



October 3, 2011

TO: Robert Velasco II  
Acting Chief Executive Officer

FROM: Kenneth Bach /s/  
Acting Inspector General

SUBJECT: OIG Fiscal Year 2012 Audit Plan

Attached is our Fiscal Year 2012 Audit Plan. This plan is based on the assumption that the appropriation for OIG is the amount currently proposed. If a lesser amount is appropriated, significant numbers of proposed audits/evaluations and contracted audits would likely have to be reduced and/or cancelled. This plan is also subject to change based on requests, changed priorities and new information. If you have any questions, you may call me or Stuart Axenfeld, Assistant Inspector General for Audit, at 202-606-9360.

Attachment

cc: Kim Mansaray, Acting Chief Operating Officer  
James Siegal, Chief of Staff  
Valerie Green, General Counsel  
Bill Anderson, Chief Financial Officer  
Idara Nickelson, Chief of Program Operations  
Erwin Tan, Director, Senior Corps  
John Gomperts, Director, AmeriCorps\*State and National  
Mary Strasser, Director, AmeriCorps\* VISTA  
Rocco Gaudio, Deputy Chief Financial Officer for Grants and Field Financial Management  
Margaret Rosenberry, Director, Office of Grants Management

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

**Fiscal Year 2012 Audit Plan**

The Office of Inspector General (OIG) Audit Plan for Fiscal Year (FY) 2012 is intended to be an evolving document that will add projects, including requests, as time, staff, and funding allow. The plan includes audits required by statute, including the Corporation's Financial Statements, the Strengthen AmeriCorps Program Act, and an evaluation of the Corporation's information system security program, as required by the Federal Information Security Management Act of 2002 (FISMA).

Consistent with the President's June 13, 2011, Executive Order, *Delivering an Efficient, Effective, and Accountable Government*, the OIG Audit Section will continue with its internally focused audits by initiating largely staff-produced examinations and high-priority performance reviews that can have a global impact on the Corporation and its grantees. For example, our FY 2011 evaluation of the Social Innovation Fund Grant Application Review Process (GARP) identified recommendations to improve the Reviewer Recruitment Process, enhancements to existing policies, and other necessary documentation requirements. These recommendations, if implemented, will improve the GARP process in future years. In another FY 2011 evaluation, we reviewed grantee monitoring activities to determine whether the Corporation maintained adequate support for its findings and conclusions and adhered to its monitoring policies. We determined that some program officers, with responsibility for monitoring the financial requirements of grantees, had either inadequate or no formal training for this vital task. We recommended, and the Corporation concurred, that all program officers be provided with the needed training.

Another Administration initiative has been to cut programs that do not work, streamline how government operates to save money and improve performance, and make it more open and responsive to the needs of the American people. In accordance with OMB Memorandum M-11-16, dated April 14, 2011, the OIG will review the Corporation's Annual Financial Report (AFR) and compliance with the Improper Payments Elimination and Recovery Act (IPERA) and issue a report by March 31, 2012. We will evaluate the accuracy and completeness of the Corporation's reporting and evaluate its performance in reducing and recapturing improper payments.

Under our Audit Plan for Fiscal Year 2012, we will continue with our financial audits of grant recipients. We are selectively focusing on high-risk grantees or those that are identified, through our internal raw data collection, as potentially problematic. For FY 2012, we will conduct a reduced number of these discretionary audits, primarily using external Independent Public Accounting (IPA) firms.

## ***Financial Statements and Corporation Audits***

### **FY 2012 Financial Statements Audit**

The Government Corporation Control Act requires the Corporation to issue an annual financial report that includes its OIG-audited financial statements. The schedule for this audit anticipates that the Corporation will prepare financial statements and meet the requirement of issuing audited Fiscal Year 2012 financial statements by November 15, 2012. As part of this audit, the OIG will continue to monitor the Corporation's progress toward correcting previously identified internal control weaknesses.

### **FY 2012 Strengthen AmeriCorps Program Act Audit**

The Strengthen AmeriCorps Program Act of 2003 requires an independent annual audit of the accounts of the Corporation relating to appropriated funds for approved National Service positions and the records demonstrating the manner in which the Corporation records its National Service Trust obligations. This audit will determine whether the Corporation has complied with the requirements of the Act. Specifically, it will examine whether obligations are recorded in a timely manner, whether the amount of the Trust obligation is based on the estimated value of the education benefit, and whether the reserve account is maintained to meet the needs of the Trust.

### **Independent Evaluation of the Corporation's Information System Security**

Under FISMA, the OIG is required to annually perform an independent evaluation of the Corporation's information security program and practices to determine their effectiveness. The evaluation shall include testing of the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems. The assessment will also include a determination of compliance with related information security policies, procedures, standards, and guidelines, as well as the requirements of the Office of Management and Budget.

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

In FY 2012, the OIG will conduct an efficiency-related evaluation on the administrative costs incurred on the AmeriCorps NCCC program. The purpose of this evaluation is to identify potential cost savings in administering the program. The enacted incurred cost of member for FY 2011 is \$27,384, while the projected incurred cost per member for FY 2012 is \$29,268. OIG will also determine if the Corporation has adequate internal controls in place to promote efficiency of operations and service assignments at the regional campuses and determine if the Corporation is using efficient operating procedures and practices.

### **Audit of VISTA Members Engaging Prohibited Activities and Direct Services**

As a result of recent audit findings relating to VISTA members engaged in prohibited activities and direct services, the OIG will conduct an audit across various VISTA projects to further examine the pervasiveness of members engaging in direct services or prohibited activities. The objective of this audit is to identify instances in which VISTA members and programs engaged in prohibited activities or direct services, and to review internal controls utilized by the Corporation to monitor and detect non-compliance with VISTA provisions.

### **Evaluation of the Professional Corps Model**

Section 122(c)(1) (D) of the National and Community Service Act of 1990 allows for a professional corps program that recruits and places qualified participants in positions, such as teachers and other professionals, in communities with an inadequate number of such professionals. It allows such individuals to receive a salary in excess of the applicable limits on living allowances. The Corporation awards grantees fixed-priced grants for these professional AmeriCorps members. Section 122(a)(1)(B)(ix) of the Act allows for preprofessional training programs in which students enrolled in an institution of higher education receive training in specified fields, perform service related to training outside the classroom, and agree to provide service upon graduation. As a result of prior OIG identified issues, we will evaluate the professional corps model and the pre-professional training programs to determine whether these programs are 1) providing a valid service; 2) fairly available across regional boundaries; and 3) addressing unmet community needs.

### **Audit of Space Utilization at Corporation Headquarters**

As a result of recent budget constraints and the promotion of telework opportunities, many agencies are seeking methods to use workspaces more efficiently and effectively. As a result of these developments, the OIG will conduct an audit of the Corporation's space utilization at its headquarters location. The Code of Federal Regulation, Title 41. Section 102-79.20 states that executive agencies must promote the optimum use of space for each assignment at an economical cost to the Government, provide quality workspace that is delivered and occupied in a timely manner, and assign space based on mission requirements. The objective of this audit is to determine if the Corporation is in compliance with this regulation and maximizing use of its Headquarters workspace.

### **Review of Conference Spending**

OMB Memorandum M-11-35 dated September 21, 2011, addressed eliminating excess conference spending and promoting efficiency in Government. In the memorandum, the OMB Director emphasized the President's Executive Order which launched the Campaign to Cut Waste. One of the objectives of this Campaign to Cut Waste, as communicated to department and agency heads by the Vice President, is to have agencies conduct a thorough review of wasteful and inefficient spending and report back on measures that improve Government performance and management. As directed by the OMB Memorandum, agencies must report to OMB on the results of their reviews of conference-related activities and expenses.

In our April 2011 Semiannual Report to Congress, we reported that the Corporation's policy on Conference Planning lacked the essential planning criteria contained in the Federal

Travel Regulation, which is designed to ensure that conference costs result in the greatest advantage to the Government. In November 2010, we submitted our analysis of the current policy to Corporation management, noting the deficiencies and variances with the Federal regulation, and recommended that it be revised to become consistent with the Federal regulation's standards. As of the end of FY 2011, no proposed revision of the Conference Planning Policy had been issued by the Corporation.

The OIG evaluation of the Corporation's conference spending will include a review of its existing policies and internal controls on conference planning, and a review of conference-related activities and expenses for reasonableness, accuracy, and proper approvals.

### **Pre-Award Accounting System Audits**

Social Innovation Fund (SIF) grant recipients are primarily nonprofit community organizations, many of which will be receiving Federal funding for the first time. We will perform pre-award accounting system reviews of several of these organizations to determine whether they possess the financial management systems to properly account for Federal funding. The inspections will include procedures to ensure that financial systems and internal controls are adequate and that proper safeguards are in place to manage and account for grant funds.

The Corporation was appropriated \$50 million in FY 2010 and FY 2011 for the SIF and awarded 11 grants and 5 grants, respectively. In FY 2010 and FY 2011 the OIG performed 8 and 1 pre-award accounting system audit, respectively. In FY 2012, the OIG will again perform these audits for any SIF grantees that are receiving Federal grants for the first time.

### **IPERA (Improper Payments Elimination and Recovery Act)**

Improper Payments Elimination and Recovery Act (IPERA) (Public Law 111-204) and the Office of Management and Budget (OMB) Memorandum M-11-16 require that inspectors general review annually their agencies' improper payment reporting in the Performance and Accountability Report (PAR) or Annual Financial Report (AFR). The OIG is required to report on the agency's compliance with IPERA within 120 days of the issuance of the AFR. We will review the Corporation's and contractor's work regarding determining improper payments and assess the Corporation's compliance of the IPERA, Executive Orders, and applicable OMB guidance.

### ***AmeriCorps\*State & National Programs***

In Fiscal Year 2012, if funding permits, we will initiate audits or agreed-upon procedures engagements for the following:

- Teacher's College – Columbia University
- Pennsylvania Campus Compact
- Washington Commission for National and Community Service
- PennSERVE

- Wisconsin National & Community Service Board
- North Carolina Volunteerism and Community Service
- Kentucky Commission on Community Volunteerism and Service

### ***Other Corporation Grant Audit Efforts***

We estimate that we will audit the following Senior Corps programs:

- Lifelong of Tomkins County (Tompkins Co Senior Citizens Council, Inc. - N.Y.)
- RSVP of Jackson County (Catholic Charities of Jackson County - MI)
- Valley Opportunity Council Massachusetts
- Van Buren Community Development and Service Board – MI.
- U.S. Virgin Islands grants

### ***AmeriCorps\*State & National Programs***

During FY 2012 we plan to complete the following contracted audits and agreed-upon procedures for State commissions and National Directs, all of which were initiated late in FY 2011:

- The National AIDS Fund
- The New Teacher Project
- New Jersey Commission
- Michigan Commission
- Oregon Commission

### ***Carryover Audits Performed Internally***

During FY 2012, we plan to complete the following audits and agreed-upon procedures for State commissions and National Directs which were initiated in FY 2011:

- Operation REACH, Inc.
- Wayne County Action Program, Inc.
- Audit of National Service Trust Payments to Financial and Education Institutions
- Evaluation of the Corporation's Oversight and Resolution of OMB Circular A-133 Audits

### ***Investigative Support As Needed***

In prior years, the OIG Audit Section provided extensive support to the Investigations Section. We anticipate that this important activity will continue in FY 2012.