNCS to make estimates and assumptions about future events. These estimates and assumptions affect the amounts reported in CNCS's financial statements and accompanying notes. CNCS evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that it believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made when facts and circumstances warrant. As future events and their effects cannot be determined with certainty, actual results could differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the liability for service awards, grants payable, and grant advances.

## Y. COMPARATIVE DATA

CNCS's financial statements provide comparative information for FY 2015 and 2014.

## Z. CONCENTRATION OF RISKS

Congress annually considers whether to fund CNCS's program and operational activities. Should Congress opt not to enact appropriations to fund them, CNCS would be unable to continue operations. CNCS's management believes the risk of such an occurrence is remote.

**NOTE 2—Fund Balance with Treasury**

U.S. Government cash is accounted for on an overall consolidated basis by the Treasury. The Fund Balance with Treasury line on the Statement of Financial Position consists of the following:

- **Appropriated Funds** – Appropriated funds are received through congressional appropriations to provide financing sources for CNCS's programs on an annual, multi-year, and no-year basis.
- **Trust Funds** – Trust funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the National Service Trust may be

expended for the purpose of providing an education award or student loan interest forbearance payment and are made directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The National Service Trust also pays awards under the President's Freedom Scholarship, Summer of Service, and Silver Scholar programs.

- **Gift Funds** – Gift Funds are funds received from individuals and organizations as donations in furtherance of the purposes of national service laws.

**Fund Balance with Treasury as of September 30, 2015** *(dollars in thousands)*

Type	UNRESTRICTED		RESTRICTED		Total
	Appropriated Funds	Trust Funds	Gift Funds		
Obligated Not Yet Disbursed	\$ 886,406	\$ 635,320	\$ 45	\$ 1,521,771	
Unobligated Available	24,435	73,335	343	98,113	
Unobligated Unavailable	82,669	50,197	-	132,866	
Non Budgetary FBWT	2,033	-	-	2,033	
Investments *	-	(750,432)	-	(750,432)	
<b>Total</b>	<b>\$ 995,543</b>	<b>\$ 8,420</b>	<b>\$ 388</b>	<b>\$ 1,004,351</b>	

**Fund Balance with Treasury as of September 30, 2014** *(dollars in thousands)*

Type	UNRESTRICTED		RESTRICTED		Total
	Appropriated Funds	Trust Funds	Gift Funds		
Obligated Not Yet Disbursed	\$ 856,822	\$ 623,340	\$ 124	\$ 1,480,286	
Unobligated Available	11,891	48,351	372	60,614	
Unobligated Unavailable	94,136	50,670	-	144,806	
Non Budgetary FBWT	1,787	-	-	1,787	
Investments *	-	(715,755)	-	(715,755)	
<b>Total</b>	<b>\$ 964,636</b>	<b>\$ 6,606</b>	<b>\$ 496</b>	<b>\$ 971,738</b>	

\* Investments include purchases, sales, premiums and discounts

In FY 2015, CNCS restructured the FBWT line item on the balance sheet, and Note 2 FBWT, to present the Cash and Other Monetary Assets balance separately from the FBWT balance. The changes were done to reflect a more accurate presentation of the FBWT balance, and to align the Unobligated Available and Unobligated Unavailable balances in Note 2 to the Statement of Budgetary Resources line items Apportioned and Unapportioned, respectively.

**NOTE 3—Investments and Related Receivables****Investments and Related Receivables as of September 30** *(dollars in thousands)*

	2015	2014
Investments, Carrying Value	\$ 750,977	\$ 717,304
Interest Receivable	487	669
<b>Total</b>	<b>\$ 751,464</b>	<b>\$ 717,973</b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2015** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 328,823	\$ 652	\$ 329,475
Bills	422,154	142	422,296
<b>Total</b>	<b>\$ 750,977</b>	<b>\$ 794</b>	<b>\$ 751,771</b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2014** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 459,781	\$ 596	\$ 460,377
Bills	257,523	37	257,560
<b>Total</b>	<b>\$ 717,304</b>	<b>\$ 633</b>	<b>\$ 717,937</b>

As of September 30, 2015, the notes held at year-end had an interest rate range of 0.250 percent to 0.625 percent and an outstanding maturity period of approximately 197 days to two years. The bills held at year-end had an interest rate range of 0.000 percent to 0.415 percent and were all due to mature within 364 days. The par values of notes range from \$9.6 million to \$148.3 million. The fair value of the bills and notes is based on bid and ask prices quoted by Treasury as of September 30, 2015, and 2014.

Since FY 2003, CNCS has set aside in reserve a portion of the funds in the National Service Trust for use in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. This reserve was originally required by the Strengthen AmeriCorps Program Act, and is now required by section 149(b) of the National and Community Service Act (42 U.S.C. 12606(b)). As of September 30, 2015, \$50.2 million of CNCS's investment account has been set aside for this reserve.

**NOTE 3—Investments and Related Receivables—Continued**

**Maturation of Securities Held as of September 30** *(dollars in thousands)*

	2015		2014	
Held-to-Maturity Securities	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 523,225	\$ 523,435	\$ 537,761	\$ 538,417
Due after 1 year up to 5 years	227,752	228,336	179,543	179,520
<b>Total</b>	<b>\$ 750,977</b>	<b>\$ 751,771</b>	<b>\$ 717,304</b>	<b>\$ 717,937</b>

**NOTE 4 – Accounts Receivables, Net**

**Accounts Receivable as of September 30** *(dollars in thousands)*

	Appropriated Funds	Trust Fund	Total
<b>2015</b>			
Accounts receivable	\$ 9,196	\$ 355	\$ 9,551
Less: allowance for doubtful accounts	(1,300)	(94)	(1,394)
<b>Accounts Receivable, Net</b>	<b>\$ 7,896</b>	<b>\$ 261</b>	<b>\$ 8,157</b>
<b>2014</b>			
Accounts receivable	\$ 9,875	\$ 274	\$ 10,149
Less: allowance for doubtful accounts	(826)	(45)	(871)
<b>Accounts Receivable, Net</b>	<b>\$ 9,049</b>	<b>\$ 229</b>	<b>\$ 9,278</b>

**NOTE 5—Property and Equipment, Net****General Property and Equipment as of September 30, 2015** *(dollars in thousands)*

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 4,010	\$ (2,534)	\$ 1,476
ADP software in development	N/A	4,464	—	4,464
ADP software	2	13,847	(12,347)	1,500
<b>Total</b>		<b>\$ 22,321</b>	<b>\$ (14,881)</b>	<b>\$ 7,440</b>

**General Property and Equipment as of September 30, 2014** *(dollars in thousands)*

Major Class	Service Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Equipment	3 - 10	\$ 2,586	\$ (2,267)	\$ 319
ADP software in development	N/A	42	—	42
ADP software	2	12,722	(10,696)	2,026
<b>Total</b>		<b>\$ 15,350</b>	<b>\$ (12,963)</b>	<b>\$ 2,387</b>

**NOTE 6—Trust 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 awards, which are available to use for a period of up to seven years after the benefit has been earned, are paid from the National Service Trust.

The National Service Trust also pays forbearance interest on qualified student loans during the period members perform community service, as well as awards under the Presidential Freedom Scholarship Program. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Service Award was composed of the following as of September 30:

**Service Award Liability as of September 30** *(dollars in thousands)*

	2015	2014
Education awards	\$ 2,647,027	\$ 2,469,053
Interest forbearance	103,258	89,677
President's Freedom Scholarship Program	22,527	22,527
Total estimated service award liability	2,772,812	2,581,257
Less: cumulative awards paid	(2,317,922)	(2,127,126)
<b>Total</b>	<b>\$ 454,890</b>	<b>\$ 454,131</b>

The Net Service Award Liability as of September 30, 2015 increased by approximately \$0.76 million from the Net Service Award Liability as of September 30, 2014. As of October 1, 2009, the National Service Trust is also available to pay Summer of Service and Silver Scholar education awards. However, the Silver Scholar program was not funded and no current liability was accrued for those educational awards. The Summer of Service program was only funded in FY 2010.

### NOTE 7—Operating Leases

CNCS leases office space through the General Services Administration (GSA). GSA charges CNCS a Standard Level Users Charge that approximates commercial rental rates for similar properties. The NCCC also leases housing facilities for its campuses. Additionally, CNCS leases motor vehicles on an annual basis through GSA under an Interagency Fleet Management Service agreement for the NCCC. The leases are renewable with no purchase or escalation clause. The following schedule presents future minimum rental commitments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of September 30.

### Estimated Operating Lease Commitments as of September 30 *(dollars in thousands)*

Fiscal Year	2015				2014			
	Facilities Space	Vehicles	Other	Total	Facilities Space	Vehicles	Other	Total
2015	\$ -	\$ -	\$ -	\$ -	\$ 10,414	\$ 298	\$ 540	\$ 11,252
2016	11,522	795	554	12,871	10,381	309	522	11,212
2017	11,846	813	561	13,220	10,702	322	531	11,555
2018	12,179	832	575	13,586	11,033	335	532	11,900
2019	12,523	852	598	13,973	11,374	348	541	12,263
2020	12,876	872	622	14,370	-	-	-	-
<b>Total</b>	<b>\$ 60,946</b>	<b>\$ 4,164</b>	<b>\$ 2,910</b>	<b>\$ 68,020</b>	<b>\$ 53,904</b>	<b>\$ 1,612</b>	<b>\$ 2,666</b>	<b>\$ 58,182</b>

### NOTE 8—Actuarial FECA Liability

CNCS's actuarial liability for future workers' compensation benefits under FECA was \$8.3 million and \$9.3 million as of September 30, 2015, and 2014, respectively. The amount includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. As with all federal agencies CNCS's FECA liability is determined

by DOL. The actuarial liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's (OMB's) economic assumptions for 10-year Treasury notes and bonds.

**NOTE 9—Advances from Others**

Advances from Others consists of advances from other federal government entities and nonfederal entities related to the interagency and cost share agreements into which CNCS entered to provide services.

Advances from others primarily consist of Federal Emergency Management Agency (FEMA), Environmental Protection Agency (EPA), Department of Justice (DOJ), Department of Housing and Urban Development (HUD), and Department of Agriculture (USDA) related reimbursable activities.

**Advances from Others as of September 30** *(dollars in thousands)*

	2015	2014
Advances from Others-Federal	\$ 26,725	\$ 24,937
Advances from Others-NonFederal	-	53
<b>Total Advances from Others</b>	<b>\$ 26,725</b>	<b>\$ 24,990</b>

**NOTE 10—Other Liabilities**

Other liabilities include amounts owed but not paid at the end of the fiscal year for payroll and benefits, AmeriCorps VISTA stipends, the amount of claims for benefits for CNCS's employees under FECA that have been paid

by DOL and billed to CNCS but have not yet been reimbursed to DOL, other unfunded employment related liability, liability for non-fiduciary deposit funds and undeposited collections, and accounts payable canceled appropriations.

**Other Liabilities as of September 30** *(dollars in thousands)*

	2015	2014
Accrued Funded Payroll and Benefits	\$ 2,180	\$ 1,854
Unfunded FECA Liability	2,076	2,193
Member Payroll Related Liabilities	3,808	3,516
Liability for Non-Entity Assets	3,481	3,162
Other	3,367	3,548
<b>Total Other Liabilities</b>	<b>\$ 14,912</b>	<b>\$ 14,273</b>

**NOTE 11—Net Position**

Net position consists of unexpended appropriations and cumulative

results of operations. Component balances are separately maintained for the Gift Funds, Trust Funds and Appropriated Funds.

**Net Position by Fund Balance Component as of September 30, 2015** *(dollars in thousands)*

	Appropriated Funds	Trust Funds	Gift Funds	Total
Unexpended appropriations	\$ 915,432	\$ -	\$ -	\$ 915,432
Cumulative results of operations	(3,576)	305,255	385	302,064
<b>Total Net Position</b>	<b>\$ 911,856</b>	<b>\$ 305,255</b>	<b>\$ 385</b>	<b>\$ 1,217,496</b>

*(Continued)*

**NOTE 11—Net Position—Continued****Net Position by Fund Balance Component as of September 30, 2014** *(dollars in thousands)*

	Appropriated Funds	Trust Funds	Gift Funds	Total
Unexpended appropriations	\$ 890,367	\$ -	\$ -	\$ 890,367
Cumulative results of operations	(9,450)	270,677	462	261,689
<b>Total Net Position</b>	<b>\$ 880,917</b>	<b>\$ 270,677</b>	<b>\$ 462</b>	<b>\$ 1,152,056</b>

CNCS is required to report information regarding its financial position according to three classes of net assets (net position): unrestricted, temporarily restricted and permanently restricted.

CNCS has no permanently restricted assets. The following table presents the Corporation's unrestricted and temporarily restricted net assets

**Restrictions on Net Position as of September 30, 2015** *(dollars in thousands)*

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 911,856	\$ -	\$ 911,856
Trust Funds	-	305,255	305,255
Gift Funds	-	385	385
<b>Total Net Position</b>	<b>\$ 911,856</b>	<b>\$ 305,640</b>	<b>\$ 1,217,496</b>

**Restrictions on Net Position as of September 30, 2014** *(dollars in thousands)*

	Unrestricted	Temporarily Restricted	Total
Appropriated Funds	\$ 880,917	\$ -	\$ 880,917
Trust Funds	-	270,677	270,677
Gift Funds	-	462	462
<b>Total Net Position</b>	<b>\$ 880,917</b>	<b>\$ 271,139</b>	<b>\$ 1,152,056</b>

## NOTE 12—Appropriations Received by the National Service Trust

As of September 30, 2015, and 2014, the National Service Trust received \$209.6 million and \$207.4 million, respectively. CNCS 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. Under the provisions of the law, CNCS transferred \$7.9 million and \$5.1 million to the Trust in FY 2015 and FY 2014, respectively. Accordingly, the National Service Trust received a total funding of \$217.5 million in FY 2015, and \$212.5 million in FY 2014, respectively.

## NOTE 13—Expenses

Using an appropriate cost accounting methodology, CNCS's expenses have been allocated among its major programs, at the sub-program level.

Costs for each sub-program are reported on separately:

AmeriCorps engages members in intense, impact-oriented service to address local community needs in areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and assisting veterans and military families. AmeriCorps includes State and National, Tribes, and Territories (State/National); National Civilian Community Corps (NCCC); and Volunteers In Service To America (VISTA) programs. The State/National sub-program includes grant expenses, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations. The NCCC sub-program includes member stipend and benefits, and direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations. The VISTA sub-program includes grant expenses, member stipend and benefits, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and National Service Trust operations.

The Senior Corps programs provide opportunities for members 55 and older to address local community needs in the areas of education, assisting veterans and military families, disaster response, and healthy futures. Senior Corps includes the Foster Grandparent Program (FGP);

Senior Companion Program (SCP); and the Retired and Senior Volunteer Program (RSVP).

The Senior Corps programs include grant expenses, as well as direct and allocated personnel and administrative costs for RSVP, FGP, and SCP. CNCS also has reimbursable agreements with several state agencies whereby CNCS awards and administers grants to a list of grantees selected and funded by the State (pass-through grants). The activity related to pass-through grants has been reclassified to be associated with the related Senior Corps program.

Learn and Serve America includes grant expenses, as well as direct and allocated personnel and administrative costs, for the Learn and Serve America Program, the President's Student Service Challenge, and National Service Leader Schools. The Learn & Serve program was not funded in FY 2011; however, there was on-going activity through FY 2014 as the program wound down.

The National Service Award Expense component consists of CNCS's estimated expense for education awards based on the increase in its service award liability during the year and interest forbearance costs on qualified student loans during the period members perform community service. No indirect costs have been allocated to the National Service Award expense component.

Innovation, Demonstration, & Assistance Activities (ID&A Activities) include grants to support and encourage new forms of service and volunteering. The most significant program is the Social Innovation Fund (SIF). The primary objective of the SIF is to improve the lives of people in low-income communities by mobilizing public and private resources to grow innovative nonprofit organizations that have evidence of compelling impact in the areas of economic opportunity, youth development, and healthy futures. No indirect costs have been allocated to the Innovation, Demonstration, & Assistance Activities component.

The Office of Inspector General (OIG) receives a separate appropriation. No indirect costs have been allocated to OIG.

## Components of Grant Funds Expended for the Period Ended September 30 *(dollars in thousands)*

	2015	2014
Domestic Volunteer Service Act Programs	\$ 224,267	\$ 223,680
National and Community Service Act Programs	370,473	344,812
<b>Total Grant Funds Expended</b>	<b>\$ 594,740</b>	<b>\$ 568,492</b>

*(Continued)*

**NOTE 13—Expenses—Continued****Expenses by Major Responsibility Segment for the Period Ended September 30** *(dollars in thousands)*

	2015	2014
<b>AmeriCorps</b>		
State and National	\$ 569,506	\$ 535,574
NCCC	39,597	39,698
VISTA	<u>133,177</u>	<u>132,038</u>
<b>Subtotal</b>	<b>\$ 742,280</b>	<b>\$ 707,310</b>
<b>Senior Corps</b>		
RSVP	56,316	54,994
Foster Grandparent Program	116,241	116,428
Senior Companion Program	<u>\$ 49,231</u>	<u>\$ 48,256</u>
<b>Subtotal</b>	<b>221,788</b>	<b>219,678</b>
Learn and Serve America	-	472
Innovation, Demonstration & Assistance Activities	47,702	42,165
Office of Inspector General (OIG)	<u>4,552</u>	<u>3,458</u>
<b>Total Expenses</b>	<b><u><u>\$1,016,322</u></u></b>	<b><u><u>\$ 973,083</u></u></b>

**Expenses by Type and Sub-Program for the Period Ended September 30, 2015** (dollars in thousands)

Type	AmeriCorps			National Senior Service Corps			Learn & Serve	ID&A Activities	OIG	Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP				
<b>Grant and Related Expense</b>										
Grant funds expended	\$ 325,815	\$ 65	\$ 32,999	\$ 47,797	\$ 100,896	\$ 42,575	\$ -	\$ 44,593	\$ -	\$ 594,740
VISTA and NCCC stipends and benefits	-	8,593	51,758	-	-	-	-	-	-	60,351
Service award expense	164,878	4,808	21,889	-	-	-	-	-	-	191,575
<b>Total Grant and Related Expense</b>	<b>490,693</b>	<b>13,466</b>	<b>106,646</b>	<b>47,797</b>	<b>100,896</b>	<b>42,575</b>	<b>-</b>	<b>44,593</b>	<b>-</b>	<b>846,666</b>
<b>Administrative Expense</b>										
Federal employee salaries and benefits	43,852	1,101	8,045	3,985	8,520	3,599	-	-	2,874	71,976
Travel and transportation	3,740	5,600	1,778	340	727	307	-	-	82	12,574
Rent, communications, and utilities	6,726	4,906	1,118	611	1,307	552	-	-	7	15,227
Program analysis and evaluation	2,593	46	430	236	504	212	-	-	-	4,021
Printing and reproduction	50	37	10	150	36	23	-	-	-	306
Other services and expenses	20,270	11,687	14,856	3,054	3,944	1,833	-	3,109	1,588	60,341
Supplies and materials	257	2,730	74	23	50	21	-	-	1	3,156
Depreciation, amortization, and loss on disposition of assets	1,236	22	205	112	240	102	-	-	-	1,917
Bad debt	89	2	15	8	17	7	-	-	-	138
<b>Total Administrative Expense</b>	<b>78,813</b>	<b>26,131</b>	<b>26,531</b>	<b>8,519</b>	<b>15,345</b>	<b>6,656</b>	<b>-</b>	<b>3,109</b>	<b>4,552</b>	<b>169,656</b>
<b>Total Expenses by Type</b>	<b>\$ 569,506</b>	<b>\$ 39,597</b>	<b>\$ 133,177</b>	<b>\$ 56,316</b>	<b>\$ 116,241</b>	<b>\$ 49,231</b>	<b>\$ -</b>	<b>\$ 47,702</b>	<b>\$ 4,552</b>	<b>\$ 1,016,322</b>

**This page intentionally left blank**

**Expenses by Type and Sub-Program for the Period Ended September 30, 2014** (dollars in thousands)

Type	AmeriCorps			National Senior Service Corps				Learn & Serve	ID&A Activities	OIG	Total
	State/National	NCCC	VISTA	RSVP	FGP	SCP					
<b>Grant and Related Expense</b>											
Grant funds expended	\$ 303,511	\$ -	\$ 34,375	\$ 46,756	\$ 100,907	\$ 41,642	\$ 371	\$ 40,930	\$ -	\$ 568,492	
VISTA and NCCC stipends and benefits	-	9,414	52,677	-	-	-	-	-	-	62,091	
Service award expense	155,001	3,766	18,640	-	-	-	-	-	-	177,407	
<b>Total Grant and Related Expense</b>	<b>458,512</b>	<b>13,180</b>	<b>105,692</b>	<b>46,756</b>	<b>100,907</b>	<b>41,642</b>	<b>371</b>	<b>40,930</b>	<b>-</b>	<b>807,990</b>	
<b>Administrative Expense</b>											
Federal employee salaries and benefits	41,304	3,311	8,208	3,970	8,584	3,570	47	-	2,448	71,442	
Travel and transportation	3,345	4,392	1,685	321	695	289	4	-	83	10,814	
Rent, communications, and utilities	5,977	4,818	1,049	573	1,240	516	7	-	-	14,180	
Program analysis and evaluation	2,373	50	416	228	493	205	3	-	-	3,768	
Printing and reproduction	77	30	14	7	67	7	-	-	-	202	
Other services and expenses	22,330	11,749	14,684	2,980	4,098	1,883	38	1,235	923	59,920	
Supplies and materials	540	2,145	95	52	112	47	1	-	4	2,996	
Depreciation, amortization, and loss on disposition of assets	1,096	23	192	105	228	95	1	-	-	1,740	
Bad debt	20	-	3	2	4	2	-	-	-	31	
<b>Total Administrative Expense</b>	<b>77,062</b>	<b>26,518</b>	<b>26,346</b>	<b>8,238</b>	<b>15,521</b>	<b>6,614</b>	<b>101</b>	<b>1,235</b>	<b>3,458</b>	<b>165,093</b>	
<b>Total Expenses by Type</b>	<b>\$ 535,574</b>	<b>\$ 39,698</b>	<b>\$ 132,038</b>	<b>\$ 54,994</b>	<b>\$ 116,428</b>	<b>\$ 48,256</b>	<b>\$ 472</b>	<b>\$ 42,165</b>	<b>\$ 3,458</b>	<b>\$ 973,083</b>	

**This page intentionally left blank**

**NOTE 14—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.

CNCS estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2015, and 2014, respectively, has been adjusted to reflect the fact that earned awards are not always used.

**National Service Award Expense for the Period Ended September 30** *(dollars in thousands)*

	2015	2014
Estimated education awards	\$ 179,586	\$ 167,334
Estimated interest forbearance	11,989	10,073
<b>National Service Award Expense</b>	<b>\$ 191,575</b>	<b>\$ 177,407</b>

**NOTE 15—Change in Unexpended Appropriations, Net****Unexpended Appropriations, Net as of September 30** *(dollars in thousands)*

	2015	2014
Unexpended appropriations, beginning balance	\$ 890,367	\$ 809,513
<b>Increases:</b>		
Appropriations received	1,054,954	1,049,954
<b>Decreases:</b>		
Appropriated capital used	(779,799)	(740,124)
Appropriations transferred to Trust Fund (net of rescissions)	(209,618)	(207,387)
Program funds transferred to Trust Fund	(7,889)	(5,109)
Appropriations transferred to other federal agencies	(1,000)	(2,000)
Rescissions and cancellations	(31,583)	(14,480)
Total decreases	(1,029,889)	(969,100)
<b>Change in Unexpended Appropriations</b>	<b>25,065</b>	<b>80,854</b>
<b>Unexpended Appropriations, Ending Balance</b>	<b>\$ 915,432</b>	<b>\$ 890,367</b>

### NOTE 16—Contingencies

CNCS is a party to various routine administrative proceedings, legal actions, and claims brought by or against it, including threatened or pending litigation involving labor relations claims, some of which may ultimately result in settlements or decisions against CNCS. In the opinion of CNCS's management and legal counsel, there are no proceedings, actions, or claims outstanding or threatened that would materially impact the financial statements of CNCS.

Certain legal matters to which CNCS is a party may be administered and, in some instances, litigated and paid by other federal agencies. Generally, amounts paid in excess of \$2.5 thousand for Federal Tort Claims Act settlements or awards pertaining to these litigations are funded from the Treasury Judgment Fund (TJF). Although the ultimate disposition of any potential TJF proceedings cannot be determined, management does not expect that any liability or expense that might ensue would be material to CNCS's financial statements.

### NOTE 17—Subsequent Events

CNCS has evaluated subsequent events through November 13, 2015, which is the date these financial statements were available to be issued. As a consequence of its evaluation, CNCS has determined that no subsequent events need to be recognized or disclosed.

### NOTE 18—Undelivered Orders at Fiscal Year-End

CNCS's undelivered orders as of September 30, 2015, and 2014 were \$1,020 million and \$979.9 million, respectively.

### NOTE 19—Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

An apportionment is a distribution by OMB of amounts available for obligation. OMB apportions CNCS's funds on both a quarterly and annual basis. Obligations incurred as of September 30, 2015, and 2014 were:

---

## Consolidated Obligations Incurred through September 30 *(dollars in thousands)*

Fiscal Year	Direct	Reimbursable	Total
2015	\$ 1,252,132	\$ 48,617	\$ 1,300,749
2014	\$ 1,275,003	\$ 49,261	\$ 1,324,264

### NOTE 20—Contributed Capital (Donations)

Under CNCS's authorizing legislation, donated funds may be accepted and used in furtherance of the purposes of the national service laws (42 U.S.C. 12651 g(a)(2)(A)). Donated funds received by CNCS as of September 30, 2015 and 2014, were \$7.5 and \$93.1 thousand, respectively.

Section III:  
Independent  
Auditor's Report



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

**AUDIT OF THE  
CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE'S  
FISCAL YEAR 2015 FINANCIAL STATEMENTS**

**OIG REPORT 16-01**

Office of Inspector General

*Corporation for*  
**NATIONAL &  
COMMUNITY  
SERVICE** 

Prepared by:

Kearney & Company, P.C.  
1701 Duke Street, Suite 500  
Alexandria, Virginia 22314

**This report was issued to Corporation management on November 13, 2015. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than May 13, 2016, and complete its corrective actions by November 14, 2016. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.**



November 13, 2015

TO: Wendy Spencer  
Chief Executive Officer

FROM: Stuart Axenfeld /s/  
Assistant Inspector General for Audit

SUBJECT: Audit of the Corporation for National and Community Service's  
Fiscal Year 2015 Financial Statements, OIG Report 16-01

We contracted with the independent certified public accounting firm of Kearney & Company, P.C. (Kearney) to audit the consolidated financial statements of the Corporation for National and Community Service (Corporation) as of September 30, 2015 and 2014, and for the years then ended. The contract required that the audit be performed in accordance with the *Government Auditing Standards* and applicable Office of Management and Budget guidance.

In its audit, Kearney found:

- The financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- Two significant deficiencies (Integrity Assurance Program and Information Technology) in the Corporation's internal control over financial reporting; and
- One instance of noncompliance (Federal Information Security Modernization Act of 2014) with applicable provisions of laws, regulations, contracts, and grant agreements.

In connection with the contract, we reviewed Kearney's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with United States generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Corporation's financial statements or conclusions about the effectiveness of internal control; or conclusions on compliance with applicable provisions of laws, regulations, contracts, and grant agreements.

Kearney is responsible for the attached independent auditor's reports, dated November 13, 2015, and the conclusions expressed therein. However, our review disclosed no instances where Kearney did not comply, in all material respects, with United States generally accepted government auditing standards.

Attachment

cc: Asim Mishra, Chief of Staff  
Jeremy Joseph, General Counsel  
Jeffrey Page, Chief Operating Officer and Acting Chief Financial Officer  
Tom Hanley, Chief Information Officer  
Kathryn Gillis, Director, Office of Accountability and Oversight  
David Zavada, Engagement Partner, Kearney & Company, P.C.

1201 New York Avenue, NW ★ Suite 830 ★ Washington, DC 20525  
202-606-9390 ★ Hotline: 800-452-8210 ★ [www.cncoig.gov](http://www.cncoig.gov)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Inspector General of the Corporation for National and Community Service

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation for National and Community Service (the Corporation), which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, the related consolidated statements of operations and changes in net position, the consolidated statements of cash flows, and the combined statements of budgetary resources (SBR) (hereinafter referred to as the "financial statements") for the years then ended, as well as the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2015 and 2014, as well as its net cost of operations and changes in net position, cash flows, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the 2004 Executive Order, entitled “National and Community Service Programs” (E.O. 13331), requires a statement of assurance in the Corporation’s Management Representation Letter by the Chief Executive Officer and Chief Financial Officer that its financial statements, including the SBR, are accurate and reliable. The Corporation has interpreted this requirement to include presenting the SBR as a principal financial statement. The Corporation’s SBR is prepared in accordance with accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis (hereinafter referred to as the “required supplementary information”) be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing it for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the Donations and Contributions, National Service Trust Fund (Trust) Status Report – September 2015, and Improper Payments sections of the Fiscal Year 2015 Agency Financial Report is presented for purposes of additional analysis and is not a required part of the financial statements. Except as described below, such information has not been subjected to the auditing procedures applied in the audits of the financial statements; accordingly, we do not express an opinion or provide any assurance on it.

Certain information from the Trust Status Report – September 2015 statements of financial position, related statements of operations and changes in net position, statements of cash flows and combined SBR (hereinafter referred to as the “Trust financial statements”) as of September 30, 2015 is presented as other information. In accordance with the requirements of the National and Community Service Act of 1990, as amended, we performed a separate audit of the Trust financial statements and issued a report thereon dated November 13, 2015.

*Reports on Internal Control, Compliance, and Other Matters*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02, we have also issued reports, dated November 13, 2015, on our consideration of the Corporation’s internal control over financial reporting and on our tests of the Corporation’s compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the year ended September 30, 2015. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 and should be considered in assessing the results of our audits.



Alexandria, Virginia  
November 13, 2015

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Board of Directors and Inspector General of the Corporation for National and Community Service

We have audited the consolidated financial statements of the Corporation for National and Community Service (the Corporation) and the Corporation's National Service Trust Fund (Trust) as of and for the year ended September 30, 2015, and we have issued our reports thereon dated November 13, 2015. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*.

### **Internal Control over Financial Reporting**

In planning and performing our audits of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 15-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain



deficiencies in internal control, described in the accompanying Schedule of Findings, that we consider to be significant deficiencies.

We noted certain additional matters involving internal control over financial reporting that we will report to the Corporation’s management in a separate letter.

**Status of Prior Year Findings**

In the Independent Auditor’s Report on Internal Control over Financial Reporting included in the audit report on the Corporation’s fiscal year (FY) 2014 financial statements,<sup>1</sup> we noted two issues that were related to internal control over financial reporting. The status of the FY 2014 internal control findings are summarized in Table 1.

**Table 1: Status of Prior Year Findings**

Control Deficiency	FY 2014 Status	FY 2015 Status
Information Technology	Significant Deficiency	Significant Deficiency
Integrity Assurance Program	Significant Deficiency	Significant Deficiency

**The Corporation’s Response to Findings**

The Corporation’s response to the findings identified in our audits is described in a separate letter in Section III of the Agency Financial Report (AFR). The Corporation’s response was not subjected to the auditing procedures applied in our audits of the financial statements; accordingly, we do not express an opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation’s internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 in considering the Corporation’s internal control. Accordingly, this report is not suitable for any other purpose.

Alexandria, Virginia  
November 13, 2015

<sup>1</sup> *Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements*

## Schedule of Findings

### Significant Deficiencies

#### I. Integrity Assurance Program (Repeat Condition)

The Corporation for National and Community Service (the Corporation) is subject to the reporting requirements of the Government Corporation Control Act and is therefore subject to Federal Managers' Financial Integrity Act of 1982 (FMFIA); Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*; and the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (also known as the "Green Book"), incorporated by reference within these requirements. Collectively, these laws, regulatory guidance, and standards require agencies to establish effective internal controls over program and financial operations. The Corporation has struggled with meeting these requirements and does not yet have a fully functioning internal control monitoring process in place to determine the effectiveness of internal controls and support management's required annual assurance statement under FMFIA.

The adequacy and effectiveness of the Corporation's internal controls depends in large measure on the effectiveness of a risk assessment and integrity assurance process that remains flawed. Improving these processes is urgent, as the revised 2014 GAO Green Book requirements in effect in FY 2016 and the up-coming revision of the OMB Circular A-123 have become increasingly prescriptive and demanding. The lack of an effective internal control monitoring program means that financial, operational, and compliance objectives may not be met and risks may not be adequately identified and mitigated.

#### ***Governance and Oversight not Effective***

The governance and oversight of the integrity assurance program have not been effective. The governing bodies have not met as described in their charters. In FY 2014, the Corporation established the Integrity Steering Committee (ISC) to function as a Senior Assessment Team in carrying out internal control monitoring. As required by the ISC charter, the ISC members are to meet monthly to oversee the Corrective Action Plans (CAP); however, they did not meet in October or November 2014. In FY 2015, the Corporation established the Senior Risk Management Council (SRMC). The SRMC, which is to meet bi-monthly as described in the charter, met only in February and June in FY 2015. Additionally, the Corporation could not provide the auditors with the approved meeting minutes mandated by its charter. The SRMC is responsible for reviewing and validating CAPs. The Corporation is currently not following up on CAPs to ensure they have been implemented. The Office of Grants Management (OGM) monitors its own CAPs. These are not discussed at the ISC or SRMC meetings; therefore, there is no meaningful oversight or governing body holding OGM accountable for its CAPs.

### ***Numerous OAO Responsibilities Inhibit its Effectiveness***

Ongoing vacancies and resource constraints hamper the Office of Accountability and Oversight's (OAO) ability to stand up an effective program. The OAO is currently made up of seven individuals: the Director, two Improper Payments Elimination and Recovery Act (IPERA) support specialists, one staff accountant, one program analyst, one internal control and analysis position (not a full-time position), and one accountability and oversight position for grant monitoring.

The biography of the OAO Director, as extracted from the 2015 Southwest National Service Conference agenda, states that she “oversee[s] the enterprise risk management program. She and her team are responsible for internal controls, Improper Payment Elimination Recover Act (IPERA) requirements, and facilitation of the grants monitoring program.” Given the state of the Corporation's internal control governance and program, the magnitude of the IPERA process and difficulties encountered to date, the recognition of the need to develop a more robust and rigorous grant monitoring approach through information technology (IT) modernization, and the substantial long-term effort necessary to introduce and develop enterprise risk management at the Corporation, OAO cannot make significant progress, much less accomplish these objectives, with its current level of resources; indeed, each of these areas could arguably require the full-time attention of the OAO Director. Given the requirements of the revised 2014 GAO Green Book that are in effect for FY 2016, the demands on OAO will increase. In addition, OAO staff does not have the IT skills to perform an assessment of information systems controls and did not supplement their capabilities with outside expertise. Therefore, the IT testing was inadequate.

### ***An Incomplete Risk Assessment Process Omitted Significant Risks***

The Corporation's risk assessment process is still incomplete and needs to be more comprehensive in identifying the range of risks faced by the Corporation. The GAO *Standards for Internal Control in the Federal Government* also require a detailed fraud risk assessment and the responses to those risks be performed and incorporated into the risk assessment process. Based on the assessment documentation, OAO's testing of grants did not cover the entire material risk spectrum, focusing solely on timeliness of documentation and approvals. OAO performed no testing in the area of grants monitoring/grants management by OGM, the use of single audit results, or drawdowns, nor was there any testing of the grant application process, a key process for limiting the Corporation's risk.

### ***Deterioration of Quality Control***

Strong financial accounting operations are essential to accountability within an organization and are an important avenue for exercising control over an entity's various activities. Kearney & Company, P.C. (Kearney) noted a number of gaps in the controls in this area, which directly affected performance of the audit. Accounting and Financial Management Services (AFMS) did not cross-train its staff to perform each other's duties, which puts the Corporation at risk of potentially serious errors or gaps when staff members leave the Corporation or transition to other jobs within the agency. No staff member was trained or tasked to perform the responsibilities of

the Chief of the Financial Reports and Analysis Branch (FRAB) position, which was left vacant for most of FY 2015. The Corporation relied on OAO efforts for financial-related tasks when AFMS should have been responsible for these tasks. The lack of cross-training negatively impacted the progress of the FY 2015 financial statement audit. Kearney received an extraordinarily high number of Provided by Client (PBC) items that included errors, were incomplete, or were inconsistent with other PBC items. There was no quality control process for these items; data was not validated and basic errors were not caught. Poor documentation processes and practices also affected programmatic operations. Changes in processes are not clearly documented. For example, in FY 2015, National Civilian Community Corps (NCCC) changed its process for documenting results of NCCC members' criminal history checks of the National Sex Offender Public Website (NSOPW). The change was not formally communicated to the relevant stakeholders within the Corporation. As a result, NCCC campuses may have been maintaining inconsistent documentation.

## **II. Information Technology (Repeat Condition)**

The Corporation's IT internal control structure, both for the general support systems (GSS) and significant financial reporting applications, did not support an effective internal control environment in four of five categories of general controls: security management, access controls, configuration management, and contingency planning. The National Institute of Standards and Technology (NIST) and the GAO Federal Information System Controls Audit Manual (FISCAM) provide control objectives and evaluation techniques that we used during our audit. For efficiency, Kearney conducted the audit of IT internal controls in conjunction with the Corporation's annual Federal Information Security Modernization Act of 2014 (FISMA) evaluation.

The FISMA legislation requires the Office of Inspector General (OIG) to perform an annual evaluation of a Federal agency's information security program, including testing security controls for a representative subset of an agency's systems. Kearney performed the annual FISMA evaluation of the Corporation's information security and privacy program for FY 2015 on behalf of the OIG and prepared responses to 100 FISMA security metric questions. Of the 100 security metric questions, our testing identified 54 new or reoccurring instances of noncompliance with OMB and NIST guidance. These 54 control deficiencies were consolidated into 17 reported findings within the FY 2015 FISMA report, dated November 13, 2015. Eight of these findings reoccurred from FY 2014 and five reoccurred from FY 2013.

Collectively, these control deficiencies in the Corporation's information security and privacy program increase the risk of fraud, waste, and abuse, as well as the likelihood that an information security breach may occur and result in loss of sensitive information. The loss of sensitive information, such as personally identifiable information (PII), could result in significant financial liabilities for the Corporation to investigate and remediate the security breach, as well as requiring the purchase of credit monitoring and fraud protection services for the affected individuals. Based on our integrated test work, Kearney concluded that the Corporation's information security and privacy program was not compliant in a number of respects with the FISMA legislation, OMB guidance, and applicable NIST security publications as of September

30, 2015. Overall, the Corporation needs to take substantial corrective action to address IT deficiencies identified in the FY 2015 FISMA report. Management has reported these significant deficiencies as a material weaknesses under FMFIA, consistent with the FISMA legislation and OMB reporting guidance.

The list of 17 findings, organized by FISCAM control area, is presented on the following pages.

### ***Security Management***

1. *Lack of a Formally Documented and Fully Implemented Information Security Continuous Monitoring (ISCM) Strategy (Repeat Finding since FY 2013 FISMA Evaluation)* – The Corporation has not formally documented and implemented an organization-wide ISCM strategy and program, as mandated by OMB guidance and as required by several NIST Special Publications (SP), including NIST SP 800-137, NIST SP 800-37, Revision (Rev.) 1, NIST SP 800-39, and NIST SP 800-53 Rev. 4. As part of monitoring its outsourced information systems, the Corporation has not developed meaningful and reportable performance metrics to evaluate the IT contractors’ performance and has not incorporated such performance metrics into its IT contracts.
2. *Organizational Conflict of Interest (Repeat Finding from FY 2014 FISMA Evaluation)* – NIST SP 800-53, Rev. 4 requires that security assessors be independent and impartial when performing security assessments for Federal Information Processing Standard (FIPS) Publication (PUB) 199-rated “moderate” and “high” impact information systems. The Corporation permitted its managed data center services (MDCS) contractor to perform the Security Assessment and Authorization (SA&A) of the Corporation’s GSS and Electronic System for Programs Agreements and National Service Participants (eSPAN) information systems rather than requiring the MDCS contractor to hire an independent party. The security assessors, who had primary responsibility for monitoring the Corporation’s network, worked for the MDCS contractor and reported to the overall Project Manager. The security assessors were effectively reviewing their own work and that of their colleagues; their employment status, assigned job responsibilities, and organizational reporting relationships precluded an impartial and objective evaluation of security controls.

The Corporation has taken steps to resolve this prior year weakness by hiring an independent Information Assurance Program Support (IAPS) contractor in May 2015 to perform a review and validation of security assessments. However, the IAPS contractor had not completed any independent security assessments as of August 2015. During the period of October 1, 2014 to July 31, 2015, the MDCS contractor staff, rather than an independent party, performed the required security control assessments. The Corporation indicated that the IAPS contractor would assume these responsibilities in future years.

3. *Inadequate Enterprise-Wide Risk Management Policies and Practices (Repeat Finding since FY 2013 FISMA Evaluation)* – The Corporation’s documented risk management policies and security controls described the risk management process at the information system (Tier 3) level but did not address risks at Tier 1 (Organization) and Tier 2

(Mission/Business). The risk management practices largely do not involve the individuals who are responsible for accomplishing organizational, mission, and business objectives on a daily basis, such as the business owner or application owner. The Corporation has made improvements in risk management and has documented, in draft format, three levels of management to cover the enterprise level (Tier 1), the missions/business level (Tier 2), and the information systems level (Tier 3). However, the Corporation has not conducted a Business Impact Analysis (BIA) to identify mission-critical business functions and quantify the impact of a loss of those functions.

4. *Weaknesses with the Corporation's Security Planning and Assessment Process (Repeat Finding since FY 2013 FISMA Evaluation)* – The Corporation did not develop standards for its multiple IT contractors to follow regarding ongoing security assessments and continuous monitoring activities. Kearney's testing of IT security controls across multiple Corporation information systems identified numerous inconsistencies and inaccuracies in the system security plans, security assessment reports, and Plan of Action and Milestones (POA&M), highlighting the inconsistent nature, depth, and quality of security assessments and continuous monitoring activities performed by the Corporation's IT vendors.
5. *Lack of Formal Role-Based Training (Repeat Finding since FY 2013 FISMA Evaluation)* – The Corporation has not implemented a formal, documented role-based information security training program for individuals with significant security responsibilities as required by NIST. Without regular training, individuals with significant information security responsibilities may not keep abreast of new IT threats and vulnerabilities and the techniques to mitigate them.
6. *Improvements Needed to POA&M Reporting (Repeat Finding since FY 2013 FISMA Evaluation)* – The Corporation's POA&Ms did not identify resources required to resolve open tasks, such as estimating the level of effort in hours or other costs to procure contractor support or tools. Additionally, none of the 60 open Corporation POA&M items specified the resources required for issue resolution, and 56 of the 60 items listed on the Corporation's May 2015 POA&M lacked a scheduled remediation date. Finally, the Corporation did not document its acceptance of risk for items that it chose not to remediate or indicate any planned mitigating controls.
7. *Inadequate Controls over Privacy (Repeat Finding from FY 2014 FISMA Evaluation)* – The Corporation demonstrated multiple weaknesses in the implementation of privacy controls, such as documenting its implementation of required NIST SP 800-53 privacy controls, maintaining a complete inventory of PII, and complying with requirements to destroy outdated records containing PII in accordance with records retention schedules.
8. *Inadequate Procurement Process of IT* – The Corporation did not timely replace the MDCS contract upon its expiration. Instead, the MDCS contract was repeatedly extended for a total of eight months, allowing multiple high-risk security vulnerabilities identified in prior FISMA evaluations to persist.

9. *Outdated Information Technology Strategic Plan and Lack of Enterprise Architecture Plan* – The Corporation’s current IT strategic plan was last updated in FY 2013 and does not reflect current IT modernization efforts. Specifically, the IT strategic plan does not describe the Corporation’s long-term goals and strategies for leveraging IT to satisfy business needs. Additionally, the IT strategic plan does not describe a strategy to protect sensitive information and PII in a cloud environment while satisfying Federal information security requirements. Furthermore, the Corporation has not defined how its information security investments and security strategy fit in the IT strategic plan. Finally, the Corporation has not created an Enterprise Architecture Plan (EAP).
10. *Inaccurate Inventory of Physical IT Assets* – In July 2015, Kearney visited the Philadelphia Field Financial Management Center (FFMC), the Pennsylvania State Office, the Baltimore National Civilian Community Corps (NCCC) campus, and the Maryland State Office to evaluate the accuracy of the sites’ IT inventory. Kearney noted that none of the sites had an accurate inventory of physical IT assets maintained onsite and that some physical IT assets that were onsite were not listed on the inventory spreadsheet.

### ***Access Controls***

11. *Use of an Obsolete and Unsupported Network Monitoring Tool (Repeat Finding from FY 2014 FISMA Evaluation)* – The Corporation’s primary tool for network access control, monitoring, and audit log analysis was obsolete and unsupported<sup>2</sup> by the vendor.
12. *Risks to the Confidentiality and Availability of Voice Communications (Repeat Finding from FY 2014 FISMA Evaluation)* – The Corporation does not separate its data network traffic from its voice network traffic. Corporation desktops were able to ping (query) Cisco Voice over Internet Protocol (VoIP) phones and VoIP servers at local and remote offices. In addition, users were able to access the Cisco VoIP phones using their desktops’ web browser over unencrypted hypertext transfer protocol. The connectivity between the data and voice virtual local area networks (VLAN) could be exploited by malicious individuals to compromise VoIP components, which generally were not designed with security in mind and could allow an attacker to intercept and record phone calls.
13. *Access Controls Need Improvement* – The Corporation’s user account access review process was not effective at identifying inactive accounts or accounts belonging to departed employees or contractors due to the manual process involved in granting and removing user account access. Additionally, the Corporation’s process for the quarterly review of Momentum accounts did not require the System Administrator (SA) to disable an account if the individual’s supervisor failed to confirm that user’s access and roles remained valid.

---

<sup>2</sup> Cisco MARS is an appliance for logging, analysis, and retention. The tool is designed to detect changes to network devices and servers through log analysis. Cisco announced End-of-Life on May 5, 2008; the Corporation and the GSS contractor did not identify and implement a replacement tool before support ended on November 30, 2011.

## ***Configuration Management***

14. *Multiple Weaknesses with Vulnerability Scanning and Remediation (Repeat Finding from FY 2014 FISMA Evaluation)* – The Corporation has taken some steps, but with limited progress, to resolve the prior year weaknesses. Kearney identified four deficiencies related to vulnerability scanning and the remediation process at the Corporation. Specifically, the Corporation did not:

- a. Use a vulnerability scanning tool that complied with NIST vulnerability standards and supported the Security Content Automation Protocol (SCAP)
- b. Scan desktops and laptops on a monthly basis for missing security patches and/or configuration errors
- c. Periodically perform a scan for configuration errors and deviations from the United States Government Configuration Baseline (USGCB) for desktops
- d. Include performance metrics for the timely remediation of identified vulnerabilities in the new Managed Information Technology Services (MITS) contract.

15. *Inadequate Controls over Remote Access (Repeat Finding from FY 2014 FISMA Evaluation)* – Corporation-issued laptops were configured to automatically connect to the Corporation’s network through Cisco’s “AnyConnect VPN” client. However, the automatic connection of the laptop to the Virtual Private Network (VPN) server does not meet the two-factor authentication requirements for Federal agencies where “one of the factors is provided by a device separate from the computer gaining access.”<sup>3</sup> In addition, the Corporation incorrectly configured its VPN to permit the use of non-compliant, FIPS<sup>4</sup> encryption protocols,<sup>5</sup> leaving VPN sessions vulnerable to exploitation, such as “man-in-the-middle attacks.”

## ***Contingency Planning***

16. *Lack of Adequate Testing of Continuity of Operations Plan (Repeat Finding from FY 2014 FISMA Evaluation)* – The Corporation has not conducted adequate planning or testing of its Continuity of Operations Plan (COOP). Also, the COOP does not include sufficient information to address all mission-essential functions and subordinate plans and details that would be necessary should the plan ever need to be activated. In addition, the Corporation has made assumptions that do not appear reasonable should it be necessary to activate the COOP.

17. *Inadequate Disaster Recovery Plan Documentation and Planning (Repeat Finding from FY 2014 FISMA Evaluation)* – The Corporation’s disaster recovery documentation does not plan for all of the Corporation’s essential functions and missions. The BIA specifically states that it is not meant to address all essential business functions and refers to the COOP

---

<sup>3</sup> OMB Memorandum M-06-16, *Protection of Sensitive Agency Information*, June 23, 2006

<sup>4</sup> FIPS Publication 140-2, *Security Requirements for Cryptographic Modules*

<sup>5</sup> RC4, Secure Socket Layer (SSL) 3.0, and SSL 3.1/TLS 1.0. RC4, SSL 3.0, and Transport Layer Security (TLS) 1.0 are widely used commercially, but they have several technical flaws that can increase the risk of exploitation.



and the Corporation Disaster Recovery Plan (DRP) for coverage. However, the COOP and  
DRP also did not identify all essential business functions.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,  
REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS**

To the Board of Directors and Inspector General of the Corporation for National and Community Service

We have audited the consolidated financial statements of the Corporation for National and Community Service (the Corporation) and the Corporation National Service Trust Fund (Trust) as of and for the year ended September 30, 2015, and we have issued our reports thereon dated November 13, 2015. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance which could have a direct and material effect on the determination of financial statement amounts. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Corporation. Providing an opinion on compliance with those provisions was not an objective of our audits; accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings.

**The Corporation's Response to Findings**

The Corporation's response to the findings identified in our audits is described in a separate letter in Section III of the Agency Financial Report (AFR). The Corporation's response was not subjected to the auditing procedures applied in our audits of the financial statements and accordingly, we do not express an opinion on it.



### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 in considering the Corporation's compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kearney &amp; Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia  
November 13, 2015

## Schedule of Findings

### Noncompliance and Other Matters

#### **I. Federal Information Security Modernization Act of 2014 (FISMA) (Repeat Condition)**

FISMA requires agencies to develop, document, and implement an agency-wide information security program to provide information security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source.

As noted in its Management Assurance Statement in the FY 2015 Agency Financial Report, the Corporation for National and Community Service (the Corporation) disclosed an instance of noncompliance with FISMA that is required to be reported under *Government Auditing Standards* and the Office of Management and Budget (OMB) Bulletin No. 15-02.

By not complying with FISMA, the Corporation has potentially weakened security controls, which could adversely affect the confidentiality, integrity, and availability of information and information systems.

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

**AUDIT OF THE  
CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE'S  
FISCAL YEAR 2015  
NATIONAL SERVICE TRUST FUND  
FINANCIAL STATEMENTS**

**OIG REPORT 16-02**



Prepared by:

Kearney & Company, P.C.  
1701 Duke Street, Suite 500  
Alexandria, Virginia 22314



November 13, 2015

TO: Wendy Spencer  
Chief Executive Officer

FROM: Stuart Axenfeld /s/  
Assistant Inspector General for Audit

SUBJECT: Audit of the Corporation for National and Community Service's  
Fiscal Year 2015 National Service Trust Fund Financial Statements,  
OIG Report 16-02

We contracted with the independent certified public accounting firm of Kearney & Company, P.C. (Kearney) to audit the Corporation for National and Community Service's (Corporation) National Service Trust Fund financial statements (Trust financial statements) as of September 30, 2015 and 2014, and for the years then ended. The contract required that the audit be performed in accordance with the *Government Auditing Standards* and applicable Office of Management and Budget guidance.

In its audit, Kearney found that the Trust financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

In connection with the contract, we reviewed Kearney's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with United States generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Trust financial statements.

Kearney is responsible for the attached independent auditor's report, dated November 13, 2015, and the conclusions expressed therein. However, our review disclosed no instances where Kearney did not comply, in all material respects, with United States generally accepted government auditing standards.

#### Attachment

cc: Asim Mishra, Chief of Staff  
Jeremy Joseph, General Counsel  
Jeffrey Page, Chief Operating Officer and Acting Chief Financial Officer  
Tom Hanley, Chief Information Officer  
Kathryn Gillis, Director, Office of Accountability and Oversight  
David Zavada, Engagement Partner, Kearney & Company, P.C.

1201 New York Avenue, NW ★ Suite 830 ★ Washington, DC 20525  
202-606-9390 ★ Hotline: 800-452-8210 ★ [www.cncsoig.gov](http://www.cncsoig.gov)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Inspector General of the Corporation for National and Community Service

### Report on the Trust Financial Statements

We have audited the accompanying financial statements of the Corporation for National and Community Service (the Corporation) National Service Trust Fund (Trust), which comprise the statements of financial position as of September 30, 2015 and 2014, the related statements of operations and changes in net position, the statements of cash flows, and the combined statements of budgetary resources (SBR) (hereinafter referred to as the "Trust financial statements") for the years then ended, as well as the related notes to the Trust financial statements.

### Management's Responsibility for the Trust Financial Statements

Management is responsible for the preparation and fair presentation of the Trust financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on the Trust financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the Trust financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Trust financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Trust financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Trust financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting



estimates made by management, as well as evaluating the overall presentation of the Trust financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the Trust financial statements referred to above present fairly, in all material respects, the financial position of the Corporation's National Service Trust Fund as of September 30, 2015 and 2014, as well as its net cost of operations and changes in net position, cash flows, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the Trust financial statements, the 2004 Executive Order, entitled "National and Community Service Programs" (E.O. 13331), requires a statement of assurance in the Corporation's Management Representation Letter by the Chief Executive Officer and Chief Financial Officer that its financial statements, including the SBR, are accurate and reliable. The Corporation has interpreted this requirement to include presenting the Trust SBR as a principal financial statement. The Corporation's Trust SBR is prepared in accordance with accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the Trust financial statements taken as a whole. The information contained in the National Service Trust Fund Status Report – September 2015, *Other Information*, section of the Fiscal Year 2015 Agency Financial Report is presented for purposes of additional analysis and is not a required part of the Trust financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the Trust financial statements; accordingly, we do not express an opinion or provide any assurance on it.

### *Reports on Internal Control, Compliance, and Other Matters*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02, we have also issued reports, dated November 13, 2015, on our consideration of the Corporation's internal control over financial reporting and on our tests of the Corporation's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the year ended September 30, 2015. The purpose of those reports is to describe the scope of our



testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 and should be considered in assessing the results of our audits.

A handwritten signature in blue ink that reads "Kearney &amp; Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia  
November 13, 2015



Memorandum

Date: November 13, 2015

To: Deborah Jeffrey, Inspector General

From: Jeffrey Page, Acting Chief Financial Officer

Subject: Draft Report on the Corporation for National and Community Service's (CNCS) Fiscal Year 2015 (FY 2015) Financial Statements

Thank you for the opportunity to respond to the draft report on the results of your audit of CNCS's FY 2015 Financial Statements. I am pleased to report that CNCS maintained its unmodified opinion in FY 2015. Additionally, one FY 2014 management letter finding associated with financial reporting was closed, and, we have made progress towards closing two other FY 2014 findings.

While this forward momentum demonstrates our prioritization of fiscal stewardship, CNCS is not without challenges and, as such, recognizes two new management letter findings and the four pre-existing findings for FY 2015. CNCS is committed to addressing these findings, continuously improving our operations, and maintaining high standards for financial management.



Memorandum

Date: November 13, 2015

To: Deborah Jeffrey, Inspector General

From: Jeffrey Page,  Acting Chief Financial Officer

Subject: Draft Report on Internal Controls over Financial Reporting

Thank you for the opportunity to respond to the draft report on the results of your audit of CNCS's Internal Controls over Financial Reporting. CNCS concurs with the conditions and recommendations it contains.

Specifically, CNCS recognizes the repeat of two significant deficiencies in the areas of information technology and financial information management. We commit to making the development and implementation of effective internal controls a central tenant of our day to day operations.



Memorandum

Date: November 13, 2015

To: Deborah Jeffrey, Inspector General

From: Jeffrey Page,  Acting Chief Financial Officer

Subject: Draft Report on Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements

Thank you for the opportunity to respond to the draft report on Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements. CNCS concurs with the conditions and recommendations reported in the draft report.



Memorandum

Date: November 13, 2015

To: Deborah Jeffrey, Inspector General

From: Jeffrey Page, Acting Chief Financial Officer

Subject: Draft Report on the Fiscal Year 2015 (FY 2015) National Service Trust Fund Financial Statements

Thank you for the opportunity to respond to the draft report on the results of your audit of the FY 2015 National Service Trust Fund financial statements. I am pleased to report that the Corporation for National and Community Service (CNCS) maintained an unmodified opinion.

CNCS is committed to upholding the high standards which continue to result in efficient and effective operation of the National Service Trust.

## Section IV:

# Other Information

### Donations and Contributions

Under the Corporation for National and Community Service's (CNCS) authorizing legislation, donated funds may be accepted and used in furtherance of the purposes of the national service laws (42 U.S.C. 12651g(a)(2)(A)). The law allows CNCS to "solicit, accept, hold, administer, use, and dispose of, in furtherance of the purpose of the national service laws, donations of any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise." The legislation also requires that CNCS report to Congress on the nature and amount of donations, as well as on how they were used and disposed of (in the case of donated property) in support of its programs and activities. This report fulfills these requirements for Fiscal Year (FY) 2015. CNCS also utilizes Pay.gov, a Treasury program that allows federal agencies to conduct transactions online. Under the Pay.gov program, CNCS collects donations by credit card or direct debit from donors. Pay.gov facilitates the process of collecting gift funds from donors online through a secure website with real-time identification verification and provides the reporting necessary for processing transactions. The following schedules show the Gift Fund balances available, as of September 30, 2015, to fund authorized activities as well as the receipts and expenses paid from the Gift Fund in FY 2015 and 2014, respectively.



## Status of Gift Fund Balance at September 30, 2015

	Fund Balance With Treasury	Obligation & Commitments	Funds Available
Best Buy	\$ 923	\$ -	\$ 923
Bradley Foundation	2,030	-	2,030
CVS	7,500	-	7,500
Home Depot	52,839	(22,209)	30,630
Land O'Lakes	1,966	-	1,966
Ralph Lauren Polo Foundation	53,580	-	53,580
UPS Foundation	2,026	-	2,026
Walt Disney Company	12,278	-	12,278
Kellogg Foundation	55,572	(23,115)	32,457
Disaster Relief Fund	16,623	(350)	16,273
Motorola Foundation	1,070	-	1,070
Shell Oil Co.	3,365	-	3,365
Microsoft	6,315	-	6,315
American Express	25,000	-	25,000
IBEW Union	247	-	247
White House Council	108,007	-	108,007
Miscellaneous donations	39,181	-	39,181
<b>Total</b>	<b>\$ 388,522</b>	<b>\$ (45,674)</b>	<b>\$ 342,848</b>

## Supplemental Information on the Source and Use Of Donations

Donor	Use of Funds	2015		2014	
		Received	Used	Received	Used
Best Buy	Grants for the Martin Luther King Jr. Day of Service	\$ 4,400	\$ (5,751)	\$ 21	\$ 38,259
Home Depot	Disaster rebuilding activities	-	(66,415)		16,007
Land O'Lakes	VISTA support	-	-	50,000	118,830
Ralph Lauren Polo Foundation	Support for NCCC program activities	-	-	-	1,254
State Farm Insurance Co.	Learn & Serve America 15th Anniversary Conference	-	-	-	111
Walt Disney Company	CNCS projects in support of USA Freedom Corps	-	(15,880)	-	17,745
Shell Oil Co.	Support for the Martin Luther King Jr. Day of Service	-	-	-	-
Kellogg Foundation	AmeriCorps volunteer mobilization	-	-	-	-
IBEW Union	CNCS Board of Directors support	-	(285)	-	-
Motorola Foundation	National Conference on Volunteering and Service	-	-	100	-
Microsoft	Student-Driven virtual help desk	-	-	-	-
Sponsorship	Sponsorship programs	-	-	19,032	19,032
<b>Small Individual Donations</b>	<b>Restricted to</b>				
	Disaster Relief	-	-	-	-
	Senior Corps	-	-	-	-
	AmeriCorps (miscellaneous)	-	(3,092)	-	-
	AmeriCorps NCCC	-	(3,353)	-	-
	Learn & Serve America	-	-	-	-
	AmeriCorps VISTA	-	-	-	-
	General/Miscellaneous support	3,083	(20,618)	23,991	36,905
<b>Total</b>		<b>\$ 7,483</b>	<b>\$ (115,394)</b>	<b>\$ 93,414</b>	<b>\$ 248,143</b>

\* Funds reported as used during the fiscal year in the schedule may be from amounts donated in a previous year(s). In addition, the expenses above only include the amount accrued during the fiscal year and do not reflect amounts that have been obligated but not yet expensed.

# National Service Trust Fund Status Report—September 2015

The National Service Trust Fund (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. Funding comes from 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 and eligible interest expense on student loans, and pay educational expenses at qualified educational institutions.

The value of an education award depends on the term of service performed by an AmeriCorps member. For PY 2015, completion of a full-time term of service, requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to an education award of \$5,730. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$2,865. Reduced part-time terms, which provide awards of \$500 to \$2,182, are also offered. The education award is indexed to the maximum Federal Pell grant, therefore amount may change each year.

Education 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. Trust funds are not used to pay member stipends or other grant costs. Beginning in PY 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.

Table 1 shows the planned activity for the current program year and actual enrollments to date against the plan. The table also includes similar data on the prior program year for comparative purposes. Member positions (slots) classified as “Certified Not Awarded” have been approved by CNCS’s Chief Executive Officer (CEO) 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 CEO.

The 77,959 Trust positions planned for Program Year (PY) 2015 did not include an estimated 1,020 AmeriCorps VISTA (Volunteers In Service To America) members (870 full time and 150 Summer Associates) who elected an end-of-service stipend instead of an education award. Total estimated member positions for PY 2015, including VISTA members electing a stipend, are 78,979. 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 80,009 Trust positions for PY 2014 do not include an estimated 1,650 AmeriCorps VISTA members (1,329 full time and 321 Summer Associates) who elected an end-of-service stipend instead of an education award. Total estimated member positions for PY 2014, including VISTA members electing a stipend, was 81,659. Of the 6,615 VISTA member positions in the Trust for 2014, 1,835 positions are for Summer Associates who receive a Trust award of \$1,175.

**Table 1. AmeriCorps Member Position Award Activity**

Program	PY 2015					PY 2014				
	Awarded Enrolled	Awarded Not Enrolled	Certified Not Awarded	Planned Not Certified	Total	Awarded Enrolled	Awarded Not Enrolled	Certified Not Awarded	Planned Not Certified	Total
State and National	28,604	29,564	3,884	6,972	69,024	61,991	(3,823)*	3,884	9,057	71,109
VISTA	6,331	—	1,404	—	7,735	6,615	—	1,120	(35)	7,700
NCCC	1,133	—	67	—	1,200	1,073	—	127	—	1,200
<b>Total</b>	<b>36,068</b>	<b>29,564</b>	<b>5,355</b>	<b>6,972</b>	<b>77,959</b>	<b>69,679</b>	<b>(3,823)</b>	<b>5,131</b>	<b>9,022</b>	<b>80,009</b>

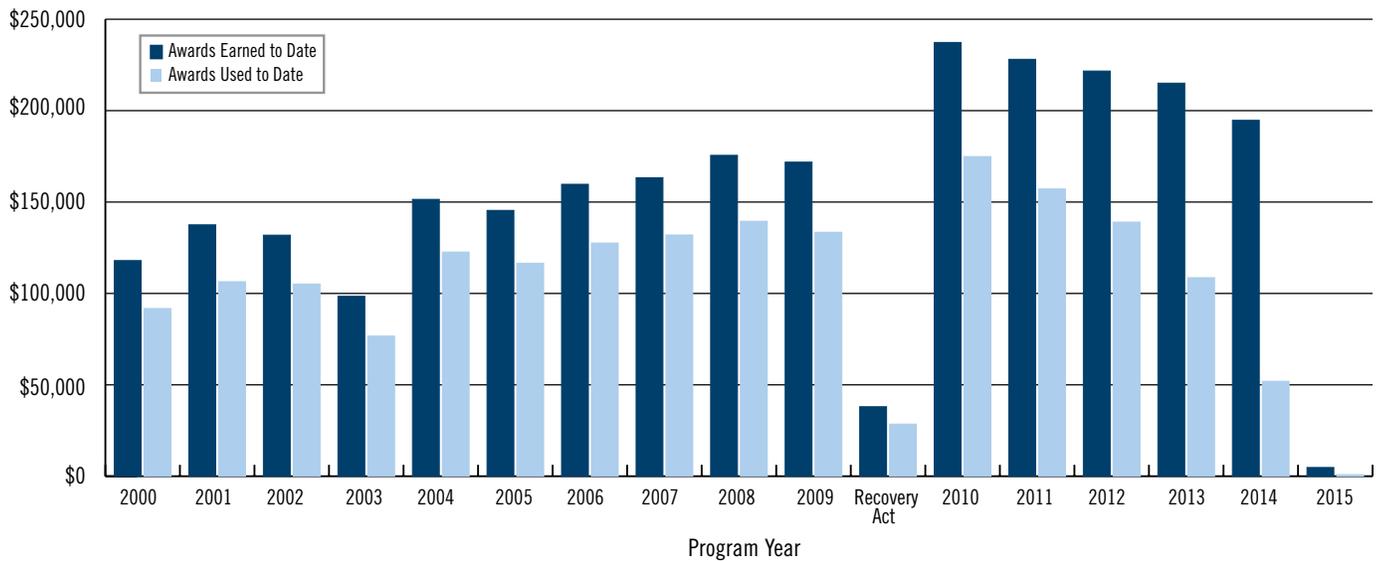
\*In FY 2013, grants with 5,347 slots were forward-funded. This resulted in more slots enrolled in FY 2014 than were awarded in FY 2014, since some of the slots enrolled in FY 2014 were actually awarded in FY 2013. The negative count under “FY 2014 Awarded, Not Enrolled” is an artifact of this.

### Trust Awards

Since CNCS's inception in 1993, AmeriCorps members have earned over \$3.09 billion in Segal AmeriCorps Education Awards and used over \$2.2 billion of that amount to fund their education and repay student loans. In addition, CNCS has made \$11.32 million in interest forbearance payments. Approximately \$331.85 million in education awards earned have expired without being used. The Trust obligation formula has been adjusted to reflect these expired awards.

Not reflected in the Segal AmeriCorps Education Award balances are payments for President's Freedom Scholarships to high school students. CNCS no longer awards these \$500 scholarships from the National Service Trust earned by high school students. Under this program, a Trust scholarship was matched with \$500 from a local sponsor for a total of \$1,000 to help the student fund a college education. President's Freedom Scholarships payments to date have totaled \$21.64 million.

**Table 2. Segal AmeriCorps Education Awards Earned and Used Since Program Year 2000**  
(dollars in thousands)



### Refilled Positions

CNCS 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 education 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. Recovery Act positions and positions in Program Years 2010 and earlier can no longer be refilled.

**Table 3. Number of Refilled Positions by Program Year**

	Results to Date						Fail-Safe Trigger
	2010	2011	2012	2013	2014	2015	
Number of refilled positions	1,604	1,516	1,381	1,200	25	0	N/A
Refills as a percent of Awarded State and National positions	2.0%	2.1%	2.1%	1.9%	0.0%	0.0%	5%
State and National enrollment as a percentage of awarded positions	99.5%	97.7%	98.8%	98.5%	106.6%	49.2%	97%

## National Service Trust Fund Accounting

The Statements of Financial Position; Operations and Changes in Net Position; Cash Flows, and Budgetary Resources and accompanying notes have been prepared from the books and records of CNCS in accordance with generally accepted accounting principles as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs.

As specified in the GCCA, principal financial statements are the:

- Statement of Financial Position which reports the status of assets, liabilities, and net position of the Trust
- Statement of Operations and Changes in Net Position which reports revenues and expenses for the year and the changes in net position that occurred during the year

- Statement of Cash Flows which show how changes in the financial position affect cash according to operating, investing, and financing activity
- Statement of Budgetary Resources which reports status of budgetary resources.

The Federal Accounting Standards Advisory Board (FASAB) is the standard setting body for the federal government. The Statement of Federal Financial Accounting Standards Number 34 (SFFAS 34) provides financial statements prepared by certain government corporations in conformity with the accounting standards issued by the Financial Accounting Standards Board (FASB) and are regarded as being in conformity with GAAP. As provided by SFFAS 34, where there is no standard issued by FASB applicable to the federal corporation, the financial statements are presented in accordance with the accounting standards issued by FASAB.

## Corporation for National and Community Service National Service Trust Statements of Financial Position As of September 30, 2015 and 2014 *(dollars in thousands)*

	2015	2014
<b>Assets</b>		
Fund Balance with Treasury (Note 2)	\$ 8,420	\$ 6,606
Investments and related receivables (Note 3)	751,464	717,973
Accounts receivable, net (Note 4)	261	229
<b>Total Assets</b>	<b>\$ 760,145</b>	<b>\$ 724,808</b>
<b>Liabilities</b>		
Service award liability (Note 5)	454,890	454,131
<b>Net Position</b>		
Cumulative results of operations (Note 6)	305,255	270,677
<b>Total Liabilities and Net Position</b>	<b>\$ 760,145</b>	<b>\$ 724,808</b>

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

**Corporation for National and Community Service**  
**National Service Trust Statements of Operations and Changes in Net Position**  
**For the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

	2015	2014
<b>Revenue</b>		
Appropriations received by the National Service Trust (Note 7)	\$ 209,618	\$ 207,387
Transfer in program funds	7,889	5,109
Interest	2,747	2,442
Other revenue	5,894	3,418
<b>Total Revenues</b>	<b>\$ 226,148</b>	<b>\$ 218,356</b>
<b>Expenses</b>		
Service award expense (Note 8)	191,575	177,407
Write off/Recovery of receivables	(33)	5
Other expenses	28	3
<b>Total Expenses</b>	<b>\$ 191,570</b>	<b>\$ 177,415</b>
<b>Net of Revenue Over Expenses</b>	<b>\$ 34,578</b>	<b>\$ 40,941</b>
<b>Net Position</b>		
Net of Revenue Over Expenses	34,578	40,941
Net Position, Beginning Balance	270,677	229,736
<b>Net Position, Ending Balance (Note 6)</b>	<b>\$ 305,255</b>	<b>\$ 270,677</b>

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

**Corporation for National and Community Service**  
**National Service Trust Statements of Cash Flows**  
**For the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2015</b>	<b>2014</b>
Net of Revenue over Expenses	\$ 34,578	\$ 40,491
Adjustments Affecting Cash Flow:		
Amortization of Premium/(Discount) on Investments	(1,606)	(613)
Appropriations Received in Trust	(217,507)	(212,496)
Decrease/(Increase) in Accounts Receivable	(32)	5
Decrease/(Increase) in Interest Receivable	182	253
Increase/(Decrease) in Trust Liability	759	(10,143)
Total Adjustments	(218,204)	(222,994)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(183,626)</b>	<b>(182,053)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of Securities	981,391	867,395
Purchase of Securities	(1,013,458)	(891,843)
<b>Net Cash Provided/(Used) in Investing Activities</b>	<b>(32,067)</b>	<b>(24,448)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations Received, Net of Trust	217,507	212,496
<b>Net Cash Provided by Financing Activities</b>	<b>217,507</b>	<b>212,496</b>
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>1,814</b>	<b>5,995</b>
<b>Fund Balance with Treasury, Beginning</b>	<b>6,606</b>	<b>611</b>
<b>Fund Balance with Treasury, Ending (Note 2)</b>	<b>\$ 8,420</b>	<b>\$ 6,606</b>

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

**Corporation for National and Community Service**  
**National Service Trust Statements of Budgetary Resources**  
**For the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

<b>BUDGETARY RESOURCES</b>	<b>2015</b>	<b>2014</b>
Unobligated balance brought forward, October 1	\$ 99,021	\$ 96,820
Appropriations Discretionary (special or trust funds)	217,507	212,495
Appropriations Mandatory (special or trust funds)	3,933	5,050
Appropriations (discretionary and mandatory)	<u>221,440</u>	<u>217,545</u>
Spending authority from offsetting collections	<u>5,894</u>	<u>3,418</u>
<b>Total budgetary resources</b>	<b><u>\$ 326,355</u></b>	<b><u>\$ 317,783</u></b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations incurred	<u>202,823</u>	<u>218,762</u>
<b>Unobligated balance, end of year</b>		
Apportioned (Note 2)	73,335	48,351
Unapportioned (Note 2)	<u>50,197</u>	<u>50,670</u>
Total unobligated balance, end of year	<u>123,532</u>	<u>99,021</u>
<b>Total budgetary resources</b>	<b><u>\$ 326,355</u></b>	<b><u>\$ 317,783</u></b>

*(Continued)**The accompanying notes are an integral part of these financial statements.*

**Corporation for National and Community Service**  
**National Service Trust Statements of Budgetary Resources – Continued**  
**for the Periods Ended September 30, 2015 and 2014** *(dollars in thousands)*

<b>CHANGE IN OBLIGATED BALANCE</b>	<b>2015</b>	<b>2014</b>
Unpaid obligations		
Unpaid obligations, brought forward, October 1	\$ 623,340	\$ 592,131
Obligations incurred	202,823	218,762
Outlays (gross)	<u>(190,843)</u>	<u>(187,553)</u>
<b>Unpaid Obligations, end of year</b>	<b>\$ 635,320</b>	<b>\$ 623,340</b>
Memorandum (non-add) entries:		
Obligated balance, start of year	<u>\$ 623,340</u>	<u>\$ 592,131</u>
Obligated balance, end of year (Note 2)	<u><u>\$ 635,320</u></u>	<u><u>\$ 623,340</u></u>
<b>BUDGET AUTHORITY AND OUTLAYS, NET</b>		
Budget authority, gross (discretionary and mandatory)	\$ 227,334	\$ 220,964
Actual offsetting collections	<u>(5,894)</u>	<u>(3,418)</u>
<b>Budget authority, net (discretionary and mandatory)</b>	<b><u>\$ 221,440</u></b>	<b><u>\$ 217,546</u></b>
Outlays, gross (discretionary and mandatory)	190,843	187,553
Actual offsetting collections	<u>(5,894)</u>	<u>(3,418)</u>
<b>Outlays, net (discretionary and mandatory)</b>	<b>\$ 184,949</b>	<b>\$ 184,135</b>
Distributed offsetting receipts	<u>(217,507)</u>	<u>(212,496)</u>
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b><u>\$ (32,558)</u></b>	<b><u>\$ (28,361)</u></b>

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

## **NOTE 1—Summary of Significant Accounting Policies**

### **A. REPORTING ENTITY**

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 activities of the Trust are funded primarily through the annual Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, which funds National and Community Service Act programs. Appropriations are provided on a no-year basis for the Trust, a fund within CNCS used to provide education awards and student loan interest forbearance to eligible participants. Trust appropriations do not expire with the passage of time and are retained by CNCS in the Trust until used for eligible purposes.

The Trust provides awards for AmeriCorps members serving in approved national service positions under AmeriCorps State and National, AmeriCorps NCCC, and AmeriCorps VISTA, as well as for the AmeriCorps Education Award Program, a program where sponsoring organizations are responsible for providing member subsistence and other costs, and CNCS provides an education award and a small amount for administrative costs. Education Award Programs have up to two years after award to enroll members in positions.

Funds from the Trust may be expended for the purpose of providing an education award or student loan interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The Trust may also expend funds for payments under the President's Freedom Scholarship Program as authorized under various CNCS appropriations through fiscal 2007.

### **B. BASIS OF ACCOUNTING**

The Statements of Financial Position; Operations and Changes in Net Position, Cash Flows and Budgetary Resources have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as required by the Government Corporation Control Act (Act) and Executive Order 13331, National and Community Service Programs.

### **C. FINANCIAL STATEMENT PRESENTATION AND CONSOLIDATION POLICY**

The accompanying financial statements report CNCS's financial position, results of operations, and cash flows, as required by the Government Corporation Control Act (GCCA). As required by GCCA, the principal financial statements of CNCS are the:

- Statement of Financial Position, which reports the status of Corporation assets, liabilities, and net position;

- Statement of Operations and Changes in Net Position, which reports CNCS's revenues and expenses for the year and the changes in net position that occurred during the year; and
- Statement of Cash Flows, which shows how changes in CNCS's financial position and results affected its cash (Fund Balance with Treasury), and breaks the analysis down according to operating, investing, and financing activities.

The financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (GAAP), as applicable to federal government corporations. The Federal Accounting Standards Advisory Board (FASAB) is the standard setting body for the federal government. Statement of Federal Financial Accounting Standards Number 34 (SFFAS 34) provides financial statements prepared by certain government corporations in conformity with the accounting standards issued by the Financial Accounting Standards Board (FASB) and are regarded as being in conformity with GAAP. As provided by SFFAS 34, where there is no standard issued by FASB applicable to the federal corporation, the financial statements are presented in accordance with the accounting standards issued by FASAB.

In addition, under Executive Order 13331, National and Community Service Programs, CNCS must prepare a Combined Statement of Budgetary Resources as a principal statement. The accompanying Combined Statements of Budgetary Resources have been prepared in accordance with GAAP, as prescribed by FASAB. The Combined Statement of Budgetary Resources presents additional details to include activity that is significant to CNCS.

CNCS's consolidation policy requires the consolidation of all funds administered by CNCS, as delineated in Note 1A – Reporting Entity.

In FY 2015, presentation changes have been made to facilitate a greater understanding of the statements and notes. Certain prior year amounts have been reclassified to conform to the current year presentation. No changes made were material at the financial statement line item or at the note line level.

### **D. BUDGETS AND BUDGETARY ACCOUNTING**

The activities of the Trust are primarily funded through the annual Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act. CNCS's accounting structure reflects both accrual and budgetary accounting transactions.

Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the actual collection or payment of cash. Federal budgetary accounting recognizes the obligation of appropriations and other funds upon the

establishment of a properly documented legal liability, which, in many cases, is different from the recording of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of federal funds.

#### **E. ASSET AND LIABILITY VALUATION**

CNCS values its investments at carrying value and discloses fair value. As of September 30, 2015, the carrying amounts of Fund Balance with Treasury, Accounts Receivable, Accrued Interest Receivable, and Liabilities approximate their fair value.

#### **F. FUND BALANCE WITH TREASURY**

CNCS considers Fund Balance with Treasury (FBWT) to represent cash and cash equivalents. It is CNCS's cash accounts with the Department of the Treasury (Treasury). The Treasury processes cash receipts and disbursements on behalf of CNCS and CNCS's accounting records are reconciled with those of the Treasury on a regular basis. The FBWT maintained in the Trust is restricted to specific purposes, such as paying service awards earned by eligible participants, and is not available for use in the current operations of CNCS.

#### **G. INVESTMENTS AND RELATED RECEIVABLES**

By law, CNCS may invest the funds of the Trust in interest-bearing Treasury securities guaranteed by the United States as to principal and interest. These Treasury securities are referred to as "market-based," since they mirror actual Treasury securities sold on the open market. They consist of Treasury notes, bonds, bills, and one-day certificates.

Since they are expected to be held-to-maturity, CNCS's investments are valued at cost and adjusted for the amortization of premiums and discounts. The premiums and discounts are recognized as adjustments to interest income, using the effective interest method. Interest receivable represents amounts earned, but not received on investments held at year-end. Prepaid interest is the amount of interest earned on a security since the date of its last interest payment, up to the date the security is purchased by CNCS. Such interest, if any, is included in the interest receivable balance at year-end.

#### **H. CASH EQUIVALENTS**

For purposes of the statement of cash flows, CNCS considers all interest-bearing Treasury securities guaranteed by the United States to be cash equivalents.

#### **I. ACCOUNTS RECEIVABLE**

Accounts receivable represents amounts due to CNCS primarily related to grantee audit resolution determinations. An allowance for doubtful accounts is established for reporting purposes based on past experience.

#### **J. TRUST SERVICE AWARD LIABILITY**

The Trust Service Award Liability represents unpaid earned, and expected to be earned, education awards and eligible student loan interest forbearance costs expected to be used. These amounts relate to participants who have completed service or are currently enrolled in the program and are expected to earn an award, based on CNCS' historical experience.

#### **K. ACCOUNTS PAYABLE**

CNCS records as liabilities all amounts that are likely to be paid as a direct result of a transaction or event that has already occurred. Accounts payable represents amounts due to external entities for goods and services received by CNCS, but not paid for at the end of the fiscal year.

#### **L. NET POSITION**

Net Position represents Net Assets and is comprised of cumulative results of operations. Cumulative results of operations represent the net differences between revenues and expenses from the inception of CNCS.

#### **M. REVENUE RECOGNITION**

Appropriations received for CNCS's Trust are recognized as revenue when received in the Trust. Trust appropriations do not expire with the passage of time and are retained by CNCS in the Trust until used for eligible education service award purposes.

**Transfer in of Program Funds.** Transfers of program funds are recognized as revenue when funds are transferred from subtitle C pursuant to 42 U.S.C. 1260.

**Interest on Investments.** Interest income is recognized when earned. Treasury notes and bonds pay interest semi-annually, based on the stated rate of interest. Interest on Treasury bills is paid at maturity. Interest income is adjusted by amortization of premiums and discounts using the effective interest method.

**Other Revenue.** CNCS's engagements in federal partnerships allow the Trust to be reimbursed for Segal AmeriCorps Education Awards earned by members supporting activities of the partnership. The revenue from these partnerships is recognized as Other Revenue when earned.

#### **N. INCOME TAXES**

As a federal entity, CNCS is exempt from all income taxes imposed by any governing body, federal, state, commonwealth, local, or foreign government.

#### **O. USE OF ESTIMATES**

The preparation of financial statements in accordance with GAAP requires CNCS to make estimates and assumptions about future events. These estimates and assumptions affect the amounts reported in

CNCS's financial statements and accompanying notes. CNCS evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that it believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made when facts and circumstances warrant. As future events and their effects cannot be determined with certainty, actual results could differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the liability for service awards, grants payable, and grant advances.

#### **P. COMPARATIVE DATA**

The Trust financial statements provide comparative information for FY 2015 and 2014.

#### **Q. CONCENTRATION OF RISKS**

Congress annually considers whether to fund CNCS's program and operational activities. Should Congress opt not to enact appropriations to fund them, CNCS would be unable to continue operations of the Trust once funds are exhausted for their intended purpose. CNCS management believes the risk of such an occurrence is remote.

**NOTE 2—Fund Balance with Treasury**

U.S. Government cash is accounted for on an overall consolidated basis by the Treasury. The Fund Balance with Treasury line on the Statement of Financial Position consists of trust funds of \$8.4 million in FY 2015 and \$6.6 million in FY 2014 that are considered restricted.

Trust funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from

the Trust may be expended for the purpose of providing an education award or student loan interest forbearance payment and are made directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant. The Trust also pays awards under the President's Freedom Scholarship, Summer of Service, and Silver Scholar programs.

**Fund Balance with Treasury as of September 30** *(dollars in thousands)*

Type	2015	2014
Obligated Not Yet Disbursed	\$ 635,320	\$ 623,340
Unobligated Available	73,335	48,351
Unobligated Unavailable	50,197	50,670
Investments*	(750,432)	(715,755)
<b>Total</b>	<b>\$ 8,420</b>	<b>\$ 6,606</b>

\* *Investments include purchases, sales, premiums, and discounts*

In FY 2015, CNCS restructured Note 2 FBWT to align the Unobligated Available and Unobligated Unavailable balances to the Statement of Budgetary Resources (SBR), line items Apportioned and Unapportioned, respectively.

**NOTE 3—National Service Trust Investments and Related Receivables****Investments and Related Receivables as of September 30** *(dollars in thousands)*

	2015	2014
Investments, Carrying Value	\$ 750,977	\$ 717,304
Interest Receivable	487	669
<b>Total</b>	<b><u>\$ 751,464</u></b>	<b><u>\$ 717,973</u></b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2015** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 328,823	\$ 652	\$ 329,475
Bills	422,154	142	422,296
<b>Total</b>	<b><u>\$ 750,977</u></b>	<b><u>\$ 794</u></b>	<b><u>\$ 751,771</u></b>

**Amortized Cost and Fair Value of Investment Securities as of September 30, 2014** *(dollars in thousands)*

Securities	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
Notes	\$ 459,781	\$ 596	\$ 460,377
Bills	257,523	37	257,560
<b>Total</b>	<b><u>\$ 717,304</u></b>	<b><u>\$ 633</u></b>	<b><u>\$ 717,937</u></b>

*(Continued)*

(Continued)

As of September 30, 2015, the notes held at year-end had an interest rate range of 0.250 percent to 0.625 percent and an outstanding maturity period of approximately 197 days to two years. The bills held at year-end had an interest rate range of 0.000 percent to 0.415 percent and were all due to mature within 364 days. The par values of notes range from \$9.6 million to \$148.3 million. The fair value of the bills and notes is based on bid and ask prices quoted by Treasury as of September 30, 2015, and 2014.

Since fiscal 2003, CNCS has set aside in reserve a portion of the funds in the Trust for use in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. This reserve was originally required by the Strengthen AmeriCorps Program Act, and is now required by section 149(b) of the National and Community Service Act (42 U.S.C. 12606(b)). As of September 30, 2015, \$50.2 million of CNCS's investment account has been set aside for this reserve.

### NOTE 3—Trust Investments and Related Receivables

#### Maturation of Securities Held as of September 30 (dollars in thousands)

Held-to-Maturity Securities	2015		2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 523,225	\$ 523,435	\$ 537,761	\$ 538,417
Due after 1 year up to 5 years	227,752	228,336	179,543	179,520
<b>Total</b>	<b>\$ 750,977</b>	<b>\$ 751,771</b>	<b>\$ 717,304</b>	<b>\$ 717,937</b>

### NOTE 4 – Accounts Receivable, Net

#### Accounts Receivable, as of September 30 (dollars in thousands)

	Trust Fund	Total
<b>2015</b>		
Accounts receivable	\$ 355	\$ 355
Less: allowance for doubtful accounts	(94)	(94)
<b>Accounts Receivable, Net</b>	<b>\$ 261</b>	<b>\$ 261</b>
<b>2014</b>		
Accounts receivable	\$ 274	\$ 274
Less: allowance for doubtful accounts	(45)	(45)
<b>Accounts Receivable, Net</b>	<b>\$ 229</b>	<b>\$ 229</b>

**NOTE 5—Trust Service Award Liability**

GAAP requires the recording of a liability, which is a point in time estimate, for the unpaid earned and expected-to-be-earned education award and interest forbearance costs that are likely to be paid. GAAP estimates are for members who have already completed at least 15 percent of the minimum service requirement and who, therefore, have served enough hours to qualify for at least a partial education award.

The estimate of the Service Award Liability under GAAP includes factors that take into account the effect of members who enroll but do not earn an award and members who earn an award but do not use it within the period of availability. CNCS estimates that up to 87 percent of members earning an award will eventually use it.

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 awards, which are available to use for a period of up to seven years after the benefit has been earned, are paid from the Trust.

The Trust also pays forbearance interest on qualified student loans during the period members perform community service, as well as awards under the Presidential Freedom Scholarship Program. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Service Award was composed of the following as of September 30:

**Service Award Liability as of September 30** *(dollars in thousands)*

	2015	2014
Education awards	\$ 2,647,027	\$ 2,469,053
Interest forbearance	103,258	89,677
President's Freedom Scholarship Program	<u>22,527</u>	<u>22,527</u>
Total estimated service award liability	2,772,812	2,581,257
Less: cumulative awards paid	<u>(2,317,922)</u>	<u>(2,127,126)</u>
<b>Total</b>	<b><u>\$ 454,890</u></b>	<b><u>\$ 454,131</u></b>

Since CNCS's inception in 1994, AmeriCorps members have earned over \$3.1 billion in education awards. CNCS has made \$2.2 billion in payments to educational institutions and student loan holders on these awards. In addition, CNCS has made \$93.6 million in interest forbearance payments since the program's inception. Approximately \$331.9 million in education awards earned had expired without being used as of September 30, 2015. The Trust obligation formula has been adjusted to reflect these expired awards. Payments for President's Freedom Scholarships have totaled \$21.7 million.

The Net Service Award Liability as of September 30, 2015, increased by approximately \$0.76 million from the net Service Award Liability as of September 30, 2014. As of October 1, 2009, the Trust is also available to pay Summer of Service and Silver Scholar education awards. However, the Silver Scholar program was not funded and no current liability was accrued for those education awards. The Summer of Service program was only funded in FY 2010.

**NOTE 6—Net Positions**

Net position consists of cumulative results of operations. The cumulative result of operations for the Trust was \$305.3 million in FY 2015 and \$270.7 million in FY 2014, respectively.

CNCS is required to report information regarding its financial position according to three classes of net assets (net position): unrestricted, temporarily restricted, and permanently restricted. CNCS has no permanently restricted assets. The financial position of the Trust in the amounts of \$305.3 million in FY 2015 and \$270.7 million in FY 2014 is temporarily restricted.

**NOTE 7—Appropriations Received by the National Service Trust**

For FY 2015, the Trust received \$209.6 million under the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235). For fiscal year 2014, the Trust received \$207.4 million under the Consolidated Appropriations Act, 2014 (Public Law 113-76). The acts also authorized CNCS to transfer additional amounts from subtitle C program funds to the Trust

to support the activities of national service participants. CNCS transferred \$7.9 million and \$5.1 million to the Trust under this provision in fiscal year 2015 and fiscal year 2014, respectively. Accordingly, the Trust received a total funding of \$217.5 million in FY 2015, and \$212.5 million in FY 2014, respectively.

### NOTE 8—Expenses

Using an appropriate cost accounting methodology, CNCS's expenses have been allocated among its major programs, at the sub-program level. The National Service Award Expense component consists of CNCS's estimated expense for education awards based on the increase in its service award liability during the year and interest forbearance costs on qualified student loans during the period members perform service. No indirect costs have been allocated to the National Service Award expense component.

### Expenses by AmeriCorps Sub-Program for the Period Ended September 30, 2015 *(dollars in thousands)*

Type	State/National	NCCC	VISTA	Total
Service award expense	\$ 164,878	\$ 4,808	\$ 21,889	\$ 191,575
<b>Total Expenses</b>	<b>\$ 164,878</b>	<b>\$ 4,808</b>	<b>\$ 21,889</b>	<b>\$ 191,575</b>

### Expenses by AmeriCorps Sub-Program for the Period Ended September 30, 2014 *(dollars in thousands)*

Type	State/National	NCCC	VISTA	Total
Service award expense	\$ 155,001	\$ 3,766	\$ 18,640	\$ 177,407
<b>Total Expenses</b>	<b>\$ 155,001</b>	<b>\$ 3,766</b>	<b>\$ 18,640</b>	<b>\$ 177,407</b>

### NOTE 9—Subsequent Events

CNCS has evaluated subsequent events through November 13, 2015, which is the date these financial statements were available to be issued. As a consequence of its evaluation, CNCS has determined that no subsequent events need to be recognized or disclosed.

### NOTE 10—Undelivered Orders at the End of the Period

The Trust undelivered orders at September 30, 2015, and 2014 were \$180.4 million and \$169.2 million, respectively.

## Other Information

Table 6 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 fiscal year'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 fiscal year 2014 but not fill all positions until FY 2015. All positions related to this grant would be considered PY 2014 positions, irrespective of the fiscal year in which they are filled.

**Table 6. Factors Affecting the National Service Trust Fund**

	Program Year				
	2011	2012	2013	2014	2015
Member enrollments in the Trust	79,200	74,517	70,161	69,679	36,068
Percent of members who earned an education award	84.55%	84.84%	84.25%	84.87%	66.77%
Percent of earned education awards used	68.91%	62.72%	50.51%	26.68%	17.87%
Weighted average maturity for investments	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Breakout of enrollment by term type:</b>					
Full-time	45%	48%	51%	53%	80%
Part-time	13%	13%	13%	12%	8%
Reduced Part-time	42%	39%	36%	34%	12%

The program year data used throughout these tables reflect all enrollments recorded through the reporting period. Prior year enrollment numbers may change slightly from time to time due to corrections or late reporting by grantees. The percentage of members earning an award in Table 6 is calculated by taking the number of members earning an award divided by the total members enrolled, net of members still earning. For example, in PY 2014 there are 69,679 members enrolled in the Trust, of which 591 are reported as still earning an award and 58,614 as having earned an award. The percentage of members who earned an education award is calculated by dividing the number of education awards earned 58,614 by the number of enrolled members who are no longer earning an award. Thus, the percentage of members who earned an award is 84.25 percent. The percentage of earned education awards used is calculated by dividing the

dollar amount of education awards used by the total amount earned for the program year to date. Term type is based on program year enrollments to date. The enrollment and award usage data used to compute these factors can be found in Table 9.

Tables 7 and 8 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. CNCS records Trust obligations at the time it awards AmeriCorps State & National grants or at the time it enters into an enforceable agreement with AmeriCorps VISTA and NCCC members.

**Table 7. Corporation for National and Community Service  
National Service Trust Schedule of Budgetary Activity  
For the Period Ended September 30, 2015 (dollars in thousands)**

Resources	Recovery Act	Trust (Other)	Trust FEMA Corps	General Fund	Consolidated
Funds Available at October 1	\$ 1,882	\$ 4	\$ 90	\$ 46,854	\$ 48,830
<b>Budgetary Resources</b>					
Fiscal Year Appropriation	-	-	3,555	209,618	213,173
Less Unapportioned	-	-	-	7,889	7,889
Deobligation Prior Year Positions (net)	-	-	-	-	-
Collection of Audit Receivables	-	-	-	2,339	2,339
Less: Additions to Trust Reserve	-	-	-	-	-
Total Resources Available for Use	1,882	4	3,645	266,700	272,231
<b>Obligations</b>					
Education Awards	-	-	(3,294)	(187,941)	(191,235)
Interest Forbearance	-	-	(65)	(7,596)	(7,661)
Total Obligations	-	-	(3,359)	(195,537)	(198,896)
<b>Commitments</b>					
Education Awards	-	-	-	(10,396)	(10,396)
Interest Forbearance	-	-	-	(397)	(397)
Total Commitments	-	-	-	(10,793)	(10,793)
<b>Funds Available for Obligation</b>	<b>\$ 1,882</b>	<b>\$ 4</b>	<b>\$ 286</b>	<b>\$ 60,370</b>	<b>\$ 62,542</b>

The amounts obligated in the Trust are based on the estimated value of the education benefit discounted for the estimated enrollment, earning and usage rate, and the time value of money. For FY 2015, these factors are the full value of the Segal AmeriCorps Education Award, a 100 percent enrollment rate (which allows for refills), an average earning rate of 84 percent (which ranges from 77 to 86 percent depending on term type), and an average usage rate of 87 percent. 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, it is projected that all transferable awards will eventually be used. Obligations are periodically adjusted to reflect current earning and usage projections.”

A portion of the funds in the Trust is held in reserve and are for use in the event that the estimates used to calculate obligations differ from actual results. The reserve currently totals \$50.197 million (\$46.7 million for the General Fund and \$3.5 million for the Recovery Act Fund). To date, no reserve funds have been used.

FEMA Corps is a unit of AmeriCorps National Civilian Community Corps (NCCC) whose members are devoted solely to FEMA disaster response, and recovery efforts. A five-year agreement 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 shown in tables 7 and 8 as part of our budgetary and obligation activity.

**Table 8. Corporation for National and Community Service  
National Service Trust Schedule of Trust Obligations  
as of September 30, 2015 (dollars in thousands)**

	Recovery Act	Trust (Other)	Trust FEMA Corps	General Fund	Consolidated
<b>Resources</b>					
Fund Balance with Treasury	\$ 119	\$ 56	\$ 101	\$ 8,143	\$ 8,419
Investments, Net	10,008	-	10,005	730,964	750,977
Interest Receivable	-	-	-	487	487
Accounts Receivable	-	-	-	261	261
Subtotal	10,127	56	10,106	739,855	760,144
<b>Less:</b>					
Cumulative Trust Reserve	(3,500)	-	-	(46,697)	(50,197)
Receivables Not Available for Obligation	(8)	-	(5)	(1,279)	(1,292)
Unapportioned	-	-	-	-	-
Total Resources	6,619	56	10,101	691,879	708,655
<b>Unliquidated Obligations</b>					
Education Awards	(4,634)	(50)	(9,804)	(609,955)	(624,443)
Interest Forbearance	(103)	(2)	(11)	(9,877)	(9,993)
President's Freedom Scholarships	-	-	-	(884)	(884)
Total Unliquidated Obligations	(4,737)	(52)	(9,815)	(620,716)	(635,320)
<b>Commitments</b>					
Education Awards	-	-	-	(10,396)	(10,396)
Interest Forbearance	-	-	-	(397)	(397)
Total Commitments	-	-	-	(10,793)	(10,793)
<b>Funds Available for Obligation</b>	<b>\$ 1,882</b>	<b>\$ 4</b>	<b>\$ 286</b>	<b>\$ 60,370</b>	<b>\$ 62,542</b>

## Enrollment Activity

Table 9 presents cumulative data to date on Trust enrollments, education awards earned and used for Program Years 1994 through 2015, as well as Recovery Act positions.

**Table 9. Trust Enrollment Activity—Program Years 1994 through 2015** (dollars in thousands)

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994 through 2006	Full-time	311,667	0	243,221	68,446	\$ 1,117,445	\$ 892,908
	Part-time	134,857	0	87,687	47,170	199,362	142,124
	Reduced Part-time	146,981	1	114,610	32,370	126,183	97,284
	<b>Total</b>	<b>593,505</b>	<b>1</b>	<b>445,518</b>	<b>147,986</b>	<b>\$ 1,442,990</b>	<b>\$ 1,132,316</b>
2007	Full-time	30,905	1	26,179	4,725	\$ 121,978	\$ 101,379
	Part-time	10,137	0	7,365	2,772	17,027	12,335
	Reduced Part-time	26,943	0	21,366	5,577	24,309	18,292
	<b>Total</b>	<b>67,985</b>	<b>1</b>	<b>54,910</b>	<b>13,074</b>	<b>\$ 163,314</b>	<b>\$ 132,006</b>
2008	Full-time	32,366	0	28,185	4,181	\$ 131,720	\$ 107,731
	Part-time	10,678	1	8,110	2,567	18,841	13,426
	Reduced Part-time	27,007	1	21,877	5,129	24,992	18,343
	<b>Total</b>	<b>70,051</b>	<b>2</b>	<b>58,172</b>	<b>11,877</b>	<b>\$ 175,553</b>	<b>\$ 139,500</b>
2009	Full-time	31,037	3	27,326	3,708	\$ 127,708	\$ 101,772
	Part-time	9,878	1	7,590	2,287	17,636	12,324
	Reduced Part-time	28,867	3	23,306	5,558	26,487	19,385
	<b>Total</b>	<b>69,782</b>	<b>7</b>	<b>58,222</b>	<b>11,553</b>	<b>\$ 171,831</b>	<b>\$ 133,481</b>
Recovery Act	Full-time	7,908	0	6,654	1,254	\$ 31,023	\$ 23,771
	Part-time	1,662	0	1,221	441	2,818	1,829
	Reduced Part-time	4,293	0	3,592	701	4,186	2,934
	<b>Total</b>	<b>13,863</b>	<b>0</b>	<b>11,467</b>	<b>2,396</b>	<b>\$ 38,027</b>	<b>\$ 28,534</b>
2010	Full-time	37,723	7	33,288	4,428	\$ 175,580	\$ 133,411
	Part-time	11,430	5	8,784	2,641	22,961	14,899
	Reduced Part-time	39,213	15	31,751	7,447	38,771	26,573
	<b>Total</b>	<b>88,366</b>	<b>27</b>	<b>73,823</b>	<b>14,516</b>	<b>\$ 237,312</b>	<b>\$ 174,883</b>
2011	Full-time	35,764	6	31,461	4,297	\$ 170,174	\$ 120,260
	Part-time	10,351	1	8,378	1,972	22,518	13,189
	Reduced Part-time	33,085	2	27,116	5,967	35,393	23,733
	<b>Total</b>	<b>79,200</b>	<b>9</b>	<b>66,955</b>	<b>12,236</b>	<b>\$ 225,085</b>	<b>\$ 157,181</b>
2012	Full-time	35,795	14	31,529	4,552	\$ 169,099	\$ 108,856
	Part-time	9,577	15	7,763	1,799	21,006	10,813
	Reduced Part-time	29,145	81	23,832	5,232	31,567	19,364
	<b>Total</b>	<b>74,517</b>	<b>110</b>	<b>63,124</b>	<b>11,283</b>	<b>\$ 221,672</b>	<b>\$ 139,033</b>

**Table 9. Trust Enrollment Activity—Program Years 1994 through 2015—Continued** (dollars in thousands)

Program Year	Type	Members Enrolled	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2013	Full-time	36,063	37	31,464	4,562	\$ 169,209	\$ 87,318
	Part-time	8,874	97	6,843	1,844	18,540	7,193
	Reduced Part-time	25,314	457	20,307	4,550	27,289	14,110
	<b>Total</b>	<b>70,161</b>	<b>591</b>	<b>58,614</b>	<b>10,956</b>	<b>\$ 215,038</b>	<b>\$ 108,621</b>
2014	Full-time	37,083	3,164	29,218	4,701	\$ 159,888	\$ 44,286
	Part-time	8,635	2,196	4,863	1,576	13,320	2,023
	Reduced Part-time	23,961	5,184	16,107	2,670	21,498	5,636
	<b>Total</b>	<b>69,679</b>	<b>10,544</b>	<b>50,188</b>	<b>8,947</b>	<b>\$ 194,706</b>	<b>\$ 51,945</b>
2015	Full-time	28,923	27,470	567	886	\$ 3,041	\$ 441
	Part-time	2,772	2,733	1	38	3	0
	Reduced Part-time	4,373	2,868	1,433	72	1,735	413
	<b>Total</b>	<b>36,068</b>	<b>33,071</b>	<b>2,001</b>	<b>996</b>	<b>\$ 4,779</b>	<b>\$ 854</b>
<b>Cumulative To Date</b>		<b><u>1,233,177</u></b>	<b><u>44,363</u></b>	<b><u>942,994</u></b>	<b><u>245, 820</u></b>	<b><u>\$ 3,093,307</u></b>	<b><u>\$ 2,198,355</u></b>

# Improper Payments

## Background

The Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires agencies to annually report information on improper payments (IP) to the President and Congress through their annual financial reports. OMB Circular No. A-123, Management’s Responsibility for Internal Control, Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments (A-123, Appendix C) requires reporting of “significant improper payments,” which is defined as gross annual improper payments in a program exceeding both the threshold of 1.5 percent of program outlays and \$10 million of all program or activity payments or \$100 million regardless of the improper payment percentage. Agencies are required to determine an annual estimate of improper payments within programs that are susceptible to significant improper payments with a 90% statistical confidence interval of no more than  $\pm 2.5$  percent of the total amount of all payments for a program around the estimate of the dollars of improper payments. A-123, Appendix C, also requires agencies with programs susceptible to significant improper payments to implement corrective action plans.

## CNCS’ Risk Assessment Methodology

CNCS reviewed its program outlay activities for risk of susceptibility to significant levels of improper payment as required by A-123, Appendix C. These included payments made by CNCS directly to its employees, vendors, education and financial institutions on behalf of beneficiaries of educational awards, and to individuals serving in the AmeriCorps VISTA and NCCC programs. The risk assessment determined that the agency’s direct activities were not at risk for significant improper payments.

In addition to its direct activities, CNCS operates a number of grant programs. CNCS’s major grant programs are AmeriCorps State and National, the SIF, and our Senior Corps programs, FGP, RSVP, and SCP. CNCS conducts its risk assessments of its grantmaking programs using the same general approach as its statistical estimates of actual improper payments described below. In FY 2013, CNCS determined that the AmeriCorps State and National program was susceptible to significant levels of improper payments, and began estimating and reporting on the levels of improper payments for that program in FY 2014. Also in FY 2014, CNCS conducted risk assessments of its Senior Corps and the SIF programs. Those FY 2014 assessments found that the FGP and RSVP were susceptible to significant levels of improper payments, and

in FY 2015, CNCS attempted to make statistical estimates of the levels of improper payments in those programs. In FY 2015, CNCS also re-performed risk assessments of SCP and SIF to determine whether those programs were susceptible to significant levels of improper payments. The risk assessment determined that SCP is susceptible to significant levels of improper payments, but confirmed that the SIF is not susceptible to significant levels of improper payments.

## Statistical Sampling

For the FY 2015 assessments, as in years past, CNCS adopted an iterative sampling method to select a random sample of grantee payments from each of its five major grant programs: AmeriCorps State and National, the SIF, and FGP, RSVP, and SCP.<sup>1</sup>

CNCS followed the same iterative sampling method in selecting the samples for each program. Since CNCS’s grantees report federal expenditures in Federal Financial Reports (FFR) every six months, with period ending dates of either March 31 and September 30 or June 30 and December 31, CNCS utilized data reported during the second half of FY 2014 and the first half of FY 2015. In the first step of the process, CNCS selected a random sample of FFRs from each program using the Monetary Unit Sample selection method. The Monetary Unit Sample selection method samples items based on the dollar size of each item in the population. An item with a higher dollar value will have a proportionally higher chance of being sampled. In the second step, for each sampled FFR, CNCS selected samples from supporting General Ledger (GL) reports of transactions using an iterative approach until a testable payment was identified. In the final step, CNCS requested all of the required supporting documentation for the testable payment and conducted the necessary testing. This iterative approach required at least four requests for information from each selected grantee, and sometimes many more.

Because the bulk of CNCS’s grant funds go to personnel-type costs, CNCS was primarily evaluating payments by our grantees to individuals working for or serving with that grantee. Specifically, payments evaluated included grantee salary payments to grant-funded staff, grantee stipend payments to Senior Corps participants in FGP and SCP, and grant-funded living allowance payments to AmeriCorps State and National members.

Under CNCS’s IPERA methodology, payments to individuals are presumptively improper until the grantee can furnish the necessary documentation to CNCS for the agency to independently verify the eligibility of the individual to receive the salary, stipend or living allowance payment per the standards set by statute, regulation, or policy as of the time of the payment. Only once a grantee has provided all of the documentation

<sup>1</sup> However, as discussed above, the sampling of payments with the SIF and SCP programs were limited to conducting risk assessments rather than full statistical estimates of improper payments within those programs.

necessary to adequately confirm that the individual was eligible, and that the payment otherwise conformed to the general requirements for grant-funded cost, is the payment determined to be proper.

More specifically, for any payment to an individual, a grantee needs to have all of the following documentation in place at the time of payment to confirm (up to the standards set by statute, regulation, and agency policy) that the individual was eligible to receive the payment:

- Criminal history check (usually consisting of documents from as many as four separate components all obtained from different sources, including a National Sex Offender Public Website (NSOPW) check, a fingerprint-based Federal Bureau of Investigation (FBI) check, a check of the individual's state of residence, and a check of the individual's state of service)
- Time sheet, usually requiring signatures of the individual and the supervisor
- Age verification
- High school diploma verification (AmeriCorps State and National members only)
- Citizenship verification (AmeriCorps members only)
- Annual income verification (Senior Corps participants only)
- Physical examination performed by a medical professional (Senior Corps participants only)

These numerous eligibility criteria mean that any given payment to an individual has numerous potential failure points in determining whether a payment is proper. If a grantee cannot produce even one piece of the required documentation as of the time of payment, the payment is deemed improper.

A key source of documentation issues result from the agency's criminal history check requirement. The Serve America Act provides very specific criteria for how grant-funded AmeriCorps State and National and Senior Corps staff and participants should be screened. In addition to specifying what eligibility criteria exist (the individuals cannot be convicted murderers or registerable sex offenders), the law specifies how eligibility is to be determined. See 42 U.S.C. § 12645g. The grantee must usually determine eligibility for all grant-funded individuals with a combination of as many as four checks from the NSOPW, the FBI, the individual's state of residence, and the individual's state of service/work. Whereas any single check standing alone provides some information as to the individual's eligibility, the required array of somewhat overlapping checks serves to increase the confidence interval of the grantee's ability to rule out certain convictions, i.e., demonstrate to a certain degree of certainty that the

person is not ineligible.

CNCS categorized these payments as improper based on a lack of complete documentation despite the fact that (1) the payments usually remain allowable costs charged to the grant; and (2) the documentation available from the grantee in most cases provides evidence that the payment went to an eligible person entitled to the payment, (e.g., a payment to an individual where the grantee had done all of the necessary criminal history checks, except for the state of residence check). The transaction is considered improper even though there was only a minimal risk that missing state records would have contained a disqualifying offense that was not otherwise reported in the FBI or NSOPW check. The grantee would be required to perform the missing state check, which extremely rarely results in new disqualifying information being reported. This example illustrates that, for criminal history checks, the documentation available as of the time of payment usually provides reliable information that the individual was eligible, and documentation later obtained through corrective action to perfect the check in almost every case conclusively proves that the individual was eligible as of the time of payment. In all cases, a person's eligibility can be established retroactively—the person was or wasn't a citizen, was or wasn't age-eligible—as of the time of payment.

CNCS approaches personnel costs<sup>2</sup> related to noncompliant criminal history checks differently from how it reports IPERA findings. The costs associated with individuals found to have noncompliant checks are allowable once the checks are completed and it is verified that the individual is eligible. However, CNCS may nonetheless disallow a portion of the grant costs as a consequence of the grantee's initial failure to fully perform timely compliant checks. Under IPERA, even timely and compliant checks may be improper payments depending on whether the payment is made before the results of the checks have been returned, which is permissible as long as the individual is not in unaccompanied contact with vulnerable populations. Had CNCS identified any ineligible individuals during its review, which CNCS did not, the costs associated with those ineligible individuals would have been both unallowable and would have been reported as improper payments.

CNCS identified, extrapolated, and reported improper payments in its sampled grantee payments population. The identified errors reflect improper payments as defined by OMB. The extrapolation method applied was consistent with the iterative sample design. For the AmeriCorps State and National program, extrapolations are based on testing a sample of 194 transactions out of a planned sample size of 221. The potential bias associated with these conditions is not known, as there are

---

<sup>2</sup> Specifically, personnel costs consist of staff compensation and benefits, AmeriCorps member living allowances, and Senior Corps volunteer stipends and allowances charged to CNCS grant funds.

both valid and invalid reasons for the inability to complete the iterative sampling process.<sup>3</sup> Therefore, the possible effect of these conditions on the extrapolated results is not known. Separately, data artifacts exist as a result of CNCS using grantee FFRs as a tool to begin the iterative sampling method. The FFR is a reporting of expenditures at a point in time during the life of a grant that is updated semi-annually to reflect the current total amount charged to the grant from the beginning of the grant through the reporting period. When completing the iterative sampling process, CNCS found instances where supporting GL reports did not fully reconcile to the grantees' FFR reporting. However, since the FFR is the tool used to obtain actual transactional data for IPERA testing, and is not itself evidence of an actual payment, CNCS has not included the effect of any differences between reported FFR amounts and supporting GL reports provided by grantees in improper payment estimates. While CNCS does not believe that these actions resulted in any bias in its estimates, it will consider alternative sampling methodologies for future IPERA assessments and estimates to minimize the risks of any improper bias.

For the FGP and RSVP programs CNCS was not able to complete the sampling process and therefore could not estimate improper payments with the precision required by A-123, Appendix C. For this reason, CNCS is not reporting estimates for these programs for FY 2015. CNCS's inability to fulfil the Appendix C requirements of step 2 for its FGP and RSVP programs was due to the time consuming process of identifying and collecting data on specific sample transactions, and an inadequate number of staff available to successfully complete the process. The sampling process CNCS utilizes to test grant programs involves several iterations (possibly up to six steps per sample) of data collection from grantees. This process requires CNCS staff to analyze six month FFRs and subsequent sub ledgers received from each grantee (and in many cases, subgrantees). In FY 2015, CNCS requested documentation in order to identify 1,660 samples, which equated to thousands of email requests sent and data files received. In some cases, completing a single iteration of the sampling process required manual reentry of data provided by grantees in order to request the next iteration of data. This multi-step process can take from one to five hours to complete in order to successfully identify a single sample transaction to test.

## Improper Payment Reporting

Significantly, CNCS identified no instances of payments to ineligible individuals or any instances of fraud through its testing.

Per OMB requirements, Table 1 displays CNCS's improper payment results for the current year (CY) FY 2015, the prior year (PY) FY 2014, and targets

for FYs 2016 through 2018. The subsequent tables include the following information by year and program: fiscal year outlays, the error rate or future target (IP%), and dollars paid or projected to be paid improperly (IP\$). In addition, for the CY, CNCS included: the amount of overpayments (CY Overpayments), the amount of underpayments (CY Underpayments), and the net error rate (CY Net IP%) and the corresponding overpayments (CY net IP\$), when available.

Of the 194 AmeriCorps State and National payments that were tested, CNCS found 15 improper payments made by CNCS's grantees primarily to individuals who—as of the time of payment—could not produce to CNCS complete and flawless documentation to support the eligibility of the individual in the manner set by law, regulation or policy. Based on these 15 payments, Table 1 “Improper Payment Reduction Outlook” represents estimated extrapolated costs of \$14.5 million in payments.

As indicated in Table 1, the FY 2015 improper payment rate in AmeriCorps State and National increased from the rate reported in FY 2014. This is due entirely to the more exacting testing standards we applied to criminal history check requirements in FY 2015. First, CNCS only accepted as proper criminal history checks those that were completed prior to the transaction date. Second, CNCS applied more rigorous testing standards for what constituted an acceptable criminal history check in FY 2015. In past IPERA assessments, CNCS evaluated criminal history checks in the same way as it resolves audit findings; by focusing on whether the individual was in fact eligible. Testing the transaction as of the time of payment alone fully accounts for the slightly higher rate of improper payments in FY 2015. CNCS has confirmed (based on documentation provided by grantees to CNCS during the course of its IPERA analysis) that \$3.7 million of reported improper payments (20%) were made to individuals that were fully eligible at the time of payment. In other words, had CNCS measured its improper payment rate as of the time of reporting, as it did in 2014, it would be estimating \$10.8 million in improper payments and an improper payment rate of 4.8% for AmeriCorps State and National—a decrease from the FY 2014 improper payment amounts of \$12.4 million and 5.0%.

Further, based on CNCS's extensive experience of conducting monitoring of its grant programs, grantees have demonstrated the ability to subsequently document through corrective action that the vast majority of payments, if not all of the payments, went to eligible individuals. However, because in FY 2015 CNCS assessed eligibility based on documentation present as of the time of payment, these 20% of reported improper payments include payments where CNCS's grantees did not have

<sup>3</sup> FFRs are filed by grantees every six months but report cumulative expenses over the period of the grant. If a grantee made appropriate accounting adjustments for a prior FFR period, its next FFR will report the new cumulative amount of expenses, which is different from simply adding six months of expenses to expenses reported on the previous FFR. This will result in the grantee's general ledger showing one amount for expenses incurred during the FFR period, but the net increase in cumulative expenses validly being a different amount. Invalid differences can have a wide variety of causes, such as charging grant cost based on budgets or the amount of funds drawn down, rather than actual expenses.

sufficient criminal background check documentation as of the time of payment to establish the eligibility of the individual in the manner required by law, but that documentation subsequently obtained by the grantee or CNCS prior to the completion of CNCS's IPERA assessment established that the individual was conclusively eligible as of the time of payment.

As discussed further in the corrective action section below, CNCS is not able to report estimated improper payment amounts in its Senior Corps programs because the agency's IPERA process failed to achieve the statistical confidence interval required in A-123, Appendix C due to numerous challenges in the agency's process. Among these challenges, CNCS had ambitious sample sizes based on prior year improper payment rates, but due to these and numerous other process challenges, CNCS failed to collect enough data to test the requisite number of samples to reach the required confidence intervals. Although the AmeriCorps program achieved the required confidence intervals and its data is reported accordingly, our process challenges also impacted CNCS's ability to complete testing of all the AmeriCorps samples requested. Testing all of the samples requested may have provided different results of the reported estimated improper payments for the AmeriCorps program.

## Root Causes

Significantly, as noted above, CNCS identified no instances of payments to ineligible individuals or any instances of fraud through its testing.

Table 2 "Improper Payment Root Cause Category Matrix" represents improper payments with the following root causes, as defined by OMB:

"Program Design or Structural Issue" represents \$967,000 (6.7%) of total estimated (i.e., extrapolated) improper payments resulting from a program design or a structural issue. This \$967,000 in improper payments reflects the extrapolation of a single transaction that occurred where the grantee made a payment before the results of a timely initiated FBI or state check was obtained. In other words, the grantee's process was fully compliant at the time that the payment was made, but CNCS permits grantees to pay individuals before the criminal history check results are returned (in addition to requiring other risk-mitigation procedures). In all such cases, the returned criminal history check documentation established that the individuals were in fact eligible.

"Insufficient Documentation to Determine" represents \$13.5 million (93.3%) of the total estimated improper payments reported related to insufficient documentation of criminal history checks and timesheets by grantees found in 15 of the 194 samples tested. OMB defines this category as a situation where there is a lack of supporting documentation necessary to verify the accuracy of a payment identified in the improper payment testing sample, even though the individual may have been eligible, but the documentation was not available contemporaneously.

\$12.6 million (86.7%) of total estimated improper payments resulted from grantees making 13 payments to individuals without being able to provide sufficient documentation to CNCS for the agency to independently verify the eligibility of the individual as of the time of payment per the exacting standards of the criminal history check law and regulations. CNCS did not identify any individuals working or serving that did not have some level of background check performed, and found no instances of ineligible individuals working or serving. Of the 13 transactions in CNCS's testing found to be improper:

- Six transactions which account for \$5.8 million (40.0%) of the estimated improper payments represented criminal background checks for individuals that had all or part of the criminal background checks performed by commercial vendors, but CNCS could not verify that those checks included all of the necessary components or drew their results from the requisite records repositories. In all of these instances, each individual had some level of background check performed, which indicated that the individual was eligible to serve.
  - o Two individuals had cleared FBI, state, and NSOPW checks prior to the transaction date. CNCS deemed the overall check noncompliant because the state checks, which were required in these instances, were performed by a vendor that did not use the correct repository.
  - o Two individuals had national sex offender, national criminal, and state checks run through a vendor's database prior to the transaction, but CNCS could not confirm that the vendor drew upon the requisite records repositories. (Because these individuals did not have access to vulnerable populations, they required only a state or FBI check, so the grantees performed more screenings than required; regardless of the extra checks, CNCS still found those payments to be improper.)
  - o One individual had a cleared NSOPW check and national and state vendor checks prior to the transaction date, but CNCS could not confirm that the vendor drew upon the requisite records repositories.
  - o One individual had a cleared NSOPW check and a state check through a vendor prior to the transaction date, but CNCS could not confirm that the vendor drew upon the requisite records repositories. (This individual required only the state or FBI check.)
- Three transactions which account for \$2.9 million (20.0%) of estimated improper payments represented criminal history checks that were only perfected by the grantee after the transaction date, though all these individuals did have some checks performed timely (before the payments in question), including FBI checks, state checks, and/or NSOPW checks. After the transaction date, these grantees completed the necessary checks and provided adequate

documentation for CNCS to now conclude that these individuals are eligible under the exacting statutory requirements.

- o One grantee had an appropriate clearance letter<sup>4</sup> in the file stating the individual was eligible to serve, and the NSOPW was added to the file later.
- o One individual had all necessary checks completed, but the NSOPW was incomplete because one state was offline when the grantee conducted the NSOPW check. (The NSOPW draws from state databases, so the federal results are incomplete when any state database is offline.) The NSOPW check was not re-run to include results from the state that was offline until after the transaction date.
- o The last transaction had a cleared NSOPW and vendor check prior to the transaction which was later supplemented with a check from the designated state repository and an FBI check.
- One transaction, which accounts for \$967,000 (6.7%) of estimated improper payments, represented an individual without access to vulnerable populations where the grantee obtained a timely NSOPW check and had timely initiated an FBI check but did not provide CNCS with the results of the FBI check. In this case, no state check was required.
- One transaction, which accounts for \$967,000 (6.7%) of estimated improper payments, represented a grantee who did not check the designated state repository for the state of service of the individual, but rather checked a state maintained repository that was not an approved source of state records. That individual had a cleared NSOPW, FBI check, and state of residence check prior to the transaction.
- Two improper payments, which account for \$1.932 million (13.3%) of estimated improper payments represented transactions where a California-based grantee, due to California state law, was prohibited from providing CNCS with the actual documentation supporting the checks. In both cases, the grantee provided a cleared NSOPW check and letter signed by an authorized representative of the grantee indicating that the grantee performed and verified all of the required checks, yet the signed letters were not signed contemporaneously with the dates that the checks were completed.
- \$967,000 (6.7%) in estimated improper payments stemmed from one instance where a member's signed timesheets were not provided. The grantee reported that its time validation system was inadvertently not validating timesheets—an issue that was identified independently during a grants monitoring site visit and is reportedly being corrected.

## Corrective Actions

This section discusses CNCS's IPERA process challenges, reasons for

programs being susceptible to improper payments, and plans to improve procedures.

### *Nonresponsive Grantees*

To address the agency's substantial nonresponse rates across programs, which resulted in CNCS failing to test enough samples to reach the required statistical confidence interval, CNCS plans to undertake the following initiatives before and during next year's IPERA process.

CNCS's efforts to request data from grantees can be improved substantially. CNCS failed to clearly explain the iterative IPERA process to grantees in advance of requesting information from them. As a result, many grantees did not understand what was being requested, who was requesting it and for what purpose, and (as a result of our iterative sampling process) did not understand why CNCS continued to ask for additional information. In addition, CNCS did not draft its data requests to grantees as clearly and simply as possible, nor did we transmit those requests from agency staff known to the grantees, i.e., the grantees' CNCS program or grants officers. For instance, our FGP grantees received communications from the email address 2015IPERAFGP@cns.gov with the subject "2015 IPERA Testing Reference Number ####." It is understandable that email requests to grantees were not opened or actioned because they may have been overlooked, automatically sent to a junk mail folder, or considered email spam or a phishing attack by the grantee because the emails came from unknown email addresses, were not expected by the grantees, contained unclear text, and sometimes unexpected attachments or links.

In response, CNCS will:

- Send an IPERA kick-off letter to grantees selected to provide samples to explain the agency's IPERA process, including the need to respond timely and the consequences for failing to do so.
- Hold an IPERA kick-off call with selected grantees to further explain the process and answer any questions at the outset of the collection process.
- Conduct IPERA preparedness training sessions at the four CNCS Regional Trainings, as well as at all conferences where CNCS is a key participant to further ensure grantee understanding of their role and responsibilities during the IPERA review process.
- Create a page on the CNCS web site to explain the IPERA process and routinely update our IPERA Frequently Asked Questions to reflect a running list of questions asked by grantees.
- Develop a web-based IPERA training module that will guide grantees through the IPERA process.
- Test communications to identify which ones generate the most timely and accurate responses, including coordinating with CNCS's

<sup>4</sup> In states where grantees are not allowed to retain or report the results of criminal history checks, grantees are required to contemporaneously record the checks that were completed and report that the individuals were eligible to receive payments from the grantee. For IPERA reporting, CNCS only accepted records created before the transaction date.

Research and Evaluation group and the President's Social and Behavioral Sciences Team to integrate best practices and measure which communications yield better response rates.

- Involve the program and grants officers early in the process to ensure the communications are appropriately tailored to each program population.
- Issue IPERA communications to grantees from their respective program and/or grants office to ensure that the agency's requests originate from an agency official known to the grantee. For instance, high nonresponse rates in Senior Corps are partly attributable to grantees normally interacting with their state program officer, so unusual emails from unknown CNCS email addresses are easily overlooked or confusing.
- Assess using email tools to identify which emails have been received and opened and to facilitate improved follow-up on nonresponses.
- Implement project management strategies to ensure progress is tracked, incremental milestones are achieved, and process issues are identified and mitigated in a timely manner.
- Improve customer service to keep selected grantees informed of their status in the process on a regular basis, including timely responses regarding the outcome of the analysis of their selected transaction.
- Dedicate appropriate human and other resources to the management and execution of the IPERA process.

CNCS lacked adequate personnel and time to execute the required steps to collect the samples. Primarily, CNCS did not have adequate personnel available to follow up with nonresponsive grantees and was unable to conduct needed follow up on the many requests that were not responded to by the grantee. CNCS also did not have adequate personnel or time to obtain complete documentation from some of the grantees that were responsive. This year, very late in the agency's sample collection process, CNCS added program and grants officers to the effort. Assigning these additional staff to the effort resulted in a striking increase in grantee responsiveness and improved data collection. Had CNCS integrated more program and grants officers from the start, it is believed it would have significantly decreased non-responsiveness. In response, CNCS will:

- Increase the personnel dedicated to the IPERA sample collection process to permit for more aggressive follow-up and faster processing of data requests.
- Increase the amount of time allocated for data collection to give CNCS personnel greater time to acquire complete documentation for each sample.
- Involve the grantees' program and grants officers to streamline sample acquisition and improve the completeness of the data sent to CNCS.

CNCS did not take steps to hold grantees accountable for failure to

provide the requested information. In response, CNCS will:

- Implement new terms and conditions upon renewal, continuation and new grant awards to make clear that failure to respond to IPERA data requests may result in grant funds being placed on temporary manual hold, reimbursement only, or other remedies as appropriate.
- Include in communications clear sanctions for non-responsiveness and the timeline for those sanctions.
- Promptly place grant funds on temporary manual hold, reimbursement only, or take other appropriate remedies until CNCS's data requests have been fulfilled, in appropriate circumstances.
- Notify the field in our Notices of Federal Funding that responsiveness to CNCS's IPERA requests will be a factor in future funding decisions, in appropriate circumstances.
- Review nonresponsive grantees against other available risk factors to determine if any remedies are appropriate for nonresponse to the FY 2015 IPERA process.

#### *Sampling Methodology*

CNCS's IPERA sampling efforts in FY 2015 were more difficult due to possible oversampling. CNCS based its sample size on the improper payment rates identified in the previous year using a statistical calculation intended to achieve desired confidence levels. As a result, in this year's IPERA process, CNCS attempted to sample more than seven times the number of payments sampled in FY 2014. In addition, the sampling methodology used in FY 2014 and FY 2015 required several interactions between CNCS and each grantee to even identify a transaction to be tested, and then additional interactions to collect all of the necessary documents to validate a payment. To identify a random transaction, CNCS began with a grantee's FFR and then requested the General Ledger (GL) detail to identify transactions within the FFR. The iterative steps continued until transactional data was obtained to test whether a payment was proper, possibly requiring up to seven steps per transaction sampled. CNCS has begun working with its statisticians, and will engage OMB and our Office of Inspector General to attempt to identify an improved methodology to address these issues. Additionally, CNCS will attempt to align any new methodology as part of the agency's ongoing grants monitoring activity.

#### *Grants Monitoring Activities*

CNCS has two parallel work streams around grantee monitoring: (1) traditional grants monitoring that is performed on all grantees on a rotating basis, and (2) the relatively new IPERA sampling process. Many of the items reviewed during traditional grants monitoring are also subject to IPERA testing. Because other corrective actions identified require program and grants officers to be more involved in IPERA, this necessarily means that they will have less time to perform their traditional grants monitoring. Accordingly, CNCS has begun to evaluate how to better combine these two work streams to make IPERA sampling a more organic

part of the overall grantee monitoring strategy. The IPERA evaluation will also be part of a broader CNCS effort to implement a robust enterprise risk management program.

Separately, as a result of CNCS's programs and statutory structure, its grants are monitored by several different groups of programs and grants officers. For example, while AmeriCorps State and National has some direct grantees, the majority of its grants are subgranted through—and monitored by—each State Commission. Further, Senior Corps programs are monitored by program staff out of CNCS's state offices. While unifying the agency's monitoring efforts across these different groups has been a focus of considerable attention over the last year, the agency will redouble its focus to ensure that monitoring is focused on prioritizing the key aspects necessary to run a highly effective and compliant program.

### *Criminal History Check*

Nearly all of CNCS's estimated reportable improper payments stem from a failure by our grantees to follow or document the exacting criminal history check process required by law, regulation, and policy.

As noted above, the Serve America Act provides very specific criteria for how grant-funded AmeriCorps State and National and Senior Corps staff and participants should be screened. In addition to specifying what eligibility criteria exist (individuals cannot be convicted murderers or registerable sex offenders), the law specifies how eligibility is to be determined. The grantee must usually determine eligibility for all grant-funded individuals with a combination of as many as four checks from the National Sex Offender Public Website, the FBI, the individual's state of residence, and the individual's state of service/work. Where any single check standing alone provides some information as to the individual's eligibility, the required array of somewhat overlapping checks serves to provide greater assurance of the grantee's ability to rule out certain convictions, i.e., demonstrate to a higher degree of certainty that the person is not ineligible.

Although compliance with the specific statutory provisions of the checks is paramount, all of the individuals found to have inadequate checks did have some degree of background check performed by the grantee, all of which indicated that the individuals were eligible. Criminal history background checks are not a binary process, as noted above, but rather reflect a degree of certainty. Having any check mitigates the risks of having ineligible individuals in our programs, and the risk is substantially mitigated with presence of certain important checks like the NSOPW or a fingerprint-based FBI check. In 20% of cases (three instances), though the grantee did not have the complete documentation as of the time of payment, the grantee or CNCS has since obtained the necessary documentation to perfect the check—up to the legally required standard—to demonstrate the individual's eligibility. CNCS requires all other checks to be perfected through corrective action. Based on our extensive experience of conducting monitoring of

our grant programs, our grantees will be able to subsequently document through corrective action that the vast majority of payments, if not all of the payments, went to eligible individuals.

Nonetheless, improving grantee compliance with the criminal history check rules represents a key focus of CNCS over the last several years and into the foreseeable future. In FY 2014 and FY 2015, CNCS took extraordinary measures to improve compliance with the criminal history check requirements, and more initiatives are in the pipeline.

In 2014, CNCS initiated an Assessment Period during which grantees were strongly encouraged to review all of their personnel files to confirm that the required criminal history checks were performed up to the legal standard, correct any noncompliant files, and document what remedies they performed. Grantees that participated in the Assessment Period, which ran during October and November 2014, were able to correct their records without risk of cost disallowance. A total of 2,493 grantees and subgrantees participated in the Assessment Period, reporting that they collectively reviewed more than 115,000 files in the process. Grantees reported that they collectively identified and corrected at least 16,458 missing checks, including 5,358 missing NSOPW checks, 5,760 missing state check results, and 5,340 missing FBI check results. Because the IPERA sampling period included transactions from before, during, and after the Assessment Period, the grantees' efforts are not fully reflected in the 2015 IPERA results. It is expected that the 2016 IPERA review will include more post assessment transactions.

In FY 2015, CNCS renewed and expanded its strategy to improve grantees' criminal history check compliance with enhanced tone from the top, increased enforcement, and sustained efforts to lower barriers that inhibit grantee compliance.

- In April 2015, CNCS adopted an agency-wide criminal history check enforcement policy that requires a measure of disallowance for nearly every instance of noncompliance (instances of ineligibility are always unallowable). The policy enforces compliance with CNCS's statutory and regulatory requirements for conducting the checks and emphasizes CNCS's priority to ensure that programs and recipients are fully compliant with the requirements, hold grantees consistently accountable for all instances of noncompliance, and use enforcement actions to incentivize compliance with the requirements. This policy also created a new, cross-functional group within CNCS called the Enforcement Team, which is responsible for reviewing and coordinating criminal history check matters agency-wide.
- In August 2015, CNCS published its interim disallowance guide, which explains to all program and grants officers within CNCS, and to our grantees, with subgrant monitoring responsibilities (i.e., State Service Commissions and SIF) how to perform consistent disallowance calculations.

- As part of its interim disallowance guide, CNCS also adopted a self-reporting option to encourage grantees to adopt internal controls to identify criminal history check noncompliance on their own. This self-reporting option allows grantees to reduce the amount of cost disallowance they face, by half in most cases, if they report noncompliance before CNCS initiates monitoring activity.

In addition to these major milestones, the following activities were completed as of the date of this report (unless otherwise noted).

#### *Criminal History Check — Tone from the Top.*

- The CNCS CEO sent an email to all staff and grantees reemphasizing that the criminal history checks must be performed “On Time, Every Time” and that grantees that fail to meet that standard should expect some measure of disallowance.
- The CNCS CEO discussed the importance of conducting criminal history checks “On Time, Every Time” at all five of CNCS’s regional training events in FY 2015, reaching some 2,000 grantee staff. The CEO also spoke about criminal history checks at each program’s annual convening in September 2015. This message of “On Time, Every Time” is frequently echoed by each program director and the director of the CNCS Office of Field Liaison in public remarks.

#### *Criminal History Check — Improving Access and Reducing Barriers to Compliance.*

- To expand grantees’ access to the FBI criminal background check, CNCS awarded a contract to a commercial entity to offer FBI background checks directly to our grantees. Previously, grantees had to go through their state records repositories to access the FBI check, which was infeasible or impossible for many grantees. This option will become available to grantees in early calendar year 2016.
- In an effort to expand access to additional compliant sources of state records, CNCS staff reviewed and approved nine alternative state data sources for state checks and continues to review and approve additional sources. This improves grantees’ access to checks, and permits more vendor searches to meet CNCS’s exacting standards.

#### *Criminal History Check — Improved and Expanded Training and Technical Assistance.*

- CNCS personnel have conducted training for grantees at nearly every national service event since FY 2012, the year that CNCS’s criminal history check regulation was finalized. In FY 2015, CNCS staff conducted training events for grantees related to criminal history checks.
- Recognizing that new grantees often have the most challenges complying with the criminal history check requirements, CNCS offered live trainings and webinars for new grantees immediately following their grant award.

- To ensure that CNCS staff are knowledgeable about the criminal history check requirements that apply to grantees, new CNCS staff that interact with grantees commonly receive training as part of their onboarding process.
- A new criminal history check electronic training course is in the process of being finalized.
- CNCS is creating a criminal history check video library addressing specific issues in brief segments.
- CNCS is creating a criminal history check manual and toolkit for conducting criminal history checks.
- CNCS is continually updating our criminal history check website with new tools and updated information.

#### *Criminal History Check — Expanded CNCS capacity and engagement*

- CNCS has doubled the agency’s staffing of employees dedicated to criminal history check policy and compliance.
- CNCS has established a new, cross-function criminal history check Enforcement Team.
- CNCS has continued engagement with the Department of Justice’s NSOPW.gov web team, the FBI, the National Crime Prevention and Privacy Compact Council, state records repositories, administrative offices of state courts, the Association of State Service Commissions, and Senior Corps advocacy groups.
- CNCS has included information about the criminal history check requirements in every grantmaking Notice.

Currently and into 2016, CNCS will continue to innovate new ways to improve grantee compliance with the criminal history check requirements.

- In response to a common challenge faced by grantees—that there is no one-stop solution to meet the criminal history check requirements—CNCS is exploring an initiative to validate certain criminal background check packages offered by commercial vendors that meet the exacting legal standards on a state by state basis.
- To reduce grantees’ burden in collecting and storing eligibility data, CNCS is developing a document organization template for grantees to be able to download and use. The template will include places for grantees to affix relevant documents and certain diagnostic questions to help advise grantees as to what documentation is required. This template will include documentation related to the criminal history check as well as other eligibility information.
- Senior Corps plans to have its field-based program officers conduct diagnostic technical assistance calls with most of its grantees. The Senior Corps program officers will first obtain a representative criminal history check from each grantee. Then CNCS program staff will call the grantee and walk the grantee through the most common

areas of noncompliance for each respective Senior Corps program using a standardized script. The purpose of these calls is to provide direct, individualized technical assistance to Senior Corps grantees to sensitize them to common areas of noncompliance and help them identify areas for improvement.

- All grantees identified through improper payment testing will be considered for expanded monitoring activities to test for other instances of noncompliance and increased training and technical assistance to support and guide them to take appropriate corrective actions.
- In recognition that background checks are only a screening tool to reduce risk, CNCS plans to move beyond the checks to help focus staff and grantees on prevention. This will include reviewing and updating program materials to ensure that grantees' programs are designed in ways that reduce opportunities for inappropriate conduct. CNCS also plans to leverage a relationship that our Office of the Inspector General initiated with the National Center for Missing & Exploited Children.

### Internal Control Over Payments

The risk assessment process followed CNCS's Enterprise Risk Management Internal Control framework which included:

- Internal Control Environment
- Risk Assessment
- Internal Control Activities
- Information and Communication
- Monitoring

The factors considered in the determination of risk levels include:

- Operating Environment – Existence of factors which necessitate or allow for loosening of financial controls; any known instances of fraud
- Payment Processing Controls – Management's implementation of internal controls over payment processes including existence of current documentation, the assessment of design and operating effectiveness of internal controls over payments, the identification of deficiencies related to payment processes, and whether or not effective compensating controls are present
- Internal Monitoring Activities – Periodic internal program reviews to determine if payments are made properly; compliance with documentation requirements and standards to support testing of design and operating effectiveness for key payment controls
- Human Capital – Experience, training, and size of payment staff; ability of staff to handle peak payment requirements; level of management oversight, and monitoring against fraudulent activity
- See Table 4 below for program status of internal controls.

### Accountability

As discussed above, CNCS continues to take all possible steps to maximize grantee compliance with the criminal history check requirements. CNCS instituted an enforcement policy and cost disallowance guide that requires some measure of cost disallowance in nearly all cases of criminal history check noncompliance. In addition, CNCS leadership continues to state the expectation of the CNCS CEO for criminal history checks is "On Time, Every Time." Further, CNCS leadership and the cross-functional Enforcement Team have devoted extraordinary time and attention to reducing barriers to compliance. No senior leader in the agency, nor any program or grants officer, is not engaged in the task of improving grantees' compliance with the requirements. Nonetheless, the requirements are complicated and time-intensive, and grantees lack a one-stop solution for conducting the required checks. Beyond criminal history checks, senior agency leadership is engaged in efforts to streamline our grants monitoring activities to improve our grantees' compliance with the paperwork required to document the eligibility of their staff and participants.

At the same time, leadership and staff remain focused on the mission and purpose of the agency—to fund national service opportunities for Americans—and the importance of identifying, funding, and running great programs across the country. The agency's focus on criminal history checks primarily reflects the importance of the checks as a step to mitigate risk to the populations that benefit from national service. While CNCS believes that its improper payment rates do not represent federal funds going to undeserving individuals, or being misspent through fraud, waste, or abuse, or other improper activities, it is committed to ensuring the cost-effective protection of vulnerable populations being served by our programs.

### Agency Information Systems and Other Infrastructure

CNCS is implementing information systems and other infrastructure it needs to reduce improper payments to the targeted levels. As discussed further in the Do Not Pay Initiatives section below, CNCS has partnered with Treasury to systematically prevent improper payments to vendors, grantees, and volunteers identified on the Do Not Pay lists. In addition, CNCS continues to assess and make adjustments to its underlying infrastructure to ensure timely compliance with criminal history background checks necessary to affirm payments are made to eligible members. As discussed in the corrective action section above, CNCS has taken many steps to ensure grantees are compliant with criminal history checks, but continues to evaluate other viable tools to simplify compliance factors.

### Barriers

CNCS's susceptibility to improper payments, and the challenges it faces in reducing improper payments in the future, are attributed to several factors: (1) CNCS has many small grantees; (2) a substantial portion of

grant funds are deployed through subgrants; (3) CNCS is prohibited from awarding FGP and SGP grants competitively, meaning that our recourse against low-performing grantees is limited; and (4) CNCS's criminal history check law requires multiple components available only from different sources, yet grantees lack a one-stop solution to check all of the required components at one time.

1. CNCS provides grants to many small grantees to operate programs with complex requirements. CNCS currently manages approximately 3,800 grants to organizations, many of which are small or very small operations. In FY2015, CNCS awarded 800 new awards and 3,000 continuation awards. In the Senior Corps programs, for example, the average grant size is \$125,000. This nature of the grantee population is due primarily to the kinds of local service-driven solutions that CNCS funds. Through program and grants management oversight and monitoring efforts, CNCS is aware that smaller grantees face greater challenges implementing their programs; they have fewer resources, less staff, and significant staff turnover. Yet, regardless of the grantee's size, the federal requirements regarding the management of their award remains the same. Further, CNCS-funded programs can be administratively complicated as grantees navigate the numerous legal requirements and prohibitions that govern the programs, particularly the eligibility requirements of the members.
2. Because a substantial portion of CNCS grant funds are deployed through subgrants, CNCS does not maintain direct oversight over a substantial portion of its grant portfolio. In AmeriCorps State and National, for example, CNCS issues \$300 million annually in grants to State Service Commissions, which subgrant the funds to organizations in the states to run AmeriCorps programs. The entire portfolio of SIF grants, \$70 million annually, is awarded to intermediaries that are required to make subawards to other organizations. Accordingly, CNCS is limited in its ability to dictate how the subgrants are monitored. CNCS attempts to provide ongoing training and technical assistance to grantees to improve subgrant oversight and monitoring and focus the grantees on the key aspects of subgrant compliance, such as criminal history checks. CNCS released its criminal history check interim disallowance guide publicly for this exact reason—to encourage grantees to use it when providing technical assistance or monitoring their subgrants.
3. CNCS's susceptibility to improper payments in its FGP and SCP programs is further exacerbated because the agency is prohibited by statute from awarding these grant programs competitively. Competitive grantmaking criteria would enable CNCS to identify organizations that have a lower potential susceptibility to improper payments and award FGP and SCP grants accordingly. However, CNCS is prohibited by statute from renewing FGP and

SCP grants competitively. Absent termination for cause, the law requires CNCS to renew grants to FGP and SCP sponsors. This means that some FGP grants were last competed in 1965 and some SCP grants were last competed in 1974, when federal grant requirements were substantially less stringent. Competitive grantmaking increases the impact of federal appropriations, drives innovation, encourages the use of evidence-based models, and ensures accountability. Every CNCS Congressional Budget Justification since 2013 has requested authority from Congress to compete FGP and SCP funding.

4. The complexity of the criminal history check requirement cannot be overstated. Many grantees must conduct searches or request records from as many as four different sources and face different legal requirements in most states. CNCS is unable to offer grantees a one-stop, federally-sanctioned solution to conduct all of the required steps in a compliant background check at one time. As a result, grantees will continually fail to conduct all the necessary components on time, every time. Unlike gun sellers, who have access to the National Instant Criminal Background Check System to conduct the background checks required by law, CNCS has no access to any similar system. Rather, grantees must coordinate their own searches, obtaining the various components through different sources. To mitigate this barrier, CNCS continues to promote its strategy of communicating from the top to focus grantees on these important requirements, increasing enforcement activity to incentivize and maximize compliance, and sustaining efforts to lower barriers that inhibit grantee compliance. CNCS is continuing to expand access to the checks by, for instance, contracting with an FBI Channeler to offer FBI checks directly to grantees, and exploring whether commercial vendors can perform the checks in certain circumstances.

## Recapture of Improper Payment Reporting

### *Payment Recapture Audits, Reporting, and Programs Excluded from Payment Recapture Audit Program*

Section 2(h) of IPERA requires agencies to conduct payment recapture audits (also known as recovery audits) for each program and activity that expends \$1 million or more annually if conducting such audits would be cost-effective. CNCS relies on existing grant monitoring activities as its primary tool for detection and recovery of improper payments. In FY 2015, CNCS introduced a self-reporting option for criminal history check noncompliance to encourage grantees to review their own personnel files periodically. During FY 2015, CNCS began reviewing its payment recapture activities for programs expending \$1 million or more annually to include all grantmaking programs, as well as payments made to employees, vendors, education institutions on behalf of beneficiaries of educational awards, and to individuals serving in the VISTA and NCCC

programs. The review is not yet complete, but preliminary results strongly indicate that CNCS's existing program recapture activities routinely result in the offset of future payments and that contracting with a private sector firm to conduct payment recapture auditing is not warranted. CNCS anticipates excluding all of its programs from recapture audit programs and, accordingly, did not report payments from recapture audits. CNCS will continue to rely upon its existing internal recapture activities as well as its criminal history check self-reporting option.

#### *Overpayments Recaptured Outside of Payment Recapture Audits*

To date, the IPERA testing process has identified instances of criminal history check noncompliance or instances of insufficient documentation to establish validity of payment. During FY 2015, CNCS established its Interim Disallowance Guide for criminal history checks. Under A-123, Appendix C, instances of noncompliance with criminal history check requirements discovered through IPERA testing or other monitoring activities, but where subsequent documentation shows that the individual who received the payment was in fact eligible, would not result in payment recoveries. However, under CNCS's Interim Disallowance Guide, when the grantee did not comply with the criminal history check requirements in conducting the checks prior to payment, CNCS program officials are required to apply expanded monitoring activities and recover costs as applicable. In addition, CNCS routinely recovers disallowed costs as a result of its monitoring activities, Office of Inspector General audits and investigations, and audits under the Single Audit Act.

As discussed above, CNCS's recapture activities result in offsets to future payments and were not tracked separately for reporting purposes. During FY 2015, CNCS put forth efforts to develop tracking tools and established guidance that will facilitate future reporting of recapture activities. Table 3 below reflects this inability to report.

#### **Additional Comments**

As is suggested in OMB Circular A-123, Appendix A, CNCS will be examining the use of the statistical model designed for improper payment testing within the AmeriCorps State and National cost reimbursement grant programs as part of its ongoing internal controls efforts. Specifically, CNCS is considering using a statistical sample of transactions charged to its grants as a component of an overall risk-based approach to monitoring its grant portfolio.

#### **Agency Reduction of Improper Payments with the Do Not Pay Initiative**

IPERA was further amended in FY 2012 by requiring OMB to identify high-priority federal programs for greater levels of oversight and review, provide guidance to agencies for improving estimates of improper payments, and establish a working system for pre-award, pre-payment

and post-payment reviews. Accordingly, CNCS uses the Do Not Pay (DNP) IPERA process to comply with the executive order of reducing improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the federal government, while continuing to ensure that federal programs serve and provide access to their intended beneficiaries.

CNCS payments subject to DNP IPERA guidance include payments to vendors and contractors and Federal Financial Assistance payments, including grants and payroll member payments. CNCS's emphasis on expediting certain payments (for example, member /volunteer payments for necessary mission-related assistance), and the decentralized nature of CNCS's operations increase CNCS's risk for improper payments.

To minimize risk of improper payments, CNCS established pre-payment and pre-award controls. For example, grantee eligibility and compliance with prior awards are reviewed prior to new grant awards. In addition, CNCS compares vendor and member payments to the Social Security Administration's listing of deceased individuals prior to disbursement to ensure payments are not made to these individuals.

CNCS also compares DNP data from internal systems with DNP database sources, such as the Central Contractor Registration, Death Master File -DMF Public [SSA], Debt Check\* [TOP/FMS], List of Excluded Individuals and Entities-LEIE [HHS], Excluded Parties List – Public, Office of Foreign Assets Control (OFAC) [Treasury], and Access to the Work Number, for possible improper matches. Improper payments identified through this process are referred to appropriate offices to initiate the recapture process.

CNCS began using the DNP business rules for vendor and member payments and will begin the testing phase using the Continuous Monitoring Segment (CMS) with its first program in early FY 2016. CNCS also expects to incorporate business rules for other various types of data, such as grants, member payroll, and vendor lists to facilitate continuous batch monitoring. In addition, CNCS is attempting to automate the use of DNP matching with its data source systems. CNCS continues to resolve possible matches between its payment files and DNP data base matches based on the current CNCS DNP business rules and actively compares various types of CNCS data (such as, grantees, vendors, members, employees) against the DNP single online portal.

**Table 1. Improper Payment Reduction Outlook** (dollars in millions)

Program or Activity	PY Outlays	PY IP %	PY IP \$	CY Outlays	CY IP %	CY IP \$	CY Over payment \$	CY Under payment \$	CY+1 Est. Outlays	CY+1 IP %	CY+1 IP \$	CY+2 Est. Outlays	CY+2 IP %	CY+2 IP \$	CY+3 Est. Outlays	CY+3 IP %	CY+3 IP \$
AmeriCorps	\$303.51	4.98%	\$12.39	\$222.40	6.5%	\$14.50	\$14.50	0	\$425.00	4.5%	\$19.13	\$425.00	2.5%	\$10.63	\$425.00	.5%	\$2.13
FGP	n/c*	n/c	n/c	80.17	n/c	n/c	n/c	n/c	108.00	n/c	n/c	108.00	n/c	n/c	108.00	n/c	n/c
RSVP	n/c	n/c	n/c	43.26	n/c	n/c	n/c	n/c	49.00	n/c	n/c	49.00	n/c	n/c	49.00	n/c	n/c
<b>TOTAL</b>	<b>\$303.51</b>	<b>4.98%</b>	<b>\$12.39</b>	<b>\$345.83</b>	<b>6.5%</b>	<b>\$14.50</b>	<b>\$14.50</b>	<b>0</b>	<b>\$582.00</b>	<b>4.5%</b>	<b>\$19.13</b>	<b>\$582.00</b>	<b>2.5%</b>	<b>\$10.63</b>	<b>\$582.00</b>	<b>.5%</b>	<b>\$2.13</b>

\*n/c - not completed

**Table 2. Improper Payment Root Cause Category Matrix** (dollars in millions)

Reason for Improper Payment		AmeriCorps State and National		RSVP		FGP		Total
		Overpayments	Underpayments	Overpayments	Underpayments	Overpayments	Underpayments	
Program Design or Structure Issues		\$1.0	–	–	–	–	–	\$1.0
Inability to Authenticate Eligibility		–	–	–	–	–	–	–
Failure to Verify	Death Data	–	–	–	–	–	–	–
	Financial Data	–	–	–	–	–	–	–
	Excluded Party Data	–	–	–	–	–	–	–
	Prisoner Data	–	–	–	–	–	–	–
	Other Eligibility Data	–	–	–	–	–	–	–
Administrative or Process Error Made by:	Federal Agency	–	–	–	–	–	–	–
	State or Local Agency	–	–	–	–	–	–	–
	Other Party	–	–	–	–	–	–	–
Medical Necessity		–	–	–	–	–	–	–
Insufficient Documentation to Determine		\$13.5	–	–	–	–	–	\$13.5
Other Reason		–	–	–	–	–	–	–
<b>Total</b>		<b>\$14.5</b>	<b>n/a</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>n/c</b>	<b>\$14.5</b>

**This page intentionally left blank**

**Table 3. Payment Recapture Audit Reporting**

Program or Activity	Type of Payment (contract, grant, benefit, loan, or other)	Amount Subject to Review for CY Reporting	Actual Amount Reviewed and Reported (CY)	Amount Identified for Recovery (CY)	Amount Recovered (CY)	% of Amount Recovered out of Amount Identified (CY)	Amount Outstanding (CY)	% of Amount Outstanding out of Amount Identified (CY)	Amount Determined Not to be Collectable (CY)	% of Amount Determined Not to be Collectable out of Amount Identified (CY)	Amounts Identified for Recovery (PYs)	Amounts Recovered (PYs)	Cumulative Amounts Identified for Recovery (CY + PYs)	Cumulative Amounts Recovered (CY + PYs)	Cumulative Amounts Outstanding (CY+PYs)	Cumulative Amounts Determined Not to be Collectable (CY+PYs)
AmeriCorps State and National	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c
RSVP	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c
FGP	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c	n/c

**Table 4. Status of Internal Controls**

Internal Control Standards	AmeriCorps State and National	RSVP	Foster Grandparent
Control Environment	3	3	3
Risk Assessment	3	3	3
Control Activities	3	3	3
Information and Communication	3	3	3
Monitoring	3	3	3

**Legend:**

- 4 = Sufficient controls are in place to prevent IPs
- 3 = Controls are in place to prevent IPs but there is room for improvement
- 2 = Minimal controls are in place to prevent IPs
- 1 = Controls are not in place to prevent IP

**This page intentionally left blank**

Corporation for  
NATIONAL &  
COMMUNITY  
SERVICE 