



Annual Management Report

Fiscal Year 2021

November 15, 2021

A decorative graphic at the bottom of the page consisting of several horizontal lines in red, dark red, blue, and dark blue, with a stepped, overlapping effect on the right side.

250 E Street SW
Washington, D.C. 20525
202-606-5000/ 800-942-2677

ABOUT THIS REPORT

The Annual Management Report (AMR) provides an overview of the Corporation for National and Community Service's (AmeriCorps¹) financial and performance results for the fiscal year (FY) spanning October 1, 2020 through September 30, 2021. The information, data, and analyses in this report provide an assessment of the agency's yearly activities and accomplishments towards its mission. The FY 2021 AMR includes AmeriCorps' FY 2021 Financial Statements Audit Report, including AmeriCorps' Statement of No Assurance regarding its financial reporting, internal controls, and operations. This report is published on the AmeriCorps website.

AmeriCorps will produce its FY 2023 Congressional Budget Justification with the integrated Annual Performance Report (APR) to provide an overall assessment of agency performance. AmeriCorps will transmit this report to Congress in early 2022. The Congressional Budget Justification will also be published on the AmeriCorps' website.²

These reports meet the requirements of the Government Performance and Results Modernization Act, the Federal Financial Management Improvement Act, the Federal Managers' Financial Integrity Act, the Government Corporation Control Act, and the Federal Information Security Modernization Act, among others. These reports also follow applicable guidance from the Office of Management and Budget (OMB).

This report is in the public domain. Authorization to reproduce it in whole or in part is granted with the citation: AmeriCorps FY 2021 Annual Management Report, Washington, D.C., 20525.

To request a printed copy of this report, obtain it in a format that is accessible to individuals with disabilities, or provide any related feedback, please contact the Office of the Chief Financial Officer at 202-606-6852 or at this mailing address: AmeriCorps, 250 E Street SW, Washington, D.C. 20525.

YOUR GUIDE TO USING THIS REPORT

This report is organized into four major sections, plus a glossary and URL index.

Management's Discussion and Analysis Section

This section provides an overview of AmeriCorps' organization, mission, and strategic framework. A summary of the agency's FY 2021 programs and financial performance are provided along with management's assessment of AmeriCorps' challenges and its Statement of No Assurance on AmeriCorps internal controls.

Financial Section

A message from AmeriCorps Chief Financial Officer (CFO) opens this section, followed by the agency's unaudited financial statements, accompanying notes, required supplementary information, and the independent auditors' report.

Other Information Section

This section provides the top management challenges facing AmeriCorps, as identified by the Inspector General (IG), a summary table of financial statement audit and Statement of No Assurance, information on the agency's efforts to eliminate improper payments, other administrative updates, and reporting requirements under AmeriCorps legislation.

Glossary of Acronyms and Abbreviations

The glossary lists and defines the acronyms used throughout this report.

URL Index

For those using a paper version of AmeriCorps FY 2021 AMR, you can find the underlined text items in the URL Index on page 238. It provides full web addresses for all hyperlinks included in this AMR narrative.

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

² The Administration only requested funding for an orderly AmeriCorps shutdown in FY 2019, FY 2020, and FY 2021. Therefore, the agency did not include performance information within these budgets. Prior year performance information is included in AmeriCorps' budgets, which are published on the AmeriCorps website.

TABLE OF CONTENTS

CONTENTS

I.	MESSAGE FROM THE CHIEF EXECUTIVE OFFICER.....	5
II.	MANAGEMENT'S DISCUSSION AND ANALYSIS.....	8
	A. MISSION AND ORGANIZATIONAL STRUCTURE.....	8
	B. PERFORMANCE PRIORITIES AND EXAMPLES.....	12
	C. ANALYSIS OF FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION ...	16
	D. ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE	22
III.	FINANCIAL SECTION	24
	PART A. MESSAGE FROM THE CHIEF FINANCIAL OFFICER	24
	PART B. INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S RESPONSE.....	26
	PART C. CONSOLIDATED FINANCIAL STATEMENTS.....	66
	PART D. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	73
	PART E. INDEPENDENT AUDITORS' REPORT ON NATIONAL SERVICE TRUST FUNDS FINANCIAL STATEMENTS AND MANAGEMENT'S RESPONSE.....	91
	PART F. NATIONAL SERVICE TRUST FUND FINANCIAL STATEMENTS	124
	PART G. NOTES TO NATIONAL SERVICE TRUST FUND FINANCIAL STATEMENTS ...	128
IV.	OTHER INFORMATION	134
	PART A. SUMMARY OF FINANCIAL STATEMENT AUDIT & MANAGEMENT.....	134
	PART B. PAYMENT INTEGRITY	137
	PART C. CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION.....	138
	PART D. NATIONAL SERVICE TRUST FUND STATUS REPORT (As of September 30, 2021)	139

I. MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

November 15, 2021

For more than a quarter century, AmeriCorps has leveraged the nation's greatest resource – the American people – to improve lives, strengthen communities, and foster civic engagement. Working hand in hand with thousands of local partners, AmeriCorps engages 250,000 individuals in results-driven service at 40,000 locations across the country.

AmeriCorps members and AmeriCorps Seniors volunteers help communities tackle pressing challenges – addressing COVID-19 and other public health needs, preparing students for success, combating the opioid epidemic, responding to natural disasters, supporting veterans and military families, preserving public lands, addressing climate change, fostering economic opportunity, and much more.

AmeriCorps' Fiscal Year 2021 Annual Management Report summarizes agency accomplishments and financial information in accordance with relevant federal guidance and laws. AmeriCorps' work last year – during one of the most trying times in the nation's history – demonstrates the agency's continued commitment to put AmeriCorps' resources in communities most in need, while also placing increased focus and resources in evidence-based approaches and operational efficiency.

Despite the challenges presented by the pandemic and economic slowdown, AmeriCorps reached several important milestones in the agency's efforts to strengthen the foundation of AmeriCorps and respond to the nation's current needs, and position the agency for future success. AmeriCorps' FY 2021 accomplishments include the following:

- AmeriCorps continued to provide pandemic assistance to millions of Americans – supporting vaccination, contact tracing, testing, wellness checks, and other public health strategies; assisting food banks and meal delivery programs; and helping students stay on track through virtual teaching, tutoring, mentoring, and other services. The agency is also engaging in an all-AmeriCorps program effort to support families in signing up for the Child Tax Credit. AmeriCorps Seniors entered into an agreement with the National Head Start Association and the Office of Head Start. The agency is partnering with the Department of Housing and Urban Development through its AmeriCorps VISTA program. All programs hosted Child Tax Credit trainings for all grantees and AmeriCorps members serving in VISTA and National Civilian Community Corps (NCCC) programs.
- The agency began implementing the historic investment provided by the American Rescue Plan Act to address community needs in public health, food insecurity, and education. The agency expanded service opportunities in AmeriCorps and AmeriCorps Seniors, raised the living allowance for AmeriCorps members in the State and National and VISTA programs, and expanded outreach to underserved communities and individuals.
- AmeriCorps invested in and began embedding diversity, equity, inclusion, and accessibility principles, strategies, and initiatives across programs, policies, and operations, taking steps to build a more diverse workforce, promote equitable grantmaking, and recruit a more diverse corps of members and volunteers.

- AmeriCorps partnered with the Center for Disease Control and Prevention to develop Public Health AmeriCorps, a new initiative to add capacity to strained public health systems and build a career pipeline for the next generation of diverse, talented public health leaders to enhance pathways to public health related careers.

Effective stewardship of federal resources remains a top priority for the agency, and in FY 2021 AmeriCorps made progress improving core business operations through the shared services stabilization of financial management, procurement, and travel functions. AmeriCorps also identified additional strategies and reforms to improve agency audit management and audit resolution. AmeriCorps appreciates the Office of Inspector General's continued communication and collaboration in addressing audit findings. Notable FY 2021 AmeriCorps accomplishments include:

- AmeriCorps continued efforts to improve grantee compliance with national service criminal history check requirements, and in FY 2021 published a regulation designed to streamline and simplify these requirements. The results of the agency's years-long efforts to address this important safety requirement have led to improvements.
- AmeriCorps developed and continued to refine a real-time, dynamic grantee risk assessment, which informs the agency's new risk-based monitoring structure. AmeriCorps continues to prioritize resources for the Office of Monitoring to ensure effective compliance monitoring for the AmeriCorps grant portfolio, including enhancing monitoring instruments and standardizing protocols.
- AmeriCorps continued to optimize and invest in financial management systems and processes within a shared services platform that seeks to improve accountability, standardizes business processes, and ensures staff and partners receive timely and reliable mission support.
 - Working with the OIG, the agency has taken additional steps to enhance fraud prevention, detection, and response strategies by conducting an internal assessment, engaging other federal agencies to identify leading practices in anti-fraud measures, revising the grantee risk assessment module to emphasize fraud risk indicators, and developing a fraud awareness training for grantees, among other actions. AmeriCorps continues to work with the OIG to advance this work and prioritize investments needed to balance the establishment of baseline compliance efforts and increased fraud prevention.

While much work remains, these and other accomplishments reflect the agency's commitment to improving core business practices, building capacity and systems, and strengthening operations to ensure the sustainability of national service. AmeriCorps' responsibility is too great, and mission is too important, to not elevate these as essential agency priorities for where AmeriCorps invests time and federal resources. These improvements are intended to help AmeriCorps be more effective fiscal stewards, better serve partners and grantees, and effectively engage AmeriCorps members and AmeriCorps Seniors volunteers in service across the nation.

AmeriCorps is on track to help the nation recover from the impacts of the pandemic, advance racial and economic equity, address climate change, and respond to other community needs while continuing to improve financial management and operations. With a new strategic plan focused on balancing mission work and mission support functions, and new resources from the American Rescue

Plan, AmeriCorps will continue to improve lives and strengthen communities while ensuring the agency is an accountable steward of the taxpayer dollar.

In service,

A handwritten signature in black ink, appearing to read "Mal Coles". The signature is fluid and cursive, with the first name "Mal" being more prominent than the last name "Coles".

Mal Coles

Acting Chief Executive Officer

AmeriCorps

II. MANAGEMENT'S DISCUSSION AND ANALYSIS

A. MISSION AND ORGANIZATIONAL STRUCTURE

AmeriCorps' mission is to engage Americans of all ages and backgrounds in community-based service to improve lives, strengthen communities, and foster civic engagement. AmeriCorps achieves its mission through the administration of its eight major programs and initiatives.¹

Agency Program Accounts and Descriptions

A description of each AmeriCorps program account in the agency's annual appropriation is included below.

AmeriCorps State and National

The AmeriCorps State and National program provides funding to States, Territories, Tribes, and community-based organizations that manage members who serve full- or part-time on projects that align with priority focus areas. These include economic opportunity, education, healthy futures, disaster relief, environmental stewardship, and veterans and military families. This program supports organizations that see service as a solution to local and national challenges and creates powerful member experiences that foster a lifelong commitment to civic engagement.

AmeriCorps State and National is run through a combination of efforts managed by AmeriCorps and State Service Commissions. State Service Commissions (located in 49 states, the District of Columbia, Guam, and Puerto Rico) administer grant funds to programs within the states, which are awarded on both a competitive and formula basis. Programs that operate in more than one state (all of which are awarded competitively) are part of the AmeriCorps State and National portfolio and managed through the Office of Regional Operations.

AmeriCorps VISTA

The AmeriCorps VISTA program was created to strengthen and support local efforts to address poverty and poverty-related problems in the United States. It accomplishes this goal primarily by engaging AmeriCorps members to serve full time with community organizations and public agencies build long-term sustainability of anti-poverty efforts within the communities in which they serve. These members act as a catalyst for change, living and working alongside community members to meet the nation's most pressing challenges, build capacity for nonprofits and public agencies, and advance local solutions. AmeriCorps provides the management infrastructure for this program, while members are supported and project activities are driven by the program's project sponsors.

¹ AmeriCorps' authorizing statutes, which contain additional legislative detail for each program, can be found at: [Statutes and regulations | AmeriCorps](#)

AmeriCorps National Civilian Community Corps (NCCC)

The AmeriCorps NCCC program is a 10 to 12 month residential national service program for people ages 18–26. This program deploys AmeriCorps members to address needs related to natural and other disasters, infrastructure improvement, energy conservation, and urban and rural development. AmeriCorps members serving in NCCC construct and rehabilitate low-income housing, respond to natural disasters, clean-up streams, help communities develop emergency plans, and address countless other local needs. AmeriCorps directly operates the NCCC program.

Under AmeriCorps NCCC, the agency also administers the NCCC-FEMA Corps program, a partnership with the Federal Emergency Management Agency to serve communities affected by disaster. This program also serves as a workforce development program to provide the next generation of disaster services professionals the skills necessary to take on future careers in the disaster services sector.

AmeriCorps State Service Commission Support Grants

In 1993, Congress created this shared federal-state partnership with a central role for Governors to design and implement national service through Governor-appointed State Service Commissions. More than 1,000 private citizens serve as Governor-appointed commissioners, leading and guiding national service efforts in their states by identifying local needs, directing federal and state resources, ensuring oversight and accountability, tracking performance and community outcomes, and leading citizen service efforts in their states and territories.

AmeriCorps Seniors Foster Grandparent Program

The Foster Grandparent Program is an intergenerational program first established in 1965, through which volunteers help children in their communities develop academic and life skills important to their development and future success. Low-income volunteers age 55 and over engage in opportunities to provide one-on-one mentoring, tutoring, and social-emotional support to children with special or exceptional needs, or who are at an academic, social, or financial disadvantage. As a part of their service volunteers receive a stipend of \$3.00 per hour. The agency renews grants for the Foster Grandparent program annually.

AmeriCorps Seniors Senior Companion Program

The Senior Companion Program engages low-income volunteers age 55 and over in providing in-home support and companionship to adults who have difficulty with daily living tasks. They provide assistance, such as shopping or paying bills and provide respite to family caregivers. As a result, seniors are able to maintain their independence and decrease social isolation. The service volunteers provide help seniors age in place and avoid costly institutional care. As a part of their service volunteers receive a stipend of \$3.00 per hour. The agency renews grants for the Senior Companion program annually.

AmeriCorps Seniors RSVP

The RSVP program is one of America's largest volunteer networks for people age 55 and older and engages the skills, talents, and experience of volunteers to meet a wide range of community needs. These AmeriCorps Seniors volunteers recruit and manage other volunteers, mentor and tutor children who are disadvantaged, support workforce development by providing job readiness training, offer free tax preparation, help seniors live independently in their homes, assist communities as they

recover from disasters, and expand economic opportunities for veterans and their families. The agency awards grants for the RSVP program on a competitive basis.

Innovation and Demonstration

AmeriCorps aims to engage more Americans in service to meet pressing community needs through its **Days of Service** – Martin Luther King, Jr. National Day of Service and the September 11th National Day of Service and Remembrance. Grants for Days of Service are awarded competitively.

AmeriCorps' **Volunteer Generation Fund** supports the agency's mission to improve lives and strengthen communities by strengthening volunteer management practices across the country. This includes helping State Service Commissions broaden their volunteer base, more effectively recruit and retain volunteers, expand opportunity for those who serve, and improve their outcomes on community challenges. The agency awards these funds through a competitive, data driven process.

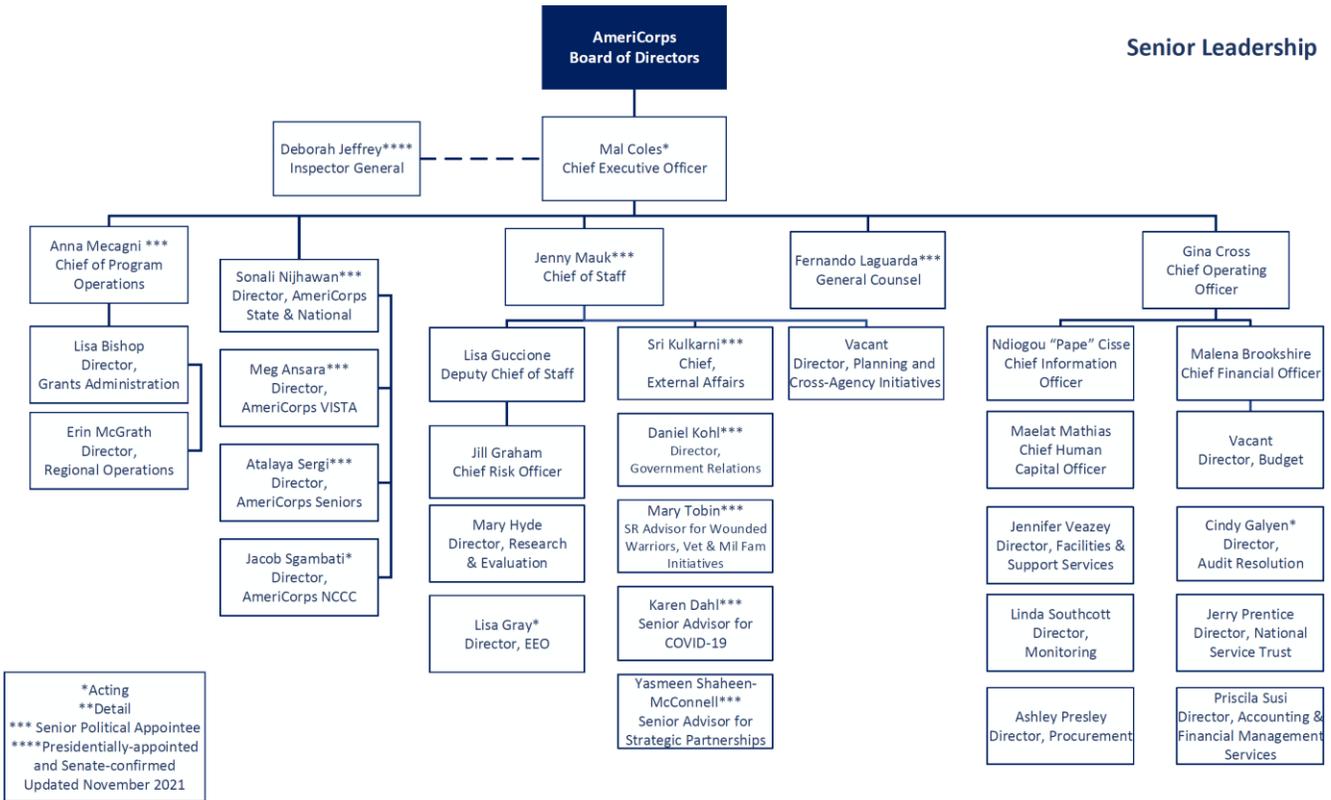
Evaluation

AmeriCorps' Office of Research and Evaluation coordinates the agency's learning agenda, which includes building its evidence base and facilitating the use of evaluation to inform decisions. To this end, the office conducts research and evaluation on AmeriCorps programs, helps build the capacity of agency-funded partners to conduct and understand evaluations, and facilitates evidence-based and evidence-informed grantmaking.

National Service Trust

The National Service Trust provides Segal AmeriCorps Education Awards for AmeriCorps members who successfully complete an eligible term of service in State and National, NCCC, or VISTA programs.

Senior Leadership



B. PERFORMANCE PRIORITIES AND EXAMPLES

As mentioned earlier in this report, AmeriCorps is currently developing its FY 2022-2026 Strategic Plan, which will guide agency resources moving forward. This plan will define goals, objectives, and metrics. The information in this section reflects important results the agency achieved in FY 2021, aligned with new Administration priorities and consistent with AmeriCorps' statutory purpose.

In FY 2021, AmeriCorps focused its resources on addressing the unprecedented challenges of the COVID-19 pandemic and resultant economic crisis that led to increased community needs in health, education, food security, and other areas. AmeriCorps continued to prioritize the health and safety of members and volunteers and support the agency's large network of partners in helping to combat the COVID-19 pandemic, expand economic opportunity, and meet a wide range of community needs.

AmeriCorps also made progress in advancing Administration priorities to make service more accessible and inclusive, remove barriers to service, increase the diversity of members and volunteers, and strengthen pathways to education, employment, and lifelong civic engagement. Examples of this progress are presented below and on the following pages. Also [provided later in this report](#) is data on the AmeriCorps Member Exit Survey (MES), which demonstrates the agency's progress in promoting civic engagement.

Priority: Partner with communities to advance racial equity and alleviate poverty

- Since the outbreak of COVID-19, AmeriCorps members and AmeriCorps Seniors volunteers have provided pandemic related assistance to millions of Americans, including conducting more than 1.6 million wellness checks, assisting more than 2.5 million people at 160 vaccination sites, and recruiting 60,000 volunteers; collecting and distributing 145 million pounds of food and providing more than 34 million meals; and helping students stay on track in school by providing virtual teaching, tutoring, mentoring, college counseling, and other services.²
- At a time of unprecedented need in public health, AmeriCorps partnered with the Centers for Disease Control and Prevention (CDC) to develop Public Health AmeriCorps – a \$400 million investment from the American Rescue Plan to respond to the public health needs of the nation and support the recruitment, training, and development of a new generation of leaders who will be ready to provide public health service in their own communities.
- The agency directed American Rescue Plan program funding to communities in FY 2021, distributing resources to communities across the country to expand service opportunities in AmeriCorps and AmeriCorps Seniors, raise the living allowance for members in the AmeriCorps State and National and AmeriCorps VISTA programs, increase the sustainability of AmeriCorps grantees, and expand outreach to underserved communities and individuals. This included supporting 1,000 additional AmeriCorps VISTA members to in the 2021 Summer Associates program to address community needs in public health, food insecurity, and education, and issuing out

² COVID statistics have been aggregated since March 2020. Actuals might be greater because reporting was voluntary.

more than \$220 million in formula dollars to Governor Appointed State Service Commissions to address pressing needs in their states.

- In collaboration with the U.S. Treasury Department's Community Development Financial Institutions Fund (CDFI Fund), AmeriCorps awarded \$2.5 million over two years in grants to three organizations through the inaugural round of the AmeriCorps CDFI Economic Mobility Corps program. This new national service program places full-time national service members in Certified CDFIs to support their work in distressed and underserved communities, providing financial literacy, financial planning, budgeting, saving, and other financial counseling education.
- AmeriCorps Seniors awarded \$5.5 million in American Rescue Act supplemental appropriations to current grant recipients in the AmeriCorps Seniors Foster Grandparent, Senior Companion, and RSVP programs. This funding expanded activities focused on combating the COVID-19 pandemic, including contact tracing, vaccination programs, vaccination education and navigation services, and youth educational achievement. AmeriCorps Seniors closed a second Notice of Funding Opportunity (NOFO) for American Rescue Plan funding targeted to current grantees on October 18, 2021. This opportunity is focused on supporting current grantees to grow their service and meet current community needs. These awards will be announced in March 2022. AmeriCorps Seniors has also released its American Rescue Plan Demonstration Program NOFO, which is for new organizations and communities who are not currently AmeriCorps Seniors grantees.
- To address conservation and climate challenges, AmeriCorps awarded more than \$65 million in FY 2021 AmeriCorps State and National grants to support 138 projects and more than 11,400 members to carry out projects to improve parks and public lands; increase reforestation; expand access to recreation; weatherize homes; create and maintain urban parks and greenspaces; and help communities prepare, respond, and recover from natural disasters and other climate-related challenges.

Priority: Enhance the experience for AmeriCorps members and AmeriCorps Seniors volunteers

- Increased the FY 2021 AmeriCorps State and National minimum living allowance to \$16,000 and the AmeriCorps VISTA living allowance to \$15,002 using American Rescue Plan Act funds. This increase advances the Administration's commitment to racial and economic equity and priorities to recruit and retain a diverse corps of AmeriCorps members and make service more accessible to Americans of all backgrounds.
- Established mechanisms for collecting information about the socio-economic status of AmeriCorps Members participating in the AmeriCorps State and National and AmeriCorps NCCC programs to establish a baseline of understanding as to whether AmeriCorps is a viable pathway for individuals from all economic backgrounds.
- Launched Schools of National Service, an initiative to encourage more colleges and universities to provide matching funds, tuition discounts, college credit, and other incentives to encourage AmeriCorps alumni to attend their institution. More than 280 higher education institutions participate in the program, which makes postsecondary

education more accessible and affordable and helps colleges and universities recruit talented, mission-driven leaders to their institutions. The launch of Schools of National Service led to an increase in the number of participating colleges and universities and inspired national service stakeholders to increase their outreach to enlist more School of National Service.

Priority: Unite Americans by bringing them together in service

- In conjunction with the Creative Artists Agency Foundation, MENTOR.org, VolunteerMatch, schoolhouse.world, and the U.S. Department of Education, the agency helped launch READY.SET, a national tutor, mentor, and service recruitment initiative designed to address learning and relational loss among K-12 public school students in the U.S., particularly in historically marginalized communities. The initiative encourages communities across the country to "Be a Part of America's Student Support Network" by committing to volunteering/serving. READY.SET is led by a nine-person advisory committee, including Education Secretary Miguel Cardona and former Secretary Arne Duncan. The member coalition includes nearly 50 nonprofit, corporate and community organizations including Arianna Huffington's THRIVE Global, Will and Jada Smith Foundation, NAMI, United Way, and the Born This Way Foundation. The initiative continues to grow and AmeriCorps has engaged with several of the coalition partners directly to initiate collaborations to increase awareness and support of national service. Ongoing social media campaigns are in development for READY.SET to increase education and engagement in volunteerism and national service opportunities focused on supporting K-12 students and educators.
- AmeriCorps' Volunteer Generation Fund grants to State Service Commissions supported the recruitment of more than 163,000 volunteers in FY 2020 and built the capacity of a projected 5,500 nonprofit and community organizations to recruit and manage volunteers and increase the effectiveness of volunteers in addressing local challenges.³
- The agency also advanced the knowledge base of volunteer management capacity within the U.S. nonprofit sector through its sponsored research program (see Hager, M.A., and Brudney, J.L. (2021). *Volunteer Management Capacity in America's Charities: Benchmarking a Pre-Pandemic Field and Assessing Future Directions*. Arizona State University.) The agency will use these findings to benchmark the Volunteer Generation Fund grantees participating in an evaluation initiated in 2021.
- The Volunteer Generation Fund evaluation represents the first effort to examine state service commission models since the inception of the program. To prepare for this effort, AmeriCorps conducted a comprehensive review of grantee applications and external literature. The review shows that state commissions use multi-faceted approaches to increasing volunteers and volunteer organization capacity within their states. However, while there is scholarly literature that supports specific volunteer recruitment and management practices, AmeriCorps identified very few research or evaluation studies that examine statewide efforts to increase volunteer management practices across volunteer organizations. As a result, this demonstration will take an

³ Updated data will be available in AmeriCorps' FY 2023 Congressional Budget Justification.

exploratory and descriptive approach to look at 14 program models that have been active during FY 2021 and their perceived outcomes.

- AmeriCorps' 2020 Day of Service grantees engaged more than 205,000 Americans in service on the Martin Luther King Jr. Day of Service and the September 11th National Day of Service and Remembrance. The MLK Day of Service focused on honoring Dr. King with projects that improved local communities, and 9/11 Day of Service projects focused on supporting veterans, soldiers, and military families.⁴

Priority: Effectively steward federal resources

During FY 2021, the agency continued efforts to improve core business operations, enhance customer service, and build long-term sustainability.

- Continued to prioritize resources for the agency's Office of Monitoring to ensure effective compliance monitoring for the AmeriCorps grant portfolio, including enhancement of monitoring instruments, standardizing monitoring protocols, and using a grant risk model to inform monitoring decisions and align individual activities to specific risks.
- Continued comprehensive efforts to improve grantee compliance with national service criminal history check requirements, and in FY 2021 published a regulation designed to streamline and simplify these requirements.
- Continued to optimize and invest in financial management systems and processes within a shared services platform that enhances accountability, standardizes business processes, and ensures staff and partners receive timely and reliable mission support.
- Continued the agency's Scaling Evidence-Based Models project to deepen understanding of the most effective program innovations and scale them to better serve communities. As part of this initiative, the agency has produced tools and resources to strengthen grantees' work in evidence building and share effective practices to help scale evidence-based interventions.⁵

⁴ Updated data will be available in AmeriCorps' FY 2023 Congressional Budget Justification.

⁵ These tools can be found on AmeriCorps' website at: [Scaling Checklists: Assessing Your Level of Evidence and Readiness \(SCALER\) | AmeriCorps](#)

C. ANALYSIS OF FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION

The accompanying FY 2021 financial statements have been prepared in accordance with the accounting standards codified in the Statements of Federal Financial Accounting Standards and the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements.

Table of Key Measures (in thousands)

	Unaudited 2021	Unaudited 2020	% Change
Assets			
Fund Balance with Treasury	\$ 2,364,927	\$ 2,058,467	15%
Investment (Net)	1,011,223	185,714	445%
Accounts Receivable, Net	3,267	1,165	180%
General Property, Plant, and Equipment, Net	3,235	3,651	-11%
Advances and Prepayments	87,092	66,399	31%
Total Assets	\$ 3,469,743	\$ 2,315,397	50%
Liabilities			
Accounts Payable	\$ 157,927	\$ 110,332	43%
Federal Employee [and Veteran] Benefits Payable	13,915	13,412	4%
Advances from Others and Deferred Revenue	6,446	10,244	-37%
Other Liabilities			
Trust Service Award Liability	356,024	438,294	-19%
Accrued Funded Payroll and Leave	3,826	3,518	9%
Benefit Program Contributions Payable	2,569	1,577	63%
Tenant Improvement Allowance	2,485	2,779	-11%
Other Liabilities	1,712	2,264	-24%
Total Liabilities	\$ 544,904	\$ 582,421	-6%

Net Position:

Unexpended Appropriations - Funds from Other than Dedicated Collections	2,132,473	1,098,387	94%
Cumulative Results of Operations - Funds from Other than Dedicated Collections	792,367	634,589	25%
Total Net Position	\$ 2,924,840	\$ 1,732,976	69%

Net Cost of Operations

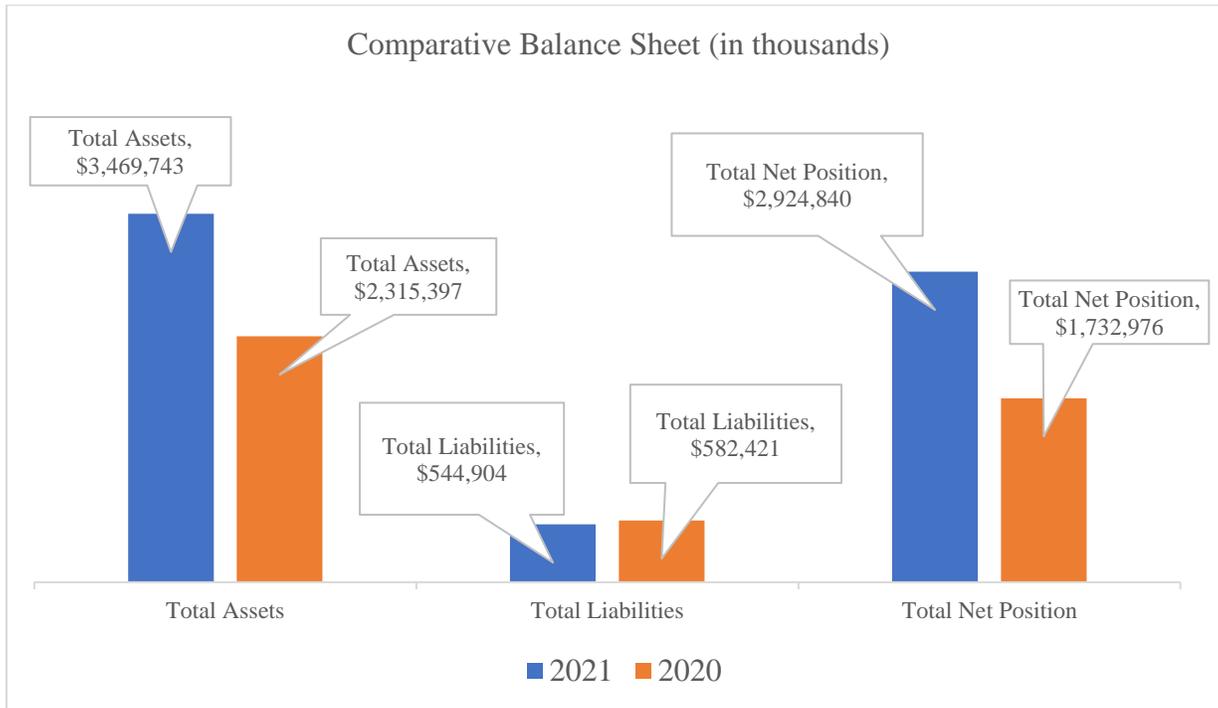
Gross Costs	\$ 920,468,348	\$ 1,010,508,344	7%
Less: Earned Revenue	21,049,805	31,895,251	-3%
Net Cost of Operations	\$ 899,418,543	\$ 978,613,093	8%

Budgetary Resources:

Unobligated balance from prior year budget authority, net	\$ 595,010	\$ 395,538	50%
Appropriations	2,475,596	1,336,271	85%
Spending authority from offsetting collections	12,735	35,553	-64%
Total Budgetary Resources	\$ 3,083,341	\$ 1,767,362	74%

Balance Sheet

The Balance Sheet provides an overview of AmeriCorps' financial position for the fiscal years ending September 30, 2021 and 2020. The statement displays the current and future economic benefits for use (assets), amounts owed (liabilities) and the residual amount (net position).

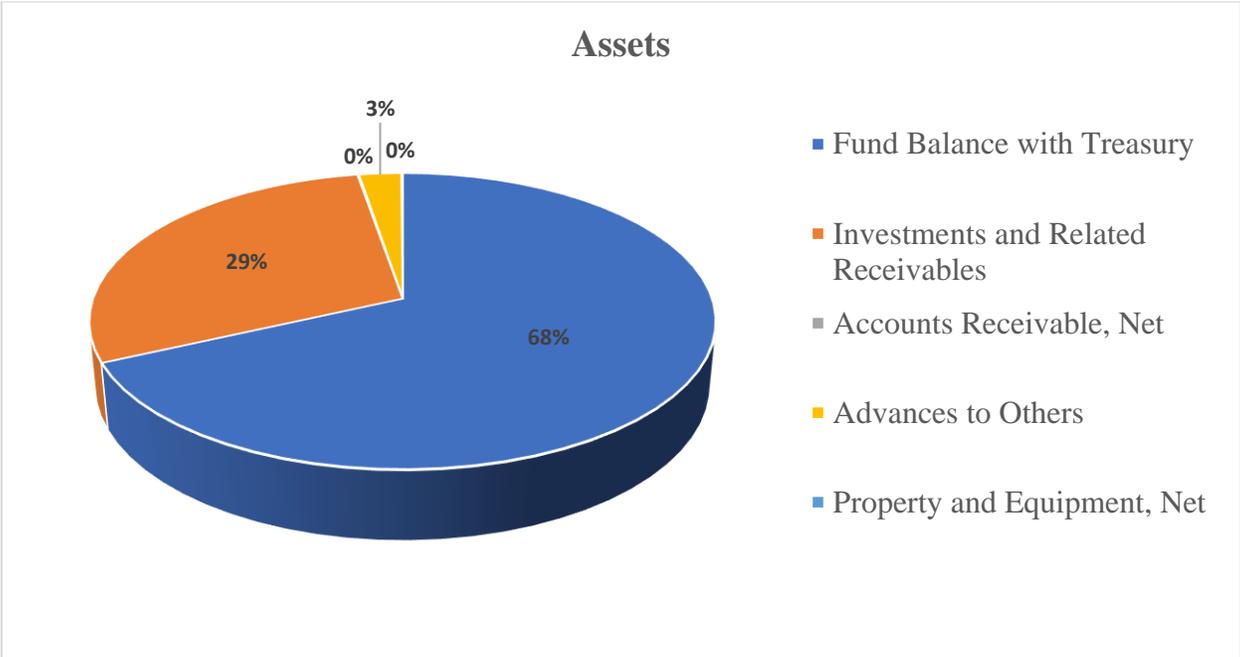


Assets

For the fiscal years ending September 30, 2021 and 2020, AmeriCorps had \$3.47 billion and \$2.31 billion in assets, respectively. Fund Balance with Treasury (FBWT) and Investments in Securities formed majority of the assets. The Balance Sheet also identifies governmental and non-governmental activities.

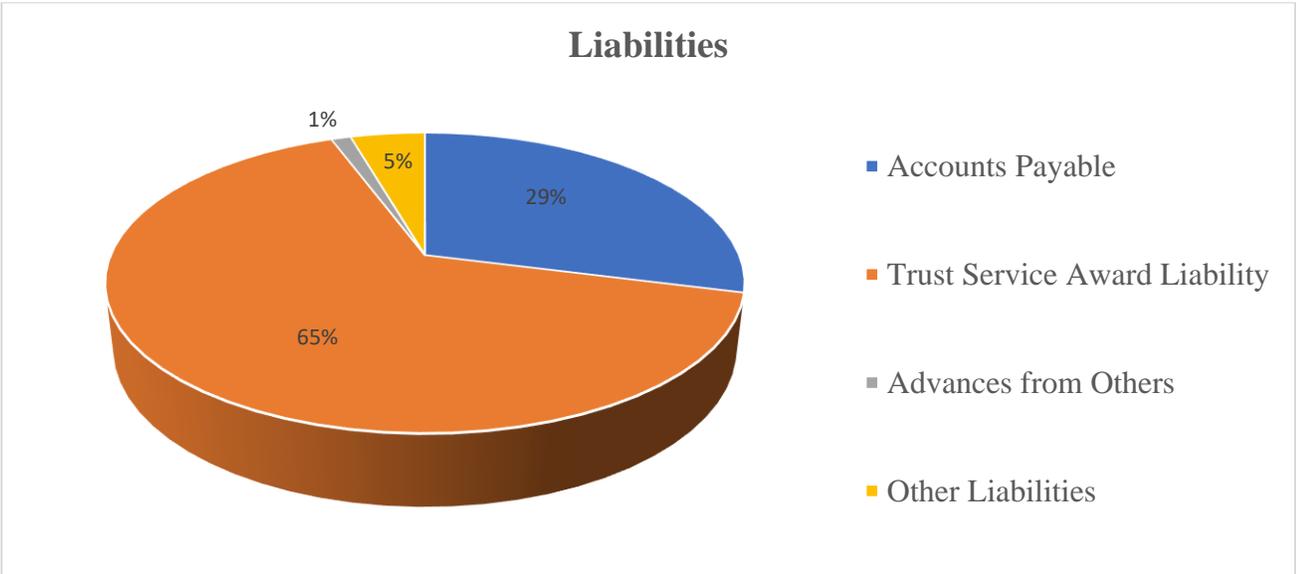
FBWT is the largest asset class, representing 68% of total assets. FBWT increased by 15% in FY 2021 due primarily to receipt of additional appropriated funds from the American Rescue Plan.

Investments are 29% of total assets making it the second largest class. Funding for the Trust investments comes from appropriations and interest earned that are invested in Treasury bills and securities. In FY 2021, there was a 445% increase in investments due primarily to an increase in investment activities and reduced balances in Trust FBWT.



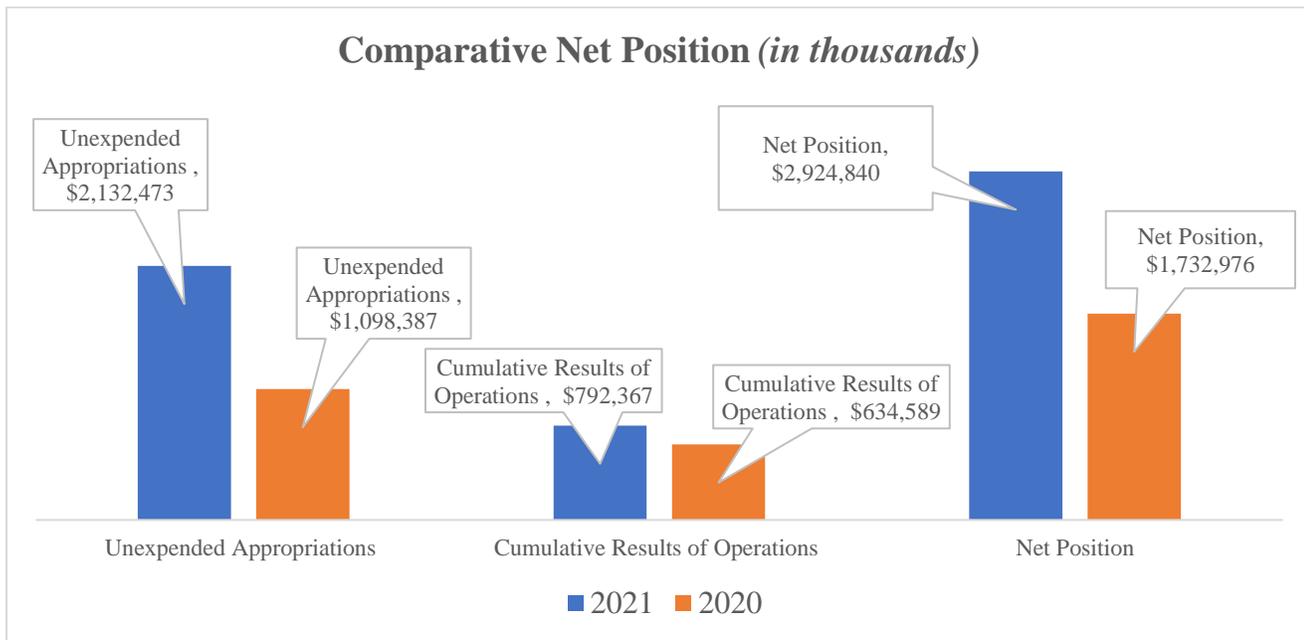
Liabilities

AmeriCorps liabilities, or amounts owed, were \$545 million and \$582 million for the fiscal years ending September 30, 2021 and 2020, respectively. Most of the liabilities are \$356 million in Trust Service Award and \$158 million in Accounts payable. The Trust Service Award Liability represents estimates of unpaid and earned education award and interest forbearance costs that are likely to be paid. The Accounts Payables, on the other hand, represent funds due to grantees, suppliers, and contractors.



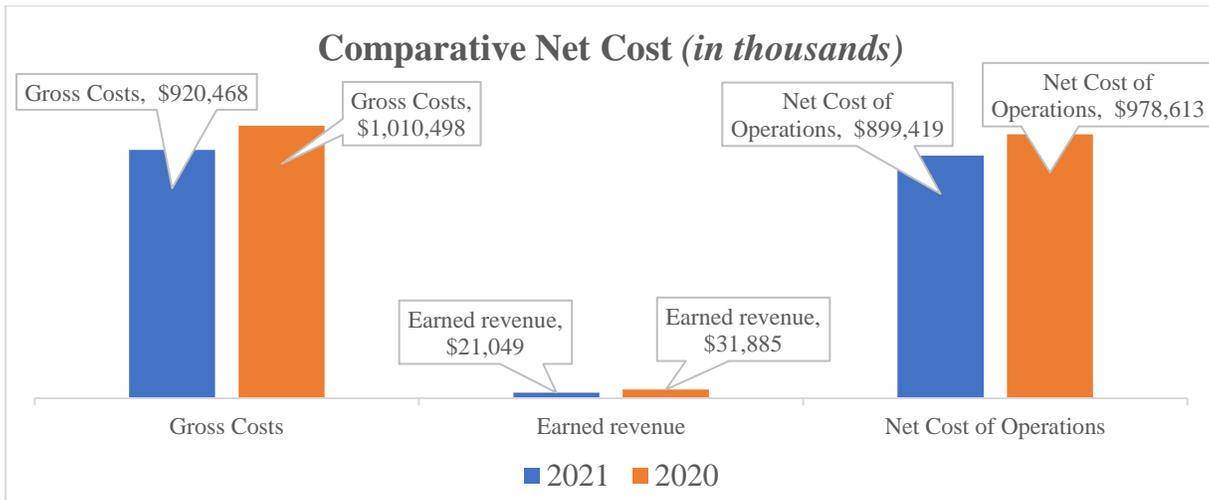
Net Position

AmeriCorps' Net Position is the difference between assets and liabilities. Changes in Net Position result from changes in the cumulative results of operations. In FY 2021, there was a 94% increase in unexpended appropriations due to receipt of additional appropriated funds from the American Rescue Plan and 25% increase in cumulative results of operations, mostly caused by a decrease in Segal AmeriCorps Education Awards in FY 2021.



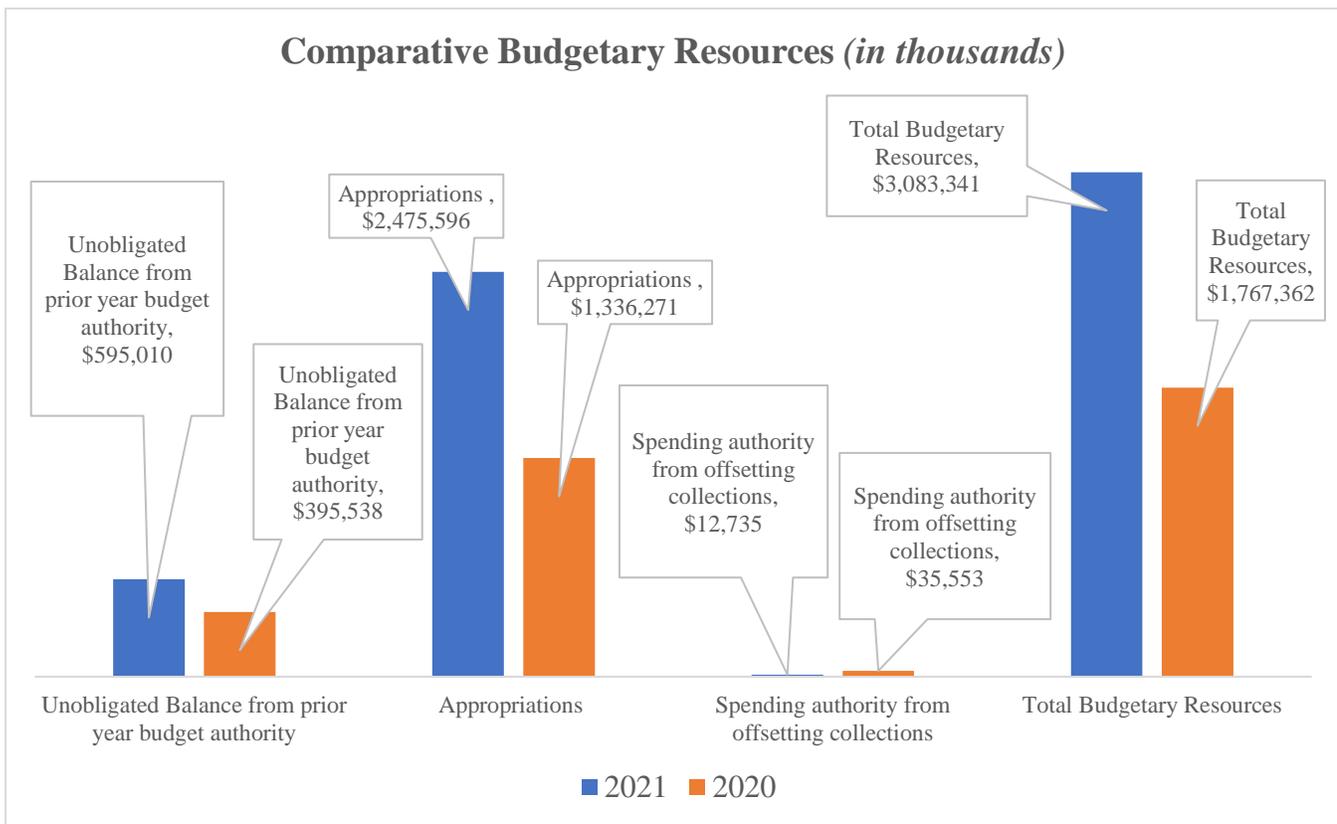
Statement of Net Cost

The AmeriCorps Statement of Net Cost measures the use of appropriated funds by programs (VISTA, NCCC, State and National, RSVP, FGP, SCP) authorized by Congress. The AmeriCorps net cost for the fiscal years ending September 30, 2021 and 2020 were \$899 million and \$979 million, respectively. The 9% decrease in operating cost in FY 2021 is mostly due to the decrease in Service Award Expense. AmeriCorps State and National is the largest contributor to the agency's overall cost of operations. The program cost includes grant expenses, direct and allocated personnel, and administrative cost.



Statement of Budgetary Resources

The statement of budgetary resources represents AmeriCorps' budgetary resources, which comes from unobligated balances from prior-year appropriations, new appropriations, spending authority from offsetting collections, and receipts from other sources such as collections of disallowed costs from grantees at the end of the reporting fiscal year. In FY 2021, AmeriCorps had an 85% increase in appropriations due to additional appropriations received from the American Rescue Plan.



D. ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

CEO Statement of No Assurance and Assessment of Internal Controls

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

During Fiscal Year 2021, AmeriCorps was in the process of executing its strategic decision to move its financial and certain other systems to shared services provider (the Administrative Resource Center within the US Department of the Treasury). This transition caused some disruption to AmeriCorps' control environment. Moreover, AmeriCorps requested that certain areas that had been identified as material weaknesses in prior years' audit be excluded from FY2021 financial statements audit while the Agency continued the remediation effort toward the goal of resolving the vast majority of the current material weaknesses in 2022.

The agency is committed to continuing progress on what will be a multi-year journey toward a clean audit opinion and to leveraging the expertise and recommendations of our auditors and Inspector General.

Providing effective stewardship of federal resources is a key strategic goal for the agency, and the AmeriCorps management intends to continue to implement its strategy for progress toward a clean audit, addressing root cause drivers, such as capacity and systems, enforcing robust accountability mechanisms, and improving executive oversight.



Mal Coles

Acting Chief Executive Officer
AmeriCorps

List of FY 2021 Material Weaknesses

Audit Area	NFR #	Description of Material Weakness	First Year Reported
1. Trust Obligation and Liability Model (TOLM)*	21-1	1. AmeriCorps' inability to provide quality audit documents in a timely manner ultimately impacted CLA's ability to perform required audit procedures. The areas include the following: 1. Undelivered Orders (UDO)	2017
2. Undelivered Orders and Accounts Payable – Procurement*	21-1	2. Advances from Others 3. Recoveries from Prior Year Obligations	2018
3. Other Liabilities	21-1		2018
4. Undelivered Orders (Grant)*	21-5		2018
5. Recovery of Prior Year Obligations	21-5		2018
6. Internal Control Program (FMFIA)	21-8	1. AmeriCorps was unable to effectively implement CAPs to resolve eight out of nine material weaknesses and one significant deficiency. (New) 2. Three principles rated medium or low risk were not justified. (Modified Repeat) 3. Functional units such as AFMS and Office of Budget did not provide Assurance Statements.	2018
7. Financial System and Reporting**	21-5 & 21-6	1. Systemic deficiencies in the core financial system. (Repeat) AmeriCorps did not properly use object class codes to record transactions. 2. Conduct a review of transactions processed in Momentum and converted to Oracle to ensure that they report the correct object class either prior to conversion or immediately after. (New)	2017
8. Grants Accrual Payable and Advances*	21-3	1. The grant accrual process is overly reliant on the accuracy of the undelivered order (UDO) balances to allocate the calculated accrual to the grantees. The underlying data of the UDO balance is not reliable based on unresolved FY 2019 audit findings. (New)	2018

		2. AmeriCorps' accrual methodology presumes that IBNR is already considered in the eGrants federal financial reports (FFRs) and relies on the grantees' self-reporting of unliquidated obligations, which AmeriCorps has not validated. (New) 3. AmeriCorps did not take corrective action to address the overstatement of advances. (Repeat)	
9. FY2021 Migration to Shared Service	21-7	1. Interface issues relating to conversion from Momentum to Oracle. 2. Clean-up of significant general ledger accounts still ongoing/pending. (New)	2021
10. Fund Balance with Treasury*		No Fund Balance with Treasury reconciliation performed in one out of three quarters for those processes such as grants that were not transferred to ARC for processing.	2021
11. Property and Equipment**		Iss Issue with tracking capital equipment	2021

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

**AmeriCorps Internal Control Program identified a significant deficiency in this process in FY 2021

III. FINANCIAL SECTION

PART A. MESSAGE FROM THE CHIEF FINANCIAL OFFICER

It is my privilege to join the acting CEO of AmeriCorps in presenting the FY 2021 Annual Management Report. The financial statements and accompanying information are an integral part of the AMR, providing an in-depth view of accomplishments and challenges in supporting national service and volunteering to improve communities. Further, the financial statements support AmeriCorps' commitment to be transparent with and accountable stewards of taxpayer resources entrusted to us.

In FY 2021, the Office of the Inspector General conducted a limited scope financial statement audit, focused on areas of findings and recommendations the agency has begun to make progress on addressing. The auditors declined to express an opinion on the financial statements, and AmeriCorps is therefore presenting its unaudited financial statements. AmeriCorps continues to analyze, prioritize, and determine paths to resolve prior years' open financial statement audit findings and unimplemented recommendations and will work closely with the OIG as the agency implements corrective actions to address findings related to internal controls over financial reporting.

This year, the agency continued its journey toward increasing the quality, reliability, and value of core financial management services and enhanced operational productivity. FY 2021 marked the first full year of the agency's financial management, procurement, and travel functions being carried out through a shared services platform. The agency is now being supported by expert technical support and has realized improved reporting capabilities in core areas including status of funds, trial balance, and financial statements; and has access to detailed schedules of subledger accounts, detailed payroll reports with complete line of accounting, and detailed PRISM and travel reports. AmeriCorps is able to run automatically GTAS and DATA Act data with very little manual adjustments, and moreover, the agency's accounting systems are now fully compliant to Treasury and OMB standards.

While this is a significant achievement, there is much work to do to improve and strengthen AmeriCorps' ability to maintain the highest financial management and operational standards. Stabilization under shared services to improve our core financial functions and eGrants modernization to improve grantee and subgrantee data quality and controls are two key efforts to strengthen the agency's stewardship of resources. These efforts will be accompanied by an aggressive focus to address root cause drivers, such as staff capacity and antiquated systems, while enforcing robust accountability mechanisms, and improving executive oversight.

In FY 2021, the agency identified key strategies and reforms to improve agency audit management including making resource investments in staff capacity and expertise, making needed improvements to agency corrective action planning and oversight, and providing more robust training to ensure consistent audit management and follow-up practices agencywide. AmeriCorps is continuing robust efforts to strengthen core business operations and will work in FY 2022 to make steady progress on a multi-year strategy towards improved agency audit management and audit resolution.

As Chief Financial Officer, I remain committed to working with AmeriCorps leadership to improve core financial management service, streamline operations and closely monitor how the agency uses resources, and create sustainable business practices to ensure taxpayers' dollars are utilized effectively in fulfilling the agency's mission. While AmeriCorps may continue to uncover additional challenges from past practices and new ways of doing business, the agency will continue to identify and implement cross-agency strategies to advance AmeriCorps' commitment to achieving improved financial controls and core operational infrastructure.

PART B. INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S RESPONSE



AmeriCorps

OFFICE OF INSPECTOR GENERAL

AUDIT OF AMERICORPS' FISCAL YEAR 2021 CONSOLIDATED FINANCIAL STATEMENTS

OIG Report 22-01

Prepared by:

CliftonLarsonAllen LLP
901 North Glebe Road, Suite 200
Arlington, VA 22203



The attached Draft Evaluation Report is for review and comment only and not for distribution. Its content is confidential and should be safeguarded to prevent disclosure to parties other than those directly involved in commenting on the issues contained in this report.

November 15, 2021

MEMORANDUM TO: Malcom Coles
Acting Chief Executive Officer

FROM: Monique P. Colter /s/
Assistant Inspector General for Audit

SUBJECT: Audit of AmeriCorps' Fiscal Year 2021 Consolidated Financial
Statements, OIG Report 22-01

We contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP (CLA) to audit the consolidated financial statements of AmeriCorps as of September 30, 2021, and for the year then ended. The contract required that that the audit be performed in accordance with the United States generally accepted government auditing standards and applicable Office of Management Budget audit guidance. In its audit of the fiscal year 2021 AmeriCorps consolidated financial statements, CLA reported:

- **Disclaimer of Opinion:** AmeriCorps requested that certain line items in the financial statement be excluded from the FY 2021 financial statement audit. AmeriCorps also stated that other material line items would not be available for audit until after the close of the third quarter. In addition, AmeriCorps was unable to provide sufficient appropriate evidence on a significant number of transactions and account balances due to inadequate processes and controls to support transactions and estimates, and the ongoing remediation efforts from prior year findings.
- **Nine material weaknesses and one significant deficiency** in AmeriCorps' internal control over financial reporting. CLA reported the following deficiencies in the areas below as material weaknesses and one significant deficiency, Information Technology Security Controls (Modified Repeat), as described in [Exhibit A](#) of this report:
 1. Migration to Shared Service (New)
 2. Internal Controls Program (FMFIA)- (Modified Repeat)
 3. Financial System and Reporting (Modified Repeat)
 4. Grants Accrual Payable and Advances (Modified Repeat)

Due to management's request to exclude material line items, CLA continued to report AmeriCorps' noncompliance with Single Audit Act and the following material weaknesses and related recommendations as unimplemented:

5. Trust Obligations and Liability Model (Repeat)
 6. Undelivered Orders and Accounts Payable - Procurement (Repeat)
 7. Undelivered Orders – Grants (Repeat)
 8. Recoveries of Prior Year Obligations (Repeat)
 9. Other Liabilities (Repeat)
- CLA considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct effect on the determination of material financial statement amounts and disclosures. However, CLA was not able to perform the applicable tests of AmeriCorps' compliance due to the scope limitation and inability to obtain sufficient appropriate audit evidence to allow them to express an opinion on the financial statement.

Had CLA been able to obtain sufficient appropriate audit evidence to express an opinion on the consolidated financial statements, other material weaknesses or significant deficiencies, or instances of noncompliance or other matters may have been identified and reported.

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

CLA is responsible for the attached independent auditors' report, dated November 8, 2021, and the conclusions expressed therein. However, our review disclosed no instances where CLA did not comply, in all material respects, with the United States generally accepted government auditing standards.

cc: Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Pape Cissé, Chief Information Officer
Fernando Laguarda, General Counsel
Jill Graham, Chief Risk Officer
Rachel Turner, Audits and Investigations Program Manager
Mia Leswing, Principal, CliftonLarsonAllen LLP



INDEPENDENT AUDITORS' REPORT

To the Acting Chief Executive Officer and Inspector General of
AmeriCorps

Report on the Financial Statement

We were engaged by the AmeriCorps Office of Inspector General (OIG) to audit the accompanying consolidated financial statement of AmeriCorps, which comprise the balance sheet as of September 30, 2021; the related statements of net cost, changes in net position, and the combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statement (referred to herein as financial statement).

Management's Responsibility

AmeriCorps management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America (U.S.); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on conducting the audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the U.S.; and Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 21-04). Because of the matters described in the Basis for Disclaimer of Opinion below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

AmeriCorps requested that certain line items in the financial statement be excluded from the FY 2021 financial statement audit and further stated that other material line items would not be available for audit until after the close of the third quarter. These scope limitations were material to AmeriCorps' financial statements. In addition, AmeriCorps was unable to provide sufficient appropriate evidence on a significant number of transactions and account balances due to inadequate processes and controls to support transactions and estimates, and the ongoing remediation efforts of prior year findings.

Disclaimer of Opinion

Because of the significance of the matters described in the preceding paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the fiscal year 2021 financial statement.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Matter

Following discussions with the Office of Management and Budget (OMB) and Congressional stakeholders, AmeriCorps and the OIG agreed to forgo the audit of AmeriCorps' FY 2020 consolidated financial statements. Forgoing the audit was intended to allow AmeriCorps to complete the actions necessary to prepare for the transition of its financial management, procurement and travel services to a shared services provider in FY 2021. AmeriCorps acknowledged that, if its FY 2020 financial statements were audited, the results would be the same as those in FY 2019: a disclaimer of opinion, nine material weaknesses and substantially the same unimplemented recommendations. In FY 2020, AmeriCorps predicted that the move to shared services would resolve many of the material weaknesses identified in the FY 2019 financial statement audit and before.

Report on Internal Control over Financial Reporting (Internal Control)

In connection with our engagement to audit AmeriCorps' FY 2021 financial statement, we considered AmeriCorps' internal control over financial reporting to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of AmeriCorps' internal control. Accordingly, we do not express an opinion on the effectiveness of AmeriCorps' internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982* (FMFIA) nor did we test internal controls on the financial statement line items and related processes that were excluded by AmeriCorps management from the scope of our audit.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in [Exhibits A](#) and [B](#), we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in the areas below and described in [Exhibit A](#) to be material weaknesses.

1. Migration to Shared Service (New)
2. Internal Controls Program (FMFIA)- (Modified Repeat)
3. Financial System and Reporting (Modified Repeat)
4. Grants Accrual Payable and Advances (Modified Repeat)

INDEPENDENT AUDITORS' REPORT (Continued)

Further, the scope limitations requested by AmeriCorps prevented us from performing audit procedures related to the previous material weaknesses from prior years¹ and compliance with laws and regulations listed below. Accordingly, we continue to report AmeriCorps' noncompliance with Single Audit Act² and the following material weaknesses and related recommendations as unimplemented: See Status of Prior Year Recommendations in [Exhibit C](#).

5. Trust Obligations and Liability Model (Repeat)
6. Undelivered Orders and Accounts Payable - Procurement (Repeat)
7. Undelivered Orders – Grants (Repeat)
8. Recoveries of Prior Year Obligations (Repeat)
9. Other Liabilities (Repeat)

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. We consider the deficiencies in the Information Technology Security Controls (Modified Repeat) described in [Exhibit B](#) to be a significant deficiency.

Had we been able to obtain sufficient appropriate audit evidence to express an opinion on the financial statement, other material weaknesses or significant deficiencies may have been identified and reported herein.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters (Compliance)

In connection with our engagement to audit AmeriCorps' FY 2021 financial statement, we considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct effect on the determination of material financial statement amounts and disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We were not able to perform the applicable tests of AmeriCorps' compliance due to the aforementioned scope limitation and inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the financial statement.

¹ [CNCS OIG Report 20-01, Audit of the Corporation for National and Community Service's Fiscal Year 2019 Consolidated Financial Statements, issued November 20, 2019](#). Although AmeriCorps did not undergo an audit of its financial statements in FY 2020, the agency acknowledged in its FY 2020 Annual Management Report that, if such an audit had been conducted, the results would have been the same as in FY 2019.

² The Single Audit Act of 1984 (P.L. 98-502) as amended in 1996 (P.L. 104-156)

INDEPENDENT AUDITORS' REPORT (Continued)

Management's Responsibility for Internal Control and Compliance

AmeriCorps management is responsible for (1) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatements, whether due to fraud or error, (2) providing a statement of assurance on the overall effectiveness on internal control over financial reporting, and (3) complying with laws, regulations, contracts, and grant agreements applicable to AmeriCorps.

Purpose of the Report on Internal Control and Report on Compliance

The purpose of the Report on Internal Control and on Compliance is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of AmeriCorps' internal control or compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AmeriCorps' internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

AmeriCorps' Response to Audit Findings and Recommendations

AmeriCorps did not express concurrence or nonoccurrence to our findings and recommendations. AmeriCorps' comments can be found in [Exhibit D](#). AmeriCorps' response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

CLIFTONLARSONALLEN LLP



Arlington, Virginia
November 8, 2021

EXHIBIT A
Material Weaknesses
FY 2021

1. Migration to Shared Service (New finding)

AmeriCorps' transition to a shared service platform offered by the Administrative Resource Center (ARC) within the U.S. Treasury Department's Bureau of Fiscal Services (BFS), effective on October 1, 2020, created new challenges that affected AmeriCorps' ability to produce complete, adequate, and reliable financial information. The pre-migration general ledger account clean-up process spilled over into FY 2021 and was not complete as of the end of this year's audit fieldwork. As one example, AmeriCorps has not completed the process of allocating and reporting separately the revenue and expenses of certain advances received under interagency agreements. AmeriCorps is in the process of transferring all agreements into the Interagency Agreement Module in ARC's Oracle system, which requires detailed reporting, rather than liquidation in the aggregate.

Also, AmeriCorps was not able to convert all of the transactions originally recorded in its Momentum legacy system with the reporting required by ARC's financial system, Oracle. Despite the migration to shared services, AmeriCorps elected to continue to conduct critical financial transactions relating to its core business in Momentum. These include: grant activities, member payroll, cost share, and disbursements from the National Service Trust. Also, because Momentum is not configured to report object class codes³ in accordance with Federal requirements, manual adjustments must be used to correct the issue after AmeriCorps reports this information from Momentum to ARC's Oracle financial system. That results in additional work and delays and introduces human error into the reporting process. In addition, there were misclassification issues caused by mapping inconsistencies in the program and fund structures within the two accounting systems. In most of these instances, AmeriCorps had to rely on post-conversion manual entries to temporarily fix the issues and meet financial reporting requirements. Total absolute values of manual entries significantly increased from \$7 billion (rounded) in FY 2019, to \$45 billion (rounded) in FY 2020, to \$27 billion (rounded) in FY 2021.

Data for other key transactions did not migrate to ARC's Oracle system due to interface issues. AmeriCorps' portfolio of contracts initiated prior to October 1, 2020 did not transfer properly to ARC's procurement system. The Deputy Director of the Office of Procurement Services, who is no longer with the agency, noted that certain underlying documentation did not make it over to ARC's PRISM⁴ and that supporting documentation may no longer be available for some transactions. AmeriCorps did not specify what documents failed to transfer or were unavailable, did not explain the potential impact of these issues on financial reporting, or identify any possible legal ramifications.

³ Object classes are categories in a classification system that present *obligations by the items or services purchased by the Federal Government*.

⁴ The Procurement Information System for Management (PRISM) is used to record and track requisitions, purchase orders and contracts issued by agencies. The module is maintained by ARC as part of its shared service function to AmeriCorps.

EXHIBIT A
Material Weaknesses
FY 2021

AmeriCorps was not prepared for the magnitude of the work required to ensure a successful conversion, because it did not conduct an effective or realistic risk assessment or planning to ensure that the conversion issues would not impede operations unduly. The agency did not have a plan to address unexpected issues prior to the actual conversion. AmeriCorps underestimated the level of resources needed for the conversion to proceed smoothly and completely and therefore under-resourced the effort, leading to ongoing financial accounting, reporting, and operation issues.

The Government Accountability Office's (GAO) Standard for Internal Control in the Federal Government (Green Book) states that changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management should analyze the effect of identified changes on the internal control system and respond by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness.⁵

Further, changing conditions often prompt new risks or changes to existing risks that need to be assessed. As part of analyzing and responding to change, management performs a risk assessment to identify, analyze, and respond to any new risks prompted by the changes. Additionally, existing risks may require further assessment to determine whether the defined risk tolerances and risk responses need to be revised.⁶

We recommend that AmeriCorps:

1. Perform a risk assessment over the current state of the conversion to ARC and work jointly with ARC, senior leadership, Office of Chief Risk Officer, and functional groups affected by the risk to develop a mitigation strategy and execute a realistic and properly designed corrective action plan. **(New)**
2. Fix incorrect outstanding balances, missing data, and missing supporting contract documentation resulting from financial system configuration issues and ensure future interfaces with Oracle do not have the same issues. **(Modified Repeat)**.
3. Continue coordinating with ARC to ensure that its accounting platform is compatible with AmeriCorps' operations and the type of accounting transactions that AmeriCorps processes. **(Modified Repeat)**.
4. Conduct a review of transactions processed in Momentum and already migrated to Oracle through interface or reported in Oracle using journal entries, to ensure that correct object class codes were applied. **(New)**

⁵ <https://www.gao.gov/assets/gao-14-704g.pdf> page 43, 9.04

⁶ <https://www.gao.gov/assets/gao-14-704g.pdf>, page 43, 9.05

EXHIBIT A
Material Weaknesses
FY 2021

2. Internal Controls Program (FMFIA) (modified repeat finding)

An effective system of internal control is necessary to provide reasonable assurance that a Federal entity conducts its programmatic activities effectively and efficiently, has a reliable financial reporting system, and complies with applicable laws and regulations⁷. Without a fully functional internal controls program, AmeriCorps might not meet its financial, programmatic and compliance objectives. Establishing internal controls that meet Federal standards is a core responsibility of the management of a Federal agency, as required by the Federal Managers Financial Integrity Act of 1982 (FMFIA), OMB Circular No. A-123 and GAO's *Standards for Internal Control in the Federal Government*.

AmeriCorps' internal control program remains ineffective, despite some areas of improvement. We note, for example, that the agency now has a formal, documented process for collecting and providing the Chief Executive Officer (CEO) with comprehensive information to consider in deciding the level of assurance and substantive content of the required Annual Management Report (AMR) statement concerning the effectiveness of internal control. In the AMR for FY 2021, AmeriCorps' CEO acknowledges the continuing deficiencies and provided a statement of no assurance as to effectiveness of internal control over financial reporting, operations, including of the agency's grant programs, and compliance.

AmeriCorps has made little progress at correcting the pervasive problems that have left the agency unable to obtain an opinion on its financial statements since FY 2017. Eight of the nine material weaknesses that we identify in this report were first reported in FY 2017 or FY 2018. Only ten of the 75 recommendations from FY 2019 have been implemented. In most areas, AmeriCorps has not even developed meaningful corrective action plans (CAPs) to address the identified material weaknesses and significant deficiency. Until AmeriCorps can create and implement focused and well-resourced CAPs, it cannot expect to resolve these longstanding problems. To date, only the Office of the Chief Risk Officer (OCRO) has consistently developed and implemented effective CAPs, which has contributed to that office's track record of closing recommendations.

Below are some of the new and recurring deficiencies that we identified in the internal control program:

- The OIG's FY 2020 limited performance audit of AmeriCorps' internal control program⁸ identified deficiencies such as (a) the omission of risk factors from the risk assessment process, (b) lack of documentation to support the conclusions reached on entity level assessments, (c) unexplained inconsistencies between risk assessments by the functional offices and the independent assessments conducted by OCRO, (d) missing, incomplete, or inadequate documentation to support the internal control assessment, (e) untimely

⁷ OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Policy section.

⁸ AmeriCorps OIG Report Number OIG-AR-21-02 [Performance Audit of AmeriCorps' FY 2020 Internal Control Program and National Service Trust Liability Model](#)

EXHIBIT A
Material Weaknesses
FY 2021

review of key underlying documents, and (f) incomplete assessment of test of design and test of effectiveness, as well as sampling errors. There were eight recommendations of which AmeriCorps is continuing to address or complete implementation of corrective actions.

- The directors of the functional offices participating in the entity-level control assessment continue to lack a full understanding of internal control principles and how they relate to their respective operations. In addition, they did not consider the significant changes in FY 2021 and outstanding audit recommendations when assessing the entity-level controls.
- AmeriCorps conducts its entity-level internal control assessment according to GAO's 17 principles in the *Standard for Internal Control in the Federal Government*. In FY 2021, AmeriCorps concluded that it had low risk as to two of the principles and moderate risk as to 12 of them. Those decisions are difficult to reconcile with the identified material weaknesses and the obvious risks flowing from the ongoing issues related to the migration to shared services. We found that certain of the risk ratings were not based on adequate information, were not fully supported by the assessment documentation or were inconsistent with the results of our audit.
- AmeriCorps failed to obtain subsidiary statements of assurance and internal control assessments from Accounting and Financial Management Services (AFMS), Office of Procurement Services, and Office of Budget and other functional units. These critical components were not asked to provide assurance as to the effectiveness of internal control in their respective areas.
- OCRO's internal control assessment and testing did not identify ongoing issues arising from the transition to shared services as a material weakness, despite their significant impact on the financial operations and reporting in FY 2021.
- OCRO downgraded financial reporting and procurement management from material weaknesses in FY 2019 to significant deficiencies in FY 2021, without apparent justification. The downgrade is not consistent with AmeriCorps' acknowledged inability to remedy the material weaknesses from prior audits.
- OCRO is still in the process of developing a risk register that records identified risks at the mission and business process level, or Tier 2, as defined by the National Institute of Standards and Technology.
- While OCRO took the initiative to complete and/or update nine business process narratives to reflect the transition to shared serves, other business process narratives have not been revised or updated to reflect significant changes in the current financial and control environment. For example, the Grants Financial Management Business Process narrative has not been revised to address the control gap related to the estimation and verification of the accuracy of the Advances Repayment balance.

EXHIBIT A
Material Weaknesses
FY 2021

We recommend that AmeriCorps:

5. For each material weakness and significant deficiency, develop an appropriate and actionable corrective plan (CAP) that specifies the interim steps for long-term CAPs, milestones and target completion dates, person(s) responsible for executing the corrective action and the resources available to assist, sufficient and appropriate documentation required, and quality review and approval process. **(New)**
6. Develop a process to explain the discrepancies between material weaknesses reported on the CEO Statement of Assurance and those identified by the external auditors, and document the explanation, as well as the basis for classifying internal control findings as either material weakness or significant deficiency. **(New)**
7. Complete updating or revising the business process narratives to adapt to the significant changes in the current financial and control environment. **(Modified Repeat)**
8. Establish controls and training to ensure that each functional office/unit performs an independent assessment of internal controls to inform the CEO's statement of assurance, even if unfavorable outcomes are expected. This proactive approach will promote the early detection of potential findings and allow for prompt remediation. **(New)**.

3. Financial System and Reporting (modified repeat finding)

AmeriCorps' financial reporting process and the internal control over it remain inadequate to ensure accuracy and quality control in the preparation financial statements. While AmeriCorps predicted that migration to ARC would resolve the majority of its unimplemented recommendations, it has not realized these results, in part because the pervasive deficiencies in AmeriCorps' Momentum financial system have carried over into ARC. AmeriCorps continued to experience lingering effects of Momentum throughout FY 2021. These are essentially the same weaknesses and system limitations that prevented AmeriCorps from issuing auditable financial statements for the last five years. AmeriCorps continued to rely on temporary manual adjustments to address these pervasive longstanding issues in FY 2021.

Our audit procedures found that the following conditions continue to exist, despite the migration to shared services:

- A. Financial Statement Audit Scope Limitation
- B. Inability to produce quality, reliable, and complete financial information in a timely manner
- C. Inadequate internal controls in preparing and reviewing financial reports
- D. Improper design of internal control over the use of journal entries (JEs)

EXHIBIT A
Material Weaknesses
FY 2021

OMB Circular No. A-123 requires agency management to establish and maintain internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

A. Financial Statement Audit Scope Limitation

Despite a one-year grace period with no financial statement audit in FY 2020 and the shift to shared services at the beginning of FY 2021, AmeriCorps was unprepared for a full scope audit in FY 2021. The lack of progress in addressing the prior year (PY) internal control material weaknesses led AmeriCorps to acknowledge their continued noncompliance with Single Audit and also requested that the audit exclude the following material financial statement lines and significant processes, noting that audit of these areas would likely yield the same or similar results in FY 2019:

- Grants Single Audit Compliance
- Other Liabilities – Include VISTA Stipend
- Undelivered Orders and Accounts Payable – Procurement
- Trust Obligation and Liabilities – Validation of the Data for the Trust Obligation Liability Model (TOLM, Trust liability).

Additionally, AmeriCorps advised that it would not be able to implement planned changes that would affect their calculation of (1) Grant Accrual and Grant Advances, and (2) the Trust Obligation and Liabilities, both material financial statement lines, until reporting results for the third quarter of FY 2021. As a result, those lines were only available for audit until after preparation of the June 30, 2021 interim financial statements and the receipt of all required audit documentation. Notwithstanding the delay in implementation, we performed audit procedures over the Grants Accrual Payable and Advances and reported our findings in material weakness number 4. The time limitation imposed by AmeriCorps left us unable to conclude our work on the Trust Obligation and Liabilities.

We recommend that AmeriCorps:

9. Develop a strategic plan and corrective actions that will include steps and milestones to eventually achieve an audit opinion on AmeriCorps' financial statement. The plan should align directly with and describes in detail the implementation plans, specific steps to be taken, resources to be devoted to implementation, responsible personnel and their assigned duties, clear accountability, project management and target dates to complete. It should also include a quality assurance plan to verify effective and timely implementation. **(New)**

EXHIBIT A
Material Weaknesses
FY 2021

B. Inability to produce quality, reliable, and complete financial information timely

Throughout FY 2021, AmeriCorps continued to struggle in preparing, reviewing, and providing accounting information and documentation for audit. Although we set forth a clear schedule without objection at the beginning of the audit and conducted regular status meetings, AmeriCorps frequently responded long after the requested due date, months late in some cases. Also, AmeriCorps didn't have defined roles and responsibilities for providing information and documents requested by the auditors. Often, the documentation provided had not undergone quality review to ensure that the information was without errors, complete, and responsive to the request. The lack of quality control and timely response caused delays and wasted effort. Ultimately, AmeriCorps' inability to provide timely, complete, and high quality audit schedules and documents, including incomplete populations for sampling, interfered with our ability to evaluate and test financial information.

We recommend that AmeriCorps:

10. Develop and implement audit readiness procedures to ensure that audit information is complete, accurate, has undergone proper quality control procedures, and readily available or can be retrieved timely. The audit readiness procedures should include audit coordination protocol with ARC that clearly define roles and responsibilities of all parties involved in the process. **(New)**

C. Inadequate internal controls over preparing and reviewing financial reports

AmeriCorps' internal control over preparing and reviewing financial reports was inadequate. Examples of the inadequacies were as follows:

- AmeriCorps did not properly research, follow up and effectively document explanations for account balance differences. The agency's monthly trial balance review was incomplete and ineffective. The budgetary-to-proprietary analysis (tie point) performed was incomplete, because AmeriCorps did not follow up to explain or reconcile significant variances. The purpose of the high-level tie point analysis is to detect anomalies in balances and correct them or provide fact-specific explanations for the discrepancies. Instead, AmeriCorps continued to provide generic explanations that do not address the root cause of the differences. Without a root cause analysis, AmeriCorps may not be able to correct the problem, which will recur. The lack of a rigorous process may cause AmeriCorps to overlook substantial but correctible financial management errors.
- We identified uncorrected misstatements on the financial statements, abnormal balances, and incomplete financial statement and notes as part of our audit of the June 30, 2021, (interim) financial statement. Other examples of issues identified were reconciliation differences between AmeriCorps internal trial balance and the U.S. Treasury's Governmentwide Treasury Account Symbol Trial Balance (GTAS), which were

EXHIBIT A
Material Weaknesses
FY 2021

caused by untimely recording of accounting transactions and failure to remove cancelled funds activity in its trial balance. Also, inadequate or lack of subsidiary support for advances of funds received were due to inability to maintain and track trading partner agreements and transaction level activities from inception to close-out.

- AmeriCorps did not perform a complete and reliable fluctuation analysis of the June 30, 2021, account balances. The explanations provided for significant balance fluctuations were generic and did not address the specific nature of the transactions or the change in operations or trends that would identify the root causes of the fluctuations. AmeriCorps did not document its expectations based on its operating environment and compare those expectations to the identified significant balance fluctuations for reasonableness or unexpected change.

We recommend that AmeriCorps:

11. Develop comprehensive policies and procedures to document its financial statement preparation process. The policies and procedures should clearly delineate responsibilities among various members of the Accounting and Financial Management Service (AFMS) group and team leads and those performed by AmeriCorps' shared services provider, clarifying the responsibility of AmeriCorps for the accuracy of the reported information. The policies and procedures should address the following aspects: ***(Modified Repeat)***
 - a. The process to determine and document AmeriCorps' balance fluctuation expectations based on a combination of internal and external operating factors, and program and financial relevant information available.
 - b. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have the supporting documentation readily available.
 - c. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis.
 - d. Address fatal and non-fatal Government-wide Treasury Account Symbol edit failures prior to GTAS certification.
 - e. Document resolution for all balance differences and retain supporting documentation of related research.

These open repeat recommendations can be found Status of Prior Year Recommendations in [Exhibit C](#), Status of Prior Year Recommendations for open repeat recommendations.

D. Improper design of internal control over the use Journal Entries (JE)

Journal entries are both recurring and non-recurring manual accounting adjustments used to record (usually large) transactions in the financial system. They are used to fix errors, reclassify balances, or record amounts that were not reported due to timing and period cut-offs in the

EXHIBIT A
Material Weaknesses
FY 2021

financial system. However, they do not go through the established system of controls designed to record normal recurring transactions, and thus reliance on JE increases AmeriCorps susceptibility to errors and misstatement in the financial statements. As of June 30, 2021, AmeriCorps used JEs to record approximately \$27 billion in absolute value transactions, a significant increase from the prior year. AmeriCorps over relied on the JEs to fix issues that initially existed in the Momentum environment that were not remediated prior to conversion to Oracle.

Also, AmeriCorps used JEs to address significant recurring financial reporting issues across multiple funds, instead of addressing the underlying root causes. For example, JEs were used to fix transactions recorded under reimbursable funds using an account code that identified them as Direct. This is a long-standing issue that requires repeated adjustments to the expended and unexpended appropriation general ledger accounts.

We also identified other control deficiencies such as duplication in the use of JEs, missing document numbers, and lack of documentation explaining the need for or root cause for the adjustment and approval. Further, there was no evidence of proper segregation of duties, reconciliation issues between JE detail and JE log, and instances in which AmeriCorps and ARC approved and processed JEs with the incorrect general ledger account, requiring another JE to correct the error. The over-reliance, incorrect usage, and inaccurate JEs create a high risk of material misstatements in the financial statement.

We recommend that AmeriCorps:

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

EXHIBIT A
Material Weaknesses
FY 2021

Additional open repeat recommendations from the FY 2019 audit report can be found in [Exhibit C](#), Status of Prior Year Recommendations.

4. Grant Accrual Payable and Advances (modified repeat finding)

In FY 2021, AmeriCorps changed its grant accrual methodology to include the “incurred but not reported” (IBNR) estimated costs⁹ provided from the Payment Management System (PMS)¹⁰ for estimating its grant expenses and liabilities to be reported in a future Federal Financial Report. Consideration of the IBNR in AmeriCorps grant accrual estimates is necessary for AmeriCorps to account for its financial transactions in accordance with GAAP. Per FASAB, *Accrual Estimates for Grant Programs*, Federal Financial Accounting Technical Release 12, a Federal grant-making entity must demonstrate the reliability of its grant accrual estimates.

AmeriCorps must verify that the facts used in the HHS’ PMS IBNR estimation methodology are relevant and accurate for AmeriCorps grants. This baseline validation is important to ensure that the HHS PMS IBNR estimate is reasonable when applied to AmeriCorps, i.e., that the methodology, factors, and assumptions are applicable to the nature of AmeriCorps grantees’ operations.

Using estimates based on assumptions that are not documented and validated based on historical data analysis and grantees’ actual spending patterns increases the risk of errors and misstatements in the grant accrual, related expenses and advances reported in the financial statement.

We recommend that AmeriCorps:

15. Develop a process to validate grant advances, IBNR and payable estimates. Such validation should be performed over a few years to show a trend of the estimates. Any benchmarks to assess reasonableness should be vetted for completeness and reliability. For example, the use of eGrants FFRS should be vetted to ensure inclusion of IBNR. Large (exceeding AmeriCorps acceptable range) and unusual fluctuations, if any, should be investigated and the research conclusions documented by management. Fluctuations should be reviewed at the absolute variances level and not using net differences.
(Modified Repeat)

16. Validate that the underlying data used in the accrual methodology, such as the use of grantee Undelivered Order balances to allocate accrual amounts, is reliable by ensuring previously reported conditions are remediated and recommendations are implemented.
(New)

⁹ These amounts represent the estimated liability for costs already incurred by the grantees but will be reported in the following quarter.

¹⁰ The PMS is a tool by the Department of Health and Human Services (HHS) help grant recipients draw down funds and file the Federal Financial Report (FFR). AmeriCorps uses HHS services to manage grantee drawdowns and disbursement reporting activities.

EXHIBIT A
Material Weaknesses
FY 2021

Additional open recommendations from FY 2019 audit report related to grant accrual and advances can be found in [Exhibit C](#), Status of Prior Year Recommendations.

We also continue to report the following five prior year material weaknesses and the related unimplemented recommendations: Trust Obligations and Liability Model (Repeat); Undelivered Orders and Accounts Payable - Procurement (Repeat); Undelivered Orders – Grants (Repeat), Recoveries of Prior Year Obligations (Repeat); and Other Liabilities (Repeat). A listing of these unimplemented recommendation is in [Exhibit C](#).

EXHIBIT B
Significant Deficiency
FY 2021

Information Technology Security Controls (modified repeat finding)

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

To balance high levels of service and reduce costs, AmeriCorps' Office of Information Technology has outsourced the operation, maintenance, and support of most of its IT systems. AmeriCorps outsourced its financial operations to a shared service provider for the first time this fiscal year. The new financial system of record interfaces with Momentum for the purpose of retrieving grants management data from eSPAN. Outsourcing introduces special considerations and risks regarding the protection of information and information systems. Despite the outsourcing of IT systems, AmeriCorps by law retains responsibility for complying with the requirements of the security control implementation.

Our review of IT controls covered general and application controls at the AmeriCorps Washington, D.C. Headquarters. Our current year audit identified security control weaknesses that were corrected for certain control activities. Examples of AmeriCorps' improvements in its IT control environment include conducting background investigations and reinvestigations of current employees and enhancing physical access controls to safeguard personally identifiable information.

While AmeriCorps has taken some steps to remediate previously identified information security control weaknesses, AmeriCorps continues to face challenges in the consistent implementation of its information security program and monitoring of security controls. In addition, we identified new and continued control weaknesses in the information security program that need to be addressed, most importantly pertaining to configuration management controls, including vulnerability management, access controls, and organization-wide risk management. Specifically, we identified enterprise findings for each of the following domains:

Configuration Management

- AmeriCorps did not resolve critical and high-risk vulnerabilities within the timeframes specified by its internal operating policies. As a result, vulnerabilities related to patch management, configuration management, and unsupported software continue to expose AmeriCorps' network to critical and high severity vulnerabilities. While our independent vulnerability scans indicated that the number of vulnerabilities has decreased since last year, issues remain with applying older patches and remediating older configuration weaknesses.
(Modified Repeat)
- AmeriCorps did not develop baseline configuration documentation for all platforms in its environment and ensure that these standard baseline configurations are appropriately

EXHIBIT B
Significant Deficiency
FY 2021

implemented, tested, and monitored for compliance with established security standards.
(Modified Repeat)

- The tracking of IT components in the asset inventory was incomplete, and software assurance controls have not been fully implemented for mobile devices due to delays in implementing a new mobile device management tool. **(Modified Repeat)**
- Change management documentation was not consistently recorded for system changes made to the General Support System (GSS), Electronic-Systems for Program Agreements and National Service Participants (eSPAN), and Momentum applications. **(New)**

Access Control

- AmeriCorps did not adequately manage user accounts and/or passwords for the network and the Momentum application. For example, AmeriCorps did not disable all network and Momentum accounts of separated employees, did not disable inactive privileged accounts, and did not properly manage passwords that were not changed after a designated timeframe as specified in AmeriCorps' policies. **(Modified Repeat)**
- In March 2020, AmeriCorps removed mandatory enforcement of Personal Identity Verification (PIV) multifactor authentication¹¹ in response to the COVID-19 pandemic and has not reinstated the control. Agency management attributes this to the need for full-time telework during the COVID-19 pandemic. However, this conflicts with government-wide guidance issued by the Cybersecurity and Infrastructure Security Agency (CISA) directing agencies to use multifactor authentication during pandemic-related telework. **(Modified Repeat)**
- AmeriCorps did not conduct an annual incident response test as required by AmeriCorps policy. **(New)**

In addition, prior weaknesses related to access controls at AmeriCorps' field offices have not been remediated.

Security Management

- AmeriCorps did not develop, document, and communicate an overall Supply Chain Risk Management strategy, implementation plan, and related policies and procedures to guide and govern supply chain risk management activities. **(New)**
- AmeriCorps did not maintain an Interconnection Security Agreement between AmeriCorps and Social Security Administration. **(New)**
- AmeriCorps did not complete a risk register to record identified risks at the mission and

¹¹ Multifactor authentication requires two or more credentials when logging on to information systems. Credentials include something an individual knows, such as a password, and something an individual possess, such as a PIV card or fingerprint.

EXHIBIT B
Significant Deficiency
FY 2021

business process level, as defined by the National Institute of Standards and Technology.¹²
(Repeat)

- AmeriCorps did not ensure individuals with access to personal identifiable information (PII) completed annual privacy-role based training. **(Repeat)**

Contingency Planning

- AmeriCorps did not conduct an annual disaster recovery test and train its disaster recovery personnel for the GSS and eSPAN as required by AmeriCorps policy. **(New)**

Many of these weaknesses can be attributed to inconsistent enforcement of the agency-wide information security program across the enterprise. These deficiencies can increase the risk of unauthorized access to AmeriCorps' systems used to capture, process, and report financial transactions and balances. Effective system security begins with strong governance, including agency-level oversight and controls monitoring of AmeriCorps' field offices. This includes ensuring accountability within the Office of Information Technology leadership for accomplishing milestones and achieving measurable results in support of a strategy to achieve an effective level of information security at AmeriCorps.

Further, the Federal Information Security Management Act (FISMA) legislation requires each agency to have a Chief Information Security Officer (CISO), whose principal duty is cybersecurity. However, AmeriCorps allowed this position to remain vacant from October 2020 to June 2021, with an acting official in the role. Given the agency's weaknesses in key information security controls and the importance of this function, the lack of a permanent CISO, with the ability to advise the agency head on key issues of cybersecurity policy, enforcement and needed improvements, detracted from the opportunity to make progress.

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

¹² NIST Special Publication 800-39, Revision 1, *Managing Information Security Risk Organization, Mission, and Information System View*, specifies an integrated risk management process three-tiered approach for managing risk across an organization that "addresses risk at the: (i) organization level; (ii) mission/business process level; and (iii) information system level. The risk management process is carried out seamlessly across the three tiers with the overall objective of continuous improvement in the organization's risk-related activities and effective inter-tier and intra-tier communication among all stakeholders having a shared interest in the mission/business success of the organization."

EXHIBIT B
Significant Deficiency
FY 2021

We recommend that AmeriCorps:

Since AmeriCorps has not implemented consistent automated processes to address continued control weaknesses in its information security program, we reiterate the prior year's recommendations to assist AmeriCorps in holding individual stakeholders accountable for remediation of control weaknesses and ensuring information technology security controls operate as intended agency wide. The recommendations for these conditions can be found in [Exhibit C](#), Status of Prior Year Recommendations.

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

AmeriCorps' latest full scope financial statement audit was in fiscal year 2019. As there was no financial statement audit conducted in FY 2020, we are presenting the status of FY 2019 recommendations in FY 2021. As the scope of audit in FY 2021 was limited, many of the FY 2019 recommendations were still open in FY 2021. These open recommendations were not duplicated as recommendations in the report on internal control and report on compliance (reports). The modified repeat recommendations in FY 2021 were recommendations from FY 2019 but were adapted to the FY 2021 results. The summary of the status of the FY 2019 financial statement audit recommendations in FY 2021 is in Table 1. The detail of each recommendation is presented in Table 2.

Table 1: Summary of the Status of FY 2019 Financial Statement Audit Recommendations in FY 2021

Status in FY 2021	Count of Recommendations in FY 2019	FY19 Audit Report Recommendation Number
Recommendation Closed	10	1, 3, 4, 6, 7, 19, 20, 39, 45, 52
Open and Modified Repeat Recommendations	65	
Total:	75	

Table 2: Status in FY 2021 and Detail Description of Each Recommendation from FY 2019 Financial Statement Audit

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
Material Weakness (MW) Internal Control	1	Establish a formal process that provides the CEO with comprehensive information on the results of AmeriCorps' internal control assessment, status of open material weaknesses and significant deficiencies from prior year's financial statement audits, and information on issues that could be reported as a significant deficiency or a material weakness in the current year's financial statement audit for consideration in preparing the AmeriCorps assurance statement. This should also include the status of open recommendations from other audits that have a significant impact on AmeriCorps operations or financial reporting.	Closed

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
Program (FMFIA)	2	Provide training to AmeriCorps officials participating in the entity-level control assessment to ensure that they have a full understanding of the internal control principles and how these principles relate to their operations. The training shall also address how the outstanding audit recommendations concerning their operations should be considered when assessing the entity-level controls.	Repeat – Material Weakness (MW) Open Recommendation
	3	Revise the AmeriCorps Statement of Assurance Preparation and Submission Guidance (March 2019) to: a. Require the functional offices to consider external and internal audits and investigations in identifying and reporting on control deficiencies. b. Require the functional offices to identify the impact that the material weakness or significant deficiency has on the financial statements or on AmeriCorps’ operations in their assurance statements.	Closed
	4	Revise the AmeriCorps Financial Reporting Testing Plan to include verifying that the fluctuation analyses are conducted properly within the required thresholds.	Closed
	5	Revise the FY 2019 AmeriCorps Grants Financial Management Business Process Narrative to address the control gap concerning the verification of the Advances to Others balance accuracy.	Modified Repeat MW Recommendation #7
	6	Provide training to appropriate AmeriCorps personnel regarding the purpose of the Data Quality Plan.	Closed
	7	Update and maintain the Data Quality Plan in accordance with OMB Circular No. A-123, Appendix A, Management of Reporting and Data Integrity Risk (M-18-16, June 6, 2018), and subsequent amendments.	Closed
	8	Update AmeriCorps’ Standard Operating Procedure: Statement on Standards for Attestation Engagements (SSAE) 18 Report Review to explain how AmeriCorps will address the SSAE 18 audit reporting gaps for its external systems’ service providers and establish time requirement for conducting the SSAE 18 report reviews.	Repeat - MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
Material Weakness Financial System and Reporting	9	Establish a process to maintain executed agreements with Federal trading partners and track all associated costs against the inter-agency agreements from inception until the agreement close-out.	Repeat - MW Open Recommendation
	10	Develop comprehensive policies and procedures for the financial statements preparation process and related internal controls. The policies and procedures should address, among other subjects: a. The process to determine and document AmeriCorps balance fluctuation expectations. Expectations should be documented based on a combination of internal and external operating factors, and program and financial relevant information available. b. The materiality threshold used to determine significant balance fluctuations that require further research should be more conservative than that used by external auditors. c. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have the supporting documentation readily available. d. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis. e. Address fatal and non-fatal Government-wide Treasury Account Symbol Trial Balance edit failures. f. Address all balance differences and retain supporting documentation of related research. g. Document and maintain support for all prior period adjustments and changes to Net Position accounts, Cumulative Result of Operations, and Unexpended Appropriations.	Modified Repeat - MW Recommendation #11
	11	Monitor outstanding balances resulting from financial system configuration issues and fix these issues prior to data migration to the future shared service provider (Department of Treasury's Administrative Resource Center) in FY 2021. While waiting to transition, AmeriCorps should strengthen its current trial balance review including tie-point analysis and review of abnormal balances.	Modified Repeat – MW Recommendation #2
	12	Coordinate with the future shared service provider to ensure that its accounting platform is compatible with AmeriCorps operations and the type of accounting transactions that the AmeriCorps process.	Modified Repeat - MW Recommendation #3

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	13	Develop a plan to clean up AmeriCorps balances prior to migration to the shared service provider's system (Department of Treasury's Administrative Resource Center). The plan should include coordination with the future service provider to review AmeriCorps' balances in detail to ensure they are properly supported and can be mapped into the Administrative Resource Center's platform. Maintain all documentation regarding meeting minutes and any mapping of account balances developed as part of the migration effort.	Modified Repeat – MW Recommendation #12
	14	Complete its efforts to be fully compliant with the Office of Management and Budget Circular No. A-11, Preparing, Submitting, and Executing the Budget.	Repeat – MW Open Recommendation
	15	Provide mandatory training to AmeriCorps accounting staff on the proper use of object class, sub general ledger accounts, and document/transaction types on all obligation and expense transactions.	Repeat – MW Open Recommendation
	16	Validate and ensure standard Journal entries are properly supported, documented, and are readily available for examination.	Modified Repeat - MW Recommendation #14
	17	Strengthen coordination between Accounting and Financial Management Services and the Office of Budget to ensure that transactions are recorded accurately and timely.	Repeat - MW Open Recommendation
	18	Develop and implement policies and procedures for the Journal entries (JE) process that include: a. tracking the sequence of JEs for completeness; b. appropriate use of JEs; c. determining and maintaining relevant documentation to support each JE's; d. use of specific and accurate JE descriptions; and e. timely review and approval of JEs for accuracy and propriety.	Modified Repeat – MW Recommendation #13

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	19	Finalize its research to establish the amount to capitalize for tenant improvement costs and retain proper documentation of the research. While the research is ongoing, AmeriCorps should disclose non-GAAP accounting and the impact on the financial statements.	Closed
	20	Evaluate AmeriCorps compliance with all sections of OMB Circular No. A-136, Financial Reporting Requirements, including preparing comparative financial statements and notes to comply with the financial reporting framework for federal government agencies.	Closed
Material Weakness Trust Obligations and Liability Model	21	Complete the Trust Accounting Handbook to clearly reflect the assumptions used in the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator, including establishing control activities; finalize materiality thresholds applied; update accounting transactions, and clearly identify periods when adjustments will be made regardless of materiality.	Repeat – MW Open Recommendation
	22	Develop for a more standardized, secure, and automated method to estimate the Trust obligations and Trust Service Award Liability that ensures minimal human errors. As part of the ongoing AmeriCorps transition to shared service, coordinate with the service provider to determine methods that would enhance the security and quality of the existing estimation models.	Repeat – MW Open Recommendation
	23	Strengthen controls to ensure the Trust modeling is performed by trained personnel to: <ul style="list-style-type: none"> a. Conduct detailed analysis and validation of data sources. b. Review and ensure the reasonableness of assumptions used and document the rationale behind estimation assumptions. c. Consider changes in conditions or programs that require further research and analysis. Update the assumptions when necessary. d. Compare estimates with subsequent results to assess the reliability of the assumptions and data used to develop estimates. 	Repeat – MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	24	<p>Document and implement policies and procedures to include the following:</p> <ul style="list-style-type: none"> a. establish a thorough and robust quality control process to ensure that the Trust Obligation and Liability Model (TOLM) and Monthly Obligation and Liability Calculator (Calculator) are reviewed by qualified AmeriCorps personnel prior to relying on its outputs to record transactions. All errors identified for which management ultimately decided against making updates to the TOLM or Calculator should be documented along with an explanation as to how management arrived at the final decision; b. perform monthly reviews and reconciliations of the recorded new and outstanding obligations to ensure the accounting information is valid and proper; c. review obligation amounts to ensure amounts accurately reflect the status of the obligation; d. review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation); e. ensure obligations are sufficiently supported (i.e., by documentary evidence); and f. perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved. 	Repeat – MW Open Recommendation
	25	Coordinate with the Office of the Chief Risk Officer (OCRO) to properly identify the National Service Trust Fund’s financial reporting risks and incorporate those risks into the OCRO’s annual testing of key controls.	Repeat – MW Open Recommendation
	26	<p>Develop a succession plan to ensure the required expertise is available in anticipation of planned employee turnover, particularly with respect to the complex trust calculations. AmeriCorps needs to:</p> <ul style="list-style-type: none"> a. Train, mentor, and work to retain qualified employees; b. Cross-train employees so that knowledge of the model will reside with multiple staff rather than with one person; and c. Implement a peer review process to carry out the necessary quality control reviews of the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator. (repeat) 	Repeat – MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
<p style="text-align: center;">Material Weakness</p> <p style="text-align: center;">Grants Accrual Payable and Advances</p>	27	<p>Coordinate with the program and grant officers to gather and analyze key grant programs’ (AmeriCorps State and National and Senior Corps) historical data and the grantees’ spending pattern to develop the following key factors for grant accrual estimation:</p> <ul style="list-style-type: none"> • Percentage of AmeriCorps grantees who drawdown funds in advance versus those on a reimbursable basis and their related grant amounts to its grant spending as a whole. If different key programs have different spending patterns, perform this analysis at the program level; • An inventory of relevant and reliable grant data to be used for the grant accrual assumptions and documentation to support what data is considered relevant and reliable; • Grantees' incurred but not reported (IBNR) reporting pattern from when the expenses have been incurred to the time those expenses are included the grantees' Federal Financial Reports (FFR). Grantee surveys may be conducted to confirm the reasonableness of an IBNR estimate methodology. When alternative procedures are used, management should provide its data-based analysis to validate its assertion; and <p>Post-accrual analysis to compare the accrual (without the IBNR) and the expenditures reported in the FFRs for the same quarter. Thresholds should be established and documented based on materiality and the degree of risk that management is willing to accept. When grantees' reported spending pattern deviates from its methodology, an analysis should be performed to determine whether any deviation is acceptable, or the methodology should be further refined to reflect the actual grantees' reported expenditure pattern.</p>	Repeat – MW Open Recommendation
	28	<p>Revise and implement policies and procedures for the grant accrual methodology so that:</p> <ul style="list-style-type: none"> • A validation process is established for management to verify the accuracy of the grant accrual, so that management can make any necessary adjustments to improve the precision of the grant accrual and to account for grant advances and payables to ensure the resulting amounts are materially consistent with grantees’ drawdown and spending patterns; • It addresses how the calculations are used to arrive at the Grants Payable and Advances to Other line items in the financial statements. 	Repeat – MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	29	Develop a process to validate grant advances, incurred but not reported and payable estimates. Such validation should be performed for all program elements included in the estimation process and over a few years to show a trend of the estimates. Unusual fluctuations, if any, should be investigated and the research conclusions documented.	Modified Repeat – MW Recommendation #13
Material Weakness Undelivered Orders and Accounts Payable - Procurement	30	Centralize the storage of all procurement documents in contract files and maintain them electronically.	Repeat – MW Open Recommendation
	31	Strengthen internal control to ensure procurement documents are properly approved and retained.	Repeat – MW Open Recommendation
	32	Analyze procurement undelivered orders balances quarterly to verify that balances are still valid for those without financial activities for an extended period.	Repeat – MW Open Recommendation
	33	Research, resolve and document the disposition of any abnormal undelivered orders transactions/balances.	Repeat – MW Open Recommendation
	34	Correct the financial system’s posting logic to ensure all future transactions are recorded properly in accordance with United States Standard General Ledger.	Repeat – MW Open Recommendation
35	Document the accounts payable accrual methodology to include the recognition and reporting of the incurred but not reported. The methodology should also document key controls related to review and approval process of the accrual estimation; materiality and how it is applied; reviewing, approving, and recording of invoices prior to processing payments; inputs to be used in the validation; consideration of payment types; and the basis for including or excluding typical factors in estimating accruals, such as period of performance, type of contract, billing patterns, and others.	Repeat – MW Open Recommendation	

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	36	Conduct validation assessment of amounts accrued for the incurred but not reported on a periodic basis. As part of the validation, AmeriCorps should consider the following: a. Subsequent activities against the amount estimated to determine the level of precision in the estimation; b. Trend the validation results and adjust the incurred but not reported estimation process to address any recurring significant fluctuations; and c. Update the incurred but not reported estimation process as necessary to reflect changes in payment patterns.	Repeat – MW Open Recommendation
	37	Evaluate the materiality thresholds used in the accrual estimation to ensure it is appropriate to prevent misstatements. The materiality threshold used should be appropriate that, in the aggregate, identified misstatements would not rise to a level that will significantly impact management’s assertions on the financial statements.	Repeat – MW Open Recommendation
	38	Implement controls to ensure that transactions interfaced from eGrants are reflected in Momentum for the correct amounts, accounts, and number of transactions.	Repeat – MW Open Recommendation
Former Material Weakness Property and Equipment ¹³	39	Analyze contractor-developed software costs that were expensed but not capitalized in accordance with accounting standards.	Closed
	40	Update AmeriCorps policy to recognize and record capitalized costs in the period incurred.	Repeat Open Recommendation
	41	Update AmeriCorps policy to include requirements for compliance with accounting standards; track direct labor and other indirect costs, including hours, worked and payroll costs dedicated to existing and new software-in-development projects; track and amortize tenant improvement costs in accordance with the lease agreement.	Repeat Open Recommendation

¹³ Property and Equipment was removed from a material weakness as the conditions related to the finding were not found in our FY 2021 testing. However, the recommendations in FY 2019 were still not corrective so the recommendations will remain as open.

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	42	Review the GMM contract status to ensure proper and timely deobligation of any remaining unliquidated obligations that are no longer needed.	Repeat Open Recommendation
	43	Consult with the future shared service provider and other stakeholders to determine the feasibility of procuring and using project management software to track project costs from the inception to completion. The results of the analysis should be documented and made readily available.	Repeat Open Recommendation
	44	Establish and implement periodic training on capitalization accounting standard, and AmeriCorps Capitalization Policy for accounting, program, Office of Facility Support Services, and information technology staff.	Repeat Open Recommendation
	45	Develop and perform a periodic analysis of expenses incurred, e.g., software-in-development costs and repairs and maintenance, to determine if they meet the capitalization requirements and conduct any follow-up to ensure costs are properly capitalized.	Closed
Material Weakness Undelivered Orders - Grants	46	Determine the root cause behind the differences noted in the Undelivered Orders balance between Momentum and the Undelivered Orders balance derived from the net of grant award amount from the Notice of Grant Award and the grant expenditures from the Payment Management System and take the appropriate steps in resolving the reason behind the variances that are occurring.	Repeat – MW Open Recommendation
	47	Determine the root causes and resolve discrepancies in the grant award amounts recorded in the NGA in eGrants and in Momentum to prevent such differences from occurring in the future.	Repeat – MW Open Recommendation
	48	Determine the root causes and resolve expenditure differences between the Payment Management System and Momentum.	Repeat – MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	49	Strengthen controls around the review of expired grant obligations by ensuring that: a. All financial, performance and other required reports are submitted no later than 90 calendar days after the end date of the period of performance. b. Document justifications for all required reports submission extensions granted to the grantee.	Repeat – MW Open Recommendation
	50	Update the AmeriCorps transaction code posting logic for recording grant expenditures to comply with the United States Standard General Ledger guidance.	Repeat – MW Open Recommendation
Material Weakness Recoveries of Prior Year Obligations	51	Establish a requirement for Grant Officer/Portfolio Managers to provide documented certification that all required grantee information has been received, accepted, and documented before the grant is closed out.	Repeat – MW Open Recommendation
	52	Revise its OMB Circular No. A-123 internal control program testing to include a review of contract modifications.	Closed
	53	Establish a control requiring the Grant Officer/Portfolio Manager to provide documented certification, upon grant closeout, verifying the total award amount to total award expenses for the deobligated recovery amount.	Repeat – MW Open Recommendation
	54	Determine the cause for the travel cost recovery difference to ascertain what corrective action is needed and to prevent issues from recurring.	Repeat – MW Open Recommendation
	55	Inform all Grant Officers/Portfolio Managers to ensure that a reduction in funding to the award of a grant should be documented in eGrants which would result in modified Notice of Grant Awards. (new)	Repeat – MW Open Recommendation
Material Weakness	56	Reconcile the amounts reported in Other Liabilities to supporting documents to verify that Other Liabilities are supported by valid transactions and properly classified.	Repeat – MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
Other Liabilities	57	Strengthen financial reporting internal controls and ensure that financial statements accounting line items are reviewed and reconciled to supporting documents prior to recording. The internal control activities should ensure proper posting of Member Payroll related liabilities on the Balance Sheet.	Repeat – MW Open Recommendation
Significant Deficiency (SD) IT Security Controls	58	Develop a multi-year strategy to better strategically prioritize and allocate resources to address the new and continuing weaknesses identified and work towards automation, continuous monitoring, and consistent application of controls.	Repeat - SD Open Recommendation
	59	Enforce the agency-wide information security program across the enterprise and improve performance monitoring to ensure controls are operating as intended at all facilities.	Repeat - SD Open Recommendation
	60	Strengthen and refine the process for communicating AmeriCorps facility-specific control deficiencies to AmeriCorps facility personnel, and coordinate remediation of the control deficiencies.	Repeat - SD Open Recommendation
	61	Strengthen and refine the process for holding system owners and information system security officers accountable for remediation of control deficiencies and ensuring that the appropriate security posture is maintained for AmeriCorps information systems.	Repeat - SD Open Recommendation
	62	Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in AmeriCorps information systems.	Repeat - SD Open Recommendation
	63	Implement all detailed recommendations in the FY 2019 FISMA Evaluation report.	Repeat - SD Open Recommendation
Significant Deficiency	64	Reconcile the Accounts Receivable subsidiary ledger to the general ledger monthly.	Repeat – Control Deficiency (CD) Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
AR & Allowance for Doubtful Accounts	65	Reevaluate the policies and procedures for calculating the allowance for doubtful accounts. Related policies and procedures should include: (a) CFO Office's staff's periodic review of the accounts receivable aging report, (b) assessment of the collectability of outstanding balances based on the age of the debt, collections attempted and received thus far and other information about the debtor and (c) determination for possible write-offs.	Repeat – CD Open Recommendation
	66	Revise the Allowance for Doubtful Accounts methodology to be consistent with the Debt Management Policy.	Repeat – CD Open Recommendation
	67	Develop a process and proactively monitor and follow-up on delinquent accounts receivables. Document any procedures performed and results reached as part of the follow-up process.	Repeat – CD Open Recommendation
	68	Track and revise collection efforts based on data analysis to understand vendor payment characteristics. A reasonable timeframe for write-offs should be established for accounts receivable without any activity. Once an outstanding receivable is deemed uncollectible, it should be written off in accordance with management's established policy.	Repeat – CD Open Recommendation
	69	Establish a documented process between accounting and the Office of Chief Risk Officer (OCRO) to ensure that key controls related to the Accounts Receivable cycle are properly identified and implemented. These key controls should be considered for testing as part of OCRO's annual internal control assessments.	Repeat – CD Open Recommendation
Non-Compliance Single Audit Compliance	70	Develop, implement, and document procedures to identify all AmeriCorps grantees that are required to submit single audit reports with their due dates.	Repeat – Non-Compliance Open Recommendation
	71	Develop, implement, and document procedures on timely follow-up for those grantees whose audits have become past due, and to ascertain why report submission was late, when the audit report will be submitted to the Federal Audit Clearinghouse, and what corrective action has been taken to prevent a report submission delay in future.	Repeat – Non-Compliance Open Recommendation
	72	Develop a practice to capture the single audit data to assess the effectiveness of the single audit report submission for all its grantees.	Repeat – Non-Compliance Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY21
	73	Develop, implement, and document procedures for implementing Office of Budget and Management (OMB) approved single audit report submission extensions, so that OMB approved extension approvals are documented and tracked as part of the single audit monitoring process.	Repeat – Non-Compliance Open Recommendation
	74	Update the Single Audit Resolution Policy to: <ul style="list-style-type: none"> • Reflect the current monitoring process to track all audit findings related to AmeriCorps-funded grants, and • Address AmeriCorps’ responsibilities as the cognizant/oversight agency and how these responsibilities would be carried out. 	Repeat – Non-Compliance Open Recommendation
	75	Develop and implement procedures to monitor the effectiveness of the single audit monitoring process in accordance with the Uniform Grant Guidance, 2 Code of Federal Regulation §200.513 Responsibilities, (a) (3) (iv), related to monitoring the effectiveness of single audit findings follow-up and the effectiveness of single audits in improving grantee accountability and in their use by AmeriCorps in making award decisions.	Repeat – Non-Compliance Open Recommendation

EXHIBIT D
Management's Response
FY 2021



Date: November 15, 2021

To: Deborah Jeffrey, Inspector General

From: Malena Brookshire, Chief Financial Officer

**Malena
Brookshire**

Digitally signed by Malena
Brookshire
Date: 2021.11.15 11:51:32
-0500

Subject: Management's Response to Independent Auditors' Report

Thank you for the opportunity to comment on the FY 2021 Independent Auditors' Report from CliftonLarsonAllen LLP (CLA). AmeriCorps has reviewed the results of the financial statements audit, and the audit of the financial statements of the National Service Trust. This is a consolidated response to both reports.

We acknowledge the auditors' disclaimer of opinion on the financial statements, including the identification of nine material weaknesses and one significant deficiency, and its review of the agency's internal control over financial reporting and compliance with laws and regulations. The independent audit of the agency's financial statements and related processes is a core component of AmeriCorps' financial management program, and we look to the findings and recommendations to help us target and prioritize corrective actions that directly support our efforts to improve AmeriCorps' financial management practices.

AmeriCorps is committed to implementing strategic reforms to the agency's audit management and resolution efforts, focusing heavily on agency audit readiness, improving operational and programmatic internal controls, and increasing senior leadership engagement in corrective action planning and oversight. Using our existing and new resources, such as funds through the American Rescue Plan, we are making greater investments in critical mission support staffing; improving data management and analysis; and modernizing our antiquated systems as we work to actively identify root causes, prioritize and implement robust corrective action plans, and monitor remediation efforts at the highest levels of leadership throughout the agency. The agency commits to ongoing consultation with your office to address our pressing challenges.

Additionally, we will continue efforts to improve our trust and grants accrual methodology and transition of vital core business functions to shared services. This transition and our partnership with Treasury is AmeriCorps' most significant and impactful strategy to directly address key audit findings and strengthen the agency's overall financial management. Moreover, we are including effective stewardship of resources as an agency strategic goal in our draft 2022-2026 Strategic Plan that will serve as a roadmap for resource prioritization and investments.

To further increase senior leadership engagement, we are initiating a new internal audit accountability and reporting structure. This will include regular corrective action meetings with executive and senior leadership to review progress toward approved

EXHIBIT D
Management's Response
FY 2021



corrective and preventive actions. The agency's Risk Management Council will play a significant role here, with increased governance over agency risk and accountability, as well as tracking resolution. To enhance oversight, we are developing a shared platform to track corrective actions and increase leadership visibility and awareness of corrective action status. Such transparency will enable leadership to provide proactive, consistent, and timely updates to key stakeholders invested in the agency's progress towards audit resolution.

In addition to our new internal accountability efforts, we have initiated other audit management reforms, including contract vehicles that will allow access to much needed financial management and audit expertise, more robust agency audit training focused on quality corrective action planning and reporting, and investments to identify and implement business process improvements to core mission support functions.

AmeriCorps fully supports the requirements for auditability of its financial statements and understands its obligations for providing accountability and transparency. We are working diligently to complete our reviews of new audit findings and to correct these shortcomings for future audits. AmeriCorps' leadership is committed to continuing the work to more comprehensively demonstrate and understand agency efforts and mitigation strategies to ensure prioritization and progress in the months and years to come.



250 E St., SW, Suite 4100
Washington, DC 20525

OFFICE OF INSPECTOR GENERAL
HOTLINE: 1.800.452.8210
HOTLINE@AmeriCorpsOIG.gov | AmeriCorpsOIG.gov

PART C. CONSOLIDATED FINANCIAL STATEMENTS

AMERICORPS

BALANCE SHEET

AS OF SEPTEMBER 30, 2021 AND 2020

(In Thousands)

	Unaudited	Unaudited
	2021	2020
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 2,364,927	\$ 2,058,467
Investment (Net) (Note 3)	1,011,223	185,714
Accounts Receivable, Net (Note 4)	1,931	166
Advances and Prepayments	894	-
Total Intragovernmental	3,378,975	2,244,348
With the Public:		
Accounts Receivable, Net (Note 4)	\$ 1,336	\$ 999
General Property, Plant, and Equipment, Net (Note 5)	3,235	3,651
Advances and Prepayments	86,198	66,399
Total With the Public	90,769	71,049
Total Assets	\$ 3,469,743	\$ 2,315,397
Liabilities (Note 6):		
Intragovernmental:		
Accounts Payable (Note 6)	\$ 1,580	\$ -
Advances from Others and Deferred Revenue	6,360	9,919
Other Liabilities (Note 7)		
Liability to the General Fund for Non-Entity Assets	(349)	94
Benefit Program Contributions Payable	2,569	1,577
Tenant Improvement Allowance	2,485	2,779
Total Intragovernmental	12,646	14,369
With the Public:		

Accounts Payable	\$ 156,347	\$ 110,332
Federal Employee [and Veteran] Benefits Payable (Note 7)	13,915	13,412
Advances from Others and Deferred Revenue (Note 7)	85	325
Other Liabilities (Note 7)		
Trust Service Award Liability	356,024	438,294
Accrued Funded Payroll and Leave	3,826	3,518
Other Liabilities	2,061	2,170
Total With the Public	532,259	568,052
Total Liabilities	\$ 544,904	\$ 582,421
Net Position:		
Unexpended Appropriations - Funds from Other than Dedicated Collections	2,132,473	1,098,387
Total Unexpended Appropriations	2,132,473	1,098,387
Cumulative Results of Operations - Funds from Other than Dedicated Collections	792,367	634,589
Total Cumulative Results of Operations	792,367	634,589
Total Net Position	2,924,840	1,732,976
Total Liabilities and Net Position	\$ 3,469,745	\$ 2,315,397

The accompanying notes are an integral part of these statements.

AMERICORPS**STATEMENT OF NET COST****FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020****(In Thousands)**

	Unaudited	Unaudited
	2021	2020
Gross Program Costs:		
VISTA:		
Gross Costs	\$ 139,292	\$ 129,847
Less: Earned Revenue	(8,108)	(8,325)
Net Program Costs	\$ 131,184	\$ 121,522
NCCC:		
Gross Costs	\$ 50,434	\$ 35,922
Less: Earned Revenue	(6,459)	(7,488)
Net Program Costs	\$ 43,975	\$ 28,434
STATE AND NATIONAL:		
Gross Costs	\$ 508,070	\$ 624,879
Less: Earned Revenue	(5,682)	(15,193)
Net Program Costs	\$ 502,388	\$ 609,685
STATE COMISSION:		
Gross Costs	\$ 20,158	\$ 19,918
Less: Earned Revenue	-	-
Net Program Costs	20,158	19,918
SENIOR CORPS:		
Gross Costs	\$ 192,682	\$ 188,176
Less: Earned Revenue	(209)	(889)
Net Program Costs	\$ 192,473	\$ 187,288

Other Programs:

Gross Costs	\$ 9,833	\$ 11,767
Less: Earned Revenue	(591)	
Net Program Costs	\$ 9,242	\$ 11,767
Net Cost of Operations	\$ 899,419	\$ 978,613

The accompanying notes are an integral part of these statements.

AMERICORPS**STATEMENT OF CHANGES IN NET POSITION****FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020****(In Thousands)**

	Unaudited 2021	Unaudited 2020
	Consolidated Total	Consolidated Total
Unexpended Appropriations:		
Beginning Balances	\$ 1,098,387	\$ 1,009,845
Adjustments		
Corrections of Errors	-	(1,581)
Beginning Balances, as Adjusted	1,098,387	1,008,264
Appropriations Received	\$ 2,121,102	\$ 1,128,708
Other Adjustments	(33,441)	(49,616)
Appropriations Used	(1,053,575)	(988,969)
Net Change in Unexpended Appropriations	1,034,086	90,123
Total Unexpended Appropriations - Ending	\$ 2,132,473	\$ 1,098,387
Cumulative Results of Operations:		
Beginning Balances	\$ 634,702	\$ 617,375
Adjustments		
Corrections of Errors	91	3,640
Beginning Balances, as Adjusted	634,793	621,015
Other Adjustments	\$ (1,278)	\$ (2,539)
Appropriations Used	1,053,575	988,969
Nonexchange Revenue	582	-
Donations and Forfeitures of Cash and Cash Equivalents	23	21
Transfers In/Out Without Reimbursement	-	(155)
Imputed Financing	3,760	5,872

Other	330	19
Net Cost of Operations	(899,419)	(978,613)
Net Change in Cumulative Results of Operations	157,574	13,574
Cumulative Results of Operations - Ending	\$ 792,367	\$ 634,589
Net Position	\$ 2,924,840	\$ 1,732,976

The accompanying notes are an integral part of these statements.

AMERICORPS**STATEMENT OF BUDGETARY RESOURCES****FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020****(In Thousands)**

	Unaudited	Unaudited
	2021	2020
Budgetary Resources:		
Unobligated balance from prior year budget authority, net	\$ 595,010	\$ 395,538
Appropriations	2,475,596	1,336,271
Spending authority from offsetting collections	12,735	35,553
Total Budgetary Resources	\$ 3,083,341	\$ 1,767,362

Status of Budgetary Resources:

New obligations and upward adjustments (total)	\$ 1,548,278	\$ 1,220,451
Unobligated balance, end of year:		
Apportioned, unexpired accounts	527,650	289,075
Unapportioned, unexpired accounts	857,645	105,462
Unexpired unobligated balance, end of year	1,385,294	394,537
Expired unobligated balance, end of year	149,769	152,375
Unobligated balance, end of year (total)	1,535,063	546,912
Total Budgetary Resources	\$ 3,083,341	\$ 1,767,362

Outlays, Net and Disbursements, Net:

Outlays, net (total)	\$ 1,159,916	\$ 1,154,240
Distributed Offsetting Receipts	(2,002)	7,660
Agency outlays, net	\$ 1,157,914	\$ 1,161,900
Disbursements, net (total) (mandatory)	\$ 1,174,426	\$ 1,164,262

The accompanying notes are an integral part of these statements.

PART D. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



AMERICORPS

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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 community needs.
- AmeriCorps VISTA helps community organizations and public agencies create and expand programs that bring low-income individuals and communities out of poverty.
- AmeriCorps NCCC strengthens communities while developing leaders through direct, team-based national and community service.
- AmeriCorps State Service Commission Support Grants (State Commission Support) offers grants supporting shared federal-state partnership with a central role for governors in designing and implementing national service through governor-supported State Service Commissions.

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

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of AmeriCorps. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of AmeriCorps in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and AmeriCorps accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control AmeriCorps's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

FBWT is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the AmeriCorps's funds with Treasury in expenditure, receipt, revolving, trust, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

AmeriCorps does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use FBWT or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

E. Investment in U.S. Government Securities

AmeriCorps has the authority to invest in U.S. Government securities. The securities include marketable Treasury securities and/or nonmarketable, market-based securities issued by the Bureau of the Fiscal Service. Market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. It is expected that investments will be held until maturity; therefore, they are classified as investment securities held to maturity and are carried at historical cost, adjusted for amortization of premiums and discounts. The amortization of premiums and discounts are recognized as adjustments to interest income using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

F. Accounts Receivable

Accounts receivable consists of amounts owed to AmeriCorps by federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

G. Property, Equipment, and Software

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

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

H. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions, and payments to grantees, contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

I. Liabilities

Liabilities represent the amount of funds likely to be paid by AmeriCorps as a result of transactions or events that have already occurred.

AmeriCorps reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities With the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

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

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

J. Annual, Sick, and Other Leave

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

K. Accrued and Actuarial Workers' Compensation

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

L. Retirement Plans

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

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

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

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

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

M. Other Post-Employment Benefits

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

N. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

O. Contingencies

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

P. Reclassification

Due to the migration to ARC, certain FY 2021 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

Q. Classified Activities

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

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2021 and 2020, were as follows:

	Unaudited 2021	Unaudited 2020
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 677,649	\$ 289,075
Unavailable	857,413	407,837
Obligated Balance Not Yet Disbursed	1,838,674	1,544,740
Net of Unamortized Discount	(1,010,870)	(185,200)
Non-Budgetary FBWT	2,061	2,015
Total	\$ 2,364,927	\$ 2,058,467

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts. The available unobligated fund balances represent the current period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amounts of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

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

NOTE 3. INVESTMENTS

Investments as of September 30, 2021 consist of the following:

	Cost	Amortization Method	Amortized		Investments Net	Market Value Disclosure
			(Premium) Discount	Interest Receivable		
Intragovernmental:						
Market-Based						
Bills	\$ 641,000	Interest	\$ 140	\$ -	\$ 641,140	\$ 641,141
Notes	369,870	Interest	97	115	370,083	369,726
Total	\$ 1,010,870		\$ 237	\$ 115	\$ 1,011,223	\$ 1,010,867

Investments as of September 30, 2020 (Unaudited) consist of the following:

	Cost	Amortization Method	Amortized		Investments Net	Market Value Disclosure
			(Premium) Discount	Interest Receivable		
Intragovernmental:						
Marketable						
Bills	\$ 115,800	Interest	\$ 45	\$ -	\$ 115,844	\$ 115,853
Notes	69,400	Interest	276	194	69,870	70,015
Total	\$ 185,200		\$ 321	\$ 194	\$ 185,714	\$ 185,868

Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms.

NOTE 4. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2021 and 2020, were as follows:

	Unaudited 2021	Unaudited 2020
Intragovernmental		
Accounts Receivable	\$ 1,931	\$ 166
Total Intragovernmental Accounts Receivable	\$ 1,931	\$ 166
With the Public		
Accounts Receivable	\$ 2,393	\$ 4,622
Allowance	1,057	3,623
Total Public Accounts Receivable	\$ 1,336	\$ 999
Total Accounts Receivable	\$ 3,267	\$ 1,165

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

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2021 and 2020.

NOTE 5. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Schedule of General Property, Plant and Equipment, Net as of September 30, 2021:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 5,125	\$ 2,068	\$ 3,057
Furniture & Equipment	1,532	1,354	178
Total	\$ 6,657	\$ 3,422	\$ 3,235

Schedule of General Property, Plant and Equipment, Net as of September 30, 2020 (Unaudited):

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 5,125	\$ 1,632	\$ 3,493
Furniture & Equipment	1,264	1,107	158
Total	\$ 6,389	\$ 2,739	\$ 3,651

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for AmeriCorps as of September 30, 2021 and 2020, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	Unaudited 2021	Unaudited 2020
Intragovernmental – FECA	\$ 1,403	\$ 1,577
Intragovernmental – Unemployment Insurance	554	841
Unfunded Leave	4,370	4,502
Actuarial FECA	8,689	7,497
Deferred Lease Liabilities	2,485	2,779
Other Liabilities	-	-
Total Liabilities Not Covered by Budgetary Resources	\$ 17,501	\$ 17,196
Total Liabilities Covered by Budgetary Resources	527,753	565,131
Total Liabilities Not Requiring Budgetary Resources	(350)	94
Total Liabilities	\$ 544,904	\$ 582,421

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

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

NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2021 were as follows:

	Current	Non Current	Total
Intragovernmental			
Advances from Others and Deferred Credits	\$ 6,360	\$ -	\$ 6,360
Non-Entity Assets (Non-Custodial)	(349)	-	(349)
Benefit Program Contributions	2,569	-	2,569
Tenant Improvement Allowance		2,485	2,485
Total Intragovernmental Other Liabilities	\$ 8,580	\$ 2,485	\$ 11,065

With the Public

Trust Service Award Liability	\$ 356,024	\$ -	\$ 356,024
Accrued Funded Payroll and Leave	3,826	-	3,826
Liability to Unclaimed Stipend to Members	2,061	-	2,061
Federal Employee and Veterans Benefits	13,915	-	13,915
Advances from Others and Deferred Credit	85	-	85
Total Public Other Liabilities	\$ 375,911	\$ -	\$ 375,911

Other liabilities account balances as of September 30, 2020 (Unaudited) were as follows:

	Current	Non Current	Total
Intragovernmental			
Advances from Others and Deferred Credits	\$ 9,919	\$ -	\$ 9,919
Non-Entity Assets (Non-Custodial)	94	-	94

Unfunded FECA	1,577	-	1577
Tenant Improvement Allowance		2,779	2,799
Total Intragovernmental Other Liabilities	\$ 11,590	\$ 2,779	\$ 14,369

With the Public

Trust Service Award Liability	\$ 438,294	\$ -	\$ 438,294
Accrued Funded Payroll and Leave	3,518	-	3,518
Liabilities to Unclaimed Stipend to Members	2,170	-	2,170
Federal Employee and Veterans Benefits	13,412	-	13,412
Advances from others and Deferred Credits	325	-	325
Total Public Other Liabilities	\$ 457,719	\$ -	\$ 457,719

In accordance with FAM Part 1002 and FASAB Handbook, Interpretation 2, AmeriCorps recognizes a contingent liability from a pending litigation matter. The likelihood of an unfavorable outcome in the case is probable, but there remains no basis to estimate the potential loss. Additionally, should the litigation result in an unfavorable outcome, the Judgment Fund, rather than AmeriCorps, will pay for the loss.

NOTE 8. LEASES

AmeriCorps leases office space through the General Services Administration (GSA). GSA charges AmeriCorps a Standard Level Users Charge that approximates commercial rental rates for similar properties. The NCCC also leases housing facilities for its campuses. Additionally, AmeriCorps 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 as of September 30 of each year.

2021 (in thousands)						
Fiscal Year	Facilities Space	Vehicles	Other		Total	
2022	\$ 10,144	\$ 774	\$	162	\$	11,080
2023	10,458	784		159		11,401
2024	10,782	794		159		11,735
2025	11,117	804		159		12,080
2026	11,462	814		159		12,435
Total	\$ 53,963	\$ 3,970	\$	798	\$	58,731

Unaudited 2020 (in thousands)						
Fiscal Year	Facilities Space	Vehicles	Other		Total	
2021	\$ 9,788	\$ 790	\$	148	\$	10,726
2022	10,091	799		66		10,956
2023	10,403	808		66		11,277
2024	10,726	818		66		11,610
2025	11,058	828		66		11,952
Total	\$ 52,066	\$ 4,043	\$	412	\$	56,521

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

NOTE 9. INTER-ENTITY COSTS

AmeriCorps recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. AmeriCorps recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2021 and 2020, respectively, inter-entity costs were as follows:

	Unaudited 2021	Unaudited 2020
Office of Personnel Management	\$ 3,760	\$ 5,872
Total Imputed Financing Sources	\$ 3,760	\$ 5,872

NOTE 10. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2021, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ 894	\$ 86,198	\$ 87,092
Unpaid Undelivered Orders	6,359	1,318,260	1,324,620
Total Undelivered Orders	\$ 7,253	\$ 1,404,458	\$ 1,411,712

As of September 30, 2020, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ (90)	\$ 66,489	\$ 66,399
Unpaid Undelivered Orders	6,619	992,856	999,475
Total Undelivered Orders	\$ 6,529	\$ 1,059,345	\$ 1,065,874

NOTE 11. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanation of material differences between amounts reported in the Statement of Budgetary Resources and the actual balances published in the Budget of the U.S. Government (the President's Budget). The FY 2022 President's Budget, with actual amounts for FY 2020, has been reconciled to the Statement of Budgetary Resources. The FY 2023 President's Budget, with actual amounts for FY 2021, will not be published until February 2022. (Note Presentation in Millions.)

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 1,767	\$ 1,220	\$ 8	\$ 1,162
Spending Authority from Offsetting Collections	(35)	-	-	-
Unobligated Balance Not Available	(152)	-	-	-
Difference - Due to Rounding	16	(16)	(7)	(9)
Budget of the U.S. Government	\$ 1,596	\$ 1,204	\$ 1	\$ 1,153

NOTE 12. RECONCILIATION OF NET COST TO NET OUTLAYS

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

RECONCILIATION OF NET COST TO NET OUTLAYS

BUDGET AND ACCRUAL RECONCILIATION

FOR THE YEARS ENDED SEPTEMBER 30, 2021

(In Thousands)

	Intra Governmental	With the Public	Total
Net Operating Cost (SNC)	\$ 25,749	\$ 873,670	\$ 899,419
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(684)	(684)
Accounts Receivable, Net	1,931	171	2,101
Securities and Investments	(162)	-	(162)
Other Assets	894	19,799	20,693
(Increase)/Decrease in Liabilities:			
Accounts Payable	(4,067)	(46,014)	(50,080)
Federal Employee and Veteran Benefits Payable	-	(503)	(503)
Other Liabilities	1,624	85,924	87,548
Financing Sources:			
Imputed Cost	(3,760)	-	(3,760)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (3,540)	\$ 58,693	\$ 55,153

Components of the Budget Outlays That Are Not Part of Net Operating Cost

Acquisition of Capital Assets	-	268	268
Donated Revenue	-	(23)	(23)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$ -	\$ 246	\$ 246

Misc Items

Distributed Offsetting Receipts (SBR 4200)	\$ (2,002)	\$ -	\$ (2,002)
Custodial/Non-Exchange Revenue	(109)	(473)	(582)
Non-Entity Activity	1,278	-	1,278
Other Temporary Timing Differences	-	(91)	(91)
Appropriated Receipts for Trust/Special Funds	204,472	23	204,494
Total Other Reconciling Items	\$ 203,638	\$ (541)	\$ 203,097

Total Net Outlays (Calculated Total)	\$ 225,847	\$ 932,067	\$ 1,157,914
---	-------------------	-------------------	---------------------

Budgetary Agency Outlays, Net (SBR 4210)

Budgetary Agency Outlays, Net	\$ 1,157,914
--------------------------------------	---------------------

NOTE 13. TRUST SERVICE AWARD

SERVICE AWARD LIABILITY

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The education award generally must be used within seven years of completion date of an approved term of national service. If the education award is transferred to an eligible individual or is a Summer of Service award (which was available to youth enrolled in grades 6 through 9), the use period is ten years. These awards, as well as interest forbearance payments on qualified student loans during the period members perform their service, are paid from the National Service Trust Fund. The Service Award Liability as of September 30, 2021 and 2020 is as follows:

(In Thousands)	Unaudited 2021	Unaudited 2020
Cumulative Education Awards Earned	\$ 4,326,854	\$ 4,137,288
Cumulative Interest Forbearance Earned	132,417	126,057
Total Cumulative Awards Earned	4,459,271	4,263,345
Less: Discount for Usage and Statistics	(1,483,523)	(888,003)
Less: Cumulative Awards paid	(3,282,989)	(3,153,340)
Total Liability for Awards Earned	(307,241)	(318,276)
Total Liability for Awards not yet Earned	(48,583)	(120,016)
Total	\$ (355,824)	\$ (438,292)

As of September 30, 2021 and 2020, the National Service Trust received \$185 Million and \$208.3 million respectively (unaudited). Under the provisions included in its annual appropriations and under 42 U.S.C. 12601a, AmeriCorps is also authorized to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants.

SERVICE AWARD EXPENSE

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

AmeriCorps estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of

September 30, 2021 and 2020 respectively, has been adjusted to reflect the fact that earned awards are not always used.

(In Thousands)	Unaudited 2021	Unaudited 2020
Estimated Education Awards	\$ 44,782	\$ 210,766
Estimated Interest Forbearance	2,351	6,004
National Service Award Expense	\$ 47,133	\$ 216,770

NOTE 14. GRANTS ACCRUAL

AmeriCorps awards grants to nonprofit organizations, educational institutions, states, municipalities, and other external organizations. Grants become budgetary obligations, but not liabilities, at the time they are awarded. Although most grantees request funds prior to incurring expenses (Grants Advances), some incur expenditures prior to initiating a request for disbursement, based on the nature of the expenditures. At the end of each quarter, AmeriCorps calculates and reports an estimate of the amount of unreimbursed grantee expenses as grants payable.

AmeriCorps performs a compound method as of the end of each quarter. AmeriCorps' first step was to use eGrants FFR data to estimate the unreported expenses (IBNR) as of the end of each quarter. The eGrants FFR data covers roughly 90% of the grants issued by the agency. The grants not covered are the fixed price grants not requiring FFRs in eGrants. AmeriCorps assumed flat spending for these non-covered grants to calculate the spending as of a quarter-end and then subtracted the HHS reported spending to calculate an IBNR. The calculated IBNR for each grant was then summed for each quarter. The calculated accrual represents the total financial statement level estimate. The total calculated accrual estimate is then allocated by each individual grant's percentage of the

**PART E. INDEPENDENT AUDITORS' REPORT ON NATIONAL SERVICE TRUST
FUNDS FINANCIAL STATEMENTS AND MANAGEMENT'S RESPONSE**



AmeriCorps

OFFICE OF INSPECTOR GENERAL

AUDIT OF AMERICORPS' FISCAL YEAR 2021 NATIONAL SERVICE TRUST FUND FINANCIAL STATEMENTS

OIG Report 22-02

Prepared by:

CliftonLarsonAllen LLP
901 North Glebe Road, Suite 200
Arlington, VA 22203



The attached Draft Evaluation Report is for review and comment only and not for distribution. Its content is confidential and should be safeguarded to prevent disclosure to parties other than those directly involved in commenting on the issues contained in this report.

November 15, 2021

MEMORANDUM TO: Malcom Coles
Acting Chief Executive Officer

FROM: Monique P. Colter /s/
Assistant Inspector General for Audit

SUBJECT: Audit of AmeriCorps' Fiscal Year 2021 National Service Trust Fund
Financial Statement, OIG Report 22-02

We contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP (CLA) to audit AmeriCorps' National Service Trust Fund financial statements (Trust financial statements) as of September 30, 2021, and for the year then ended. The contract required that the audit be performed in accordance with the United States generally accepted government auditing standards and applicable Office of Management Budget audit guidance. In its audit of the fiscal year 2021 Trust financial statements, CLA reported:

- **Disclaimer of Opinion:** AmeriCorps requested that the Trust Service Award Liability and related accounts in the financial statement be excluded from the FY 2021 financial statement audit. AmeriCorps also stated that that Trust Obligation and Liabilities would not be available to be audited until the close of the third quarter. In addition, AmeriCorps was unable to provide sufficient appropriate evidence on a significant number of transactions and account balances due to inadequate processes and controls to support transactions and estimates, and the ongoing remediation efforts from prior year findings.
- **Four material weaknesses and one significant deficiency** in the Trust's internal control over financial reporting. CLA reported the following deficiencies in the areas below as material weaknesses and one significant deficiency, Information Technology Security Controls (Modified Repeat):
 - Material Weaknesses:
 1. Migration to Shared Service- New
 2. Internal Controls Program (FMFIA)- Modified Repeat
 3. Financial System and Reporting- Modified Repeat
 4. Trust Obligations and Liability Model- Repeat

- CLA considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct effect on the determination of material financial statement amounts and disclosures. However, CLA was not able to perform the applicable tests of AmeriCorps' compliance due to the scope limitation and inability to obtain sufficient appropriate audit evidence to allow them to express an opinion on the financial statement.

Had CLA been able to obtain sufficient appropriate audit evidence to express an opinion on the Trust financial statements, other material weaknesses or significant deficiencies, or instances of noncompliance or other matters may have been identified and reported.

In connection with the contract, we reviewed CLA's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with the 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.

CLA is responsible for the attached independent auditors' report, dated November 12, 2021, and the conclusions expressed therein. However, our review disclosed no instances where CLA did not comply, in all material respects, with the United States generally accepted government auditing standards.

cc: Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Malena Brookshire, Chief Financial Officer
Pape Cissé, Chief Information Officer
Fernando Laguarda, General Counsel
Jill Graham, Chief Risk Officer
Rachel Turner, Audits and Investigations Program Manager
Mia Leswing, Principal, CliftonLarsonAllen LLP



INDEPENDENT AUDITORS' REPORT

To the Acting Chief Executive Officer and Inspector General of
AmeriCorps

Report on the Financial Statement

We were engaged by the AmeriCorps Office of Inspector General (OIG) to audit the accompanying AmeriCorps National Service Trust Fund (Trust) financial statement, which comprise the balance sheet as of September 30, 2021; the related statements of net cost, changes in net position, and the combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statement (referred to herein as financial statement).

Management's Responsibility

AmeriCorps management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America (U.S.); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on conducting the audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the U.S.; and Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 21-04). Because of the matters described in the Basis for Disclaimer of Opinion below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

AmeriCorps requested that Trust Service Award Liability and related accounts in the financial statement be excluded from the FY 2021 financial statement audit and further stated that Trust Obligation and Liabilities would not be available for audit until after the close of the third quarter. These scope limitations were material to AmeriCorps' financial statement. In addition, AmeriCorps was unable to provide sufficient appropriate evidence on a significant number of transactions and account balances due to inadequate processes and controls to support transactions and estimates, and the ongoing remediation efforts of prior year findings.

Disclaimer of Opinion

Because of the significance of the matters described in the preceding paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the fiscal year 2021 financial statement.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Matter

Following discussions with the Office of Management and Budget (OMB) and Congressional stakeholders, AmeriCorps and the OIG agreed to forgo the audit of AmeriCorps' FY 2020 Trust financial statements. Forgoing the audit was intended to allow AmeriCorps to complete the actions necessary to prepare for the transition of its financial management services to a shared services provider in FY 2021. AmeriCorps acknowledged that, if its FY 2020 Trust financial statements were audited, the results would be the same as those in FY 2019; a disclaimer of opinion, three material weaknesses and substantially the same unimplemented recommendations. In FY 2020, AmeriCorps predicted that the move to shared services would resolve many of the material weaknesses identified in the FY 2019 Trust financial statement audit and before.

Report on Internal Control over Financial Reporting (Internal Control)

In connection with our engagement to audit AmeriCorps FY 2021 Trust financial statement, we considered AmeriCorps' internal control over financial reporting to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of AmeriCorps' internal control. Accordingly, we do not express an opinion on the effectiveness of AmeriCorps' internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982* (FMFIA) nor did we test internal control on the financial statement line items and related processes that were excluded by AmeriCorps management from the scope of our audit.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described [Exhibits A](#) and [B](#), we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in the areas below and described in [Exhibit A](#) to be material weaknesses.

1. Migration to Shared Service (New)
2. Internal Controls Program (FMFIA)- (Modified Repeat)
3. Financial System and Reporting (Modified Repeat)

INDEPENDENT AUDITORS' REPORT (Continued)

Further, the scope limitations requested by AmeriCorps prevented us from performing audit procedures related to the previous Trust Obligations and Liability Model material weakness¹ and the Single Audit Act compliance. Accordingly, we continue to report the material weakness and noncompliance item and related recommendations as unimplemented. See Status of Prior Year Recommendations in [Exhibit C](#).

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. We consider the deficiencies in the Information Technology Security Controls (Modified Repeat) described in [Exhibit B](#) to be a significant deficiency.

Had we been able to obtain sufficient appropriate audit evidence to express an opinion on the financial statement, other material weaknesses or significant deficiencies may have been identified and reported herein.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters (Compliance)

In connection with our engagement to audit AmeriCorps' FY 2021 Trust financial statement, we considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct effect on the determination of material financial statement amounts and disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We were not able to perform the applicable tests of AmeriCorps' compliance due to the aforementioned scope limitation and inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the financial statement.

Management's Responsibility for Internal Control and Compliance

AmeriCorps management is responsible for (1) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatements, whether due to fraud or error, (2) providing a statement of assurance on the overall effectiveness on internal control over financial reporting, and (3) complying with laws, regulations, contracts, and grant agreements applicable to AmeriCorps.

Purpose of the Report on Internal Control and Report on Compliance

The purpose of the Report on Internal Control and on Compliance is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide

¹ [CNCS OIG Report 20-01, Audit of the Corporation for National and Community Service's Fiscal Year 2019 Consolidated Financial Statements, issued November 20, 2019](#). Although AmeriCorps did not undergo an audit of its financial statements in FY 2020, the agency acknowledged in its FY 2020 Annual Management Report that, if such an audit had been conducted, the results would have been the same as in FY 2019.

INDEPENDENT AUDITORS' REPORT (Continued)

an opinion on the effectiveness of AmeriCorps' internal control or compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AmeriCorps' internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

AmeriCorps' Response to Audit Findings and Recommendations

AmeriCorps did not express concurrence or nonoccurrence to our findings and recommendations. AmeriCorps' comments can be found in [Exhibit D](#). AmeriCorps' response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

CLIFTONLARSONALLEN LLP

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Arlington, Virginia
November 12, 2021

EXHIBIT A
Material Weaknesses
FY 2021

1. Migration to Shared Service (New finding)

AmeriCorps' transition to a shared service platform offered by the Administrative Resource Center (ARC) within the U.S. Treasury Departments' Bureau of Fiscal Services (BFS), effective on October 1, 2020, created new challenges that affected AmeriCorps' ability to produce complete, adequate, and reliable financial information. The pre-migration general ledger account clean-up process spilled over into FY 2021 and was not complete as of the end of this year's audit fieldwork.

Also, AmeriCorps was not able to convert all of the transactions originally recorded in its Momentum legacy system to the reporting required by ARC's financial system, Oracle. Despite the migration to shared services, AmeriCorps elected to continue to conduct critical financial transactions relating to its core business in Momentum. Also, because Momentum is not configured to report object class codes² in accordance with Federal requirements, manual adjustments must be used to correct the issue after AmeriCorps reports this information from Momentum to ARC's Oracle financial system. That results in additional work and delays and introduces human error into the reporting process. In addition, there were misclassification issues caused by mapping inconsistencies in the program and fund structures within the two accounting systems. In most of these instances, AmeriCorps had to rely on post-conversion manual entries to temporarily fix the issues and meet financial reporting requirements. Total absolute values of manual entries significantly increase from \$4 billion (rounded) in FY 2019, to \$7 billion (rounded) in FY 2020, to \$13 billion (rounded) in FY 2021.

AmeriCorps was not prepared for the magnitude of the work required to ensure a successful conversion, because it did not conduct an effective or realistic risk assessment or planning to ensure that the conversion issues would not impede operations unduly. The agency did not have a plan to address unexpected issues prior to the actual conversion. AmeriCorps underestimated the level of resources needed for the conversion to proceed smoothly and completely and therefore under-resourced the effort, leading to ongoing financial accounting, reporting, and operation issues.

The Government Accountability Office's (GAO) Standard for Internal Control in the Federal Government (Green Book) states that changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management should analyze the effect of identified changes on the internal control system and respond by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness.³

² Object classes are categorized in a classification system that present *obligations by the items or services purchased by the Federal Government*.

³ <https://www.gao.gov/assets/gao-14-704g.pdf> page 43, 9.04

EXHIBIT A
Material Weaknesses
FY 2021

Further, changing conditions often prompt new risks or changes to existing risks that need to be assessed. As part of analyzing and responding to change, management performs a risk assessment to identify, analyze, and respond to any new risks prompted by the changes. Additionally, existing risks may require further assessment to determine whether the defined risk tolerances and risk responses need to be revised.⁴

We recommend that AmeriCorps:

1. Perform a risk assessment over the current state of the conversion to ARC and work jointly with ARC, senior leadership, Office of Chief Risk Officer, and functional groups affected by the risk to develop a mitigation strategy and execute a realistic and properly designed corrective action plan. **(New)**
2. Fix incorrect outstanding balances and missing data resulting from financial system configuration issues and ensure future interfaces with Oracle do not have the same issues. **(Modified Repeat)**
3. Continue coordinating with ARC to ensure that its accounting platform is compatible with AmeriCorps' operations and the type of accounting transactions that AmeriCorps processes. **(Modified Repeat)**
4. Conduct a review of transactions processed in Momentum and already migrated to Oracle through interface or reported in Oracle using journal entries, to ensure that correct object class codes were applied. **(New)**

2. Internal Controls Program (FMFIA) (modified repeat finding)

An effective system of internal control is necessary to provide reasonable assurance that a Federal entity conducts its programmatic activities effectively and efficiently, has a reliable financial reporting system and complies with applicable laws and regulations⁵. Without a fully functional internal controls program, AmeriCorps might not meet its financial, programmatic and compliance objectives. Establishing internal controls that meet Federal standards is a core responsibility of the management of a Federal agency, as required by the Federal Managers Financial Integrity Act of 1982 (FMFIA), OMB Circular No. A-123 and the GAO's *Standards for Internal Control in the Federal Government*.

AmeriCorps' internal control program remains ineffective, despite some areas of improvement. We note, for example, that the agency now has a formal, documented process for collecting and providing the Chief of Executive Officer (CEO) with comprehensive information to consider in deciding the level of assurance and substantive content of the required Annual Management

⁴ <https://www.gao.gov/assets/gao-14-704g.pdf>, page 43, 9.05

⁵ OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Policy section.

EXHIBIT A
Material Weaknesses
FY 2021

Report (AMR) statement concerning the effectiveness of internal control. In the AMR for FY 2021, AmeriCorps' CEO acknowledges the continuing deficiencies and provided a statement of no assurance as to effectiveness of internal control over financial reporting, operations, including of the agency's grant programs, and compliance.

AmeriCorps has made little progress at correcting the pervasive problems that have left the agency unable to obtain an opinion on its financial statements since FY 2017. All three material weaknesses that we identified in the Trust financial statement audit report were first reported in FY 2017. Only seven of the 37 recommendations from FY 2019 have been implemented. In most areas, AmeriCorps has not even developed meaningful corrective action plans (CAPs) to address the identified material weaknesses and significant deficiency. Until AmeriCorps can create and implement focus and well-resourced CAPs, it cannot expect to resolve these longstanding problems. To date, only the Office of the Chief Risk Officer (OCRO) has consistently developed and implemented effective CAPs, which has contributed to that office's track record of closing recommendations.

Below are some of the new and recurring deficiencies that we identified in the internal control program:

- The OIG's FY 2020 limited performance audit of AmeriCorps' internal control program⁶ identified deficiencies such as (a) the omission of risk factors from the risk assessment process, (b) lack of documentation to support the conclusions reached on entity level assessments, (c) unexplained inconsistencies between risk assessments by the functional offices and independent validations conducted by OCRO, (d) missing, incomplete, or inadequate documentation to support the internal control assessment, (e) untimely review of key underlying documents, and (f) incomplete assessment of test of design and test of effectiveness, as well as sampling errors. There were eight recommendations of which AmeriCorps is continuing to address or complete implementation of corrective actions.
- The directors of the functional offices participating in the entity-level control assessment continue to lack a full understanding of internal control principles and how they relate to their respective operations. In addition, they did not consider the significant changes in FY 2021 and outstanding audit recommendations when assessing the entity-level controls.
- AmeriCorps conducts its entity-level internal control assessment according to GAO's 17 principles in the *Standard for Internal Control in the Federal Government*. In FY 2021, AmeriCorps rated two of them as low risk and 12 as moderate risk. Those decisions are difficult to reconcile with the identified material weaknesses and the obvious risks flowing

⁶ AmeriCorps OIG Report Number OIG-AR-21-02 [Performance Audit of AmeriCorps' FY 2020 Internal Control Program and National Service Trust Liability Model](#)

EXHIBIT A
Material Weaknesses
FY 2021

from the ongoing issues related to the migration to shared services. We found that certain of the risk ratings were not based on adequate information, were not fully supported by the assessment documentation or were inconsistent with the results of our audit.

- AmeriCorps failed to obtain subsidiary statements of assurance and internal control assessments from the Accounting and Financial Management (AFMS), Office of Procurement Services, and Office of Budget and other function units. These critical components were not asked to provide assurance as to the effectiveness of internal control in their respective areas.
- OCRO's internal control assessment and testing did not identify ongoing issues arising from the transition to shared services as a material weakness, despite their significant impact on the financial operations in FY 2021.
- OCRO downgraded financial reporting and procurement management from material weaknesses in FY 2019 to significant deficiencies in FY 2021, without apparent justification. The downgrade is not consistent with AmeriCorps' acknowledged inability to remedy the material weaknesses from prior audits.
- OCRO is still in the process of developing a risk register that records identified risks at the mission and business process level, or Tier 2, as defined by the National Institute of Standards and Technology.

We recommend that AmeriCorps:

5. For each material weakness and significant deficiency, develop an appropriate and actionable corrective plan (CAP) that specifies the interim steps for long-term CAPs, milestones and target completion dates, person(s) responsible for executing the corrective action and the resources available to assist, sufficient and appropriate documentation required, and quality review and approval process. **(New)**
6. Develop a process to explain the discrepancies between material weaknesses reported on the CEO Statement of Assurance and those identified by the external auditors, and document the explanation, as well as the basis for classifying internal control findings as either material weakness or significant deficiency. **(New)**
7. Establish controls and training to ensure that each functional office/unit performs independent assessment of internal controls to inform the CEO's statement of assurance, even if unfavorable outcomes are expected. This proactive approach will promote the early detection of potential findings and allow for prompt remediation. **(New)**

EXHIBIT A
Material Weaknesses
FY 2021

3. Financial System and Reporting (modified repeat finding)

AmeriCorps' financial reporting process and the internal control over it remains inadequate to ensure accuracy in the preparation and quality control of financial statements. While AmeriCorps predicted that migration to ARC would resolve the majority of its unimplemented recommendations, it has not realized these results, in part because the pervasive deficiencies in AmeriCorps' Momentum financial system have carried over into ARC. AmeriCorps continued to experience lingering effects of Momentum throughout FY 2021. These are essentially the same weaknesses and system limitations that prevented AmeriCorps from issuing auditable financial statements for the last five years. AmeriCorps continued to rely on temporary manual adjustments to address these pervasive longstanding issues in FY 2021.

Our audit procedures found that the following conditions continue to exist, despite the migration to shared services:

- A. Financial Statement Audit Scope Limitation
- B. Inability to produce quality, reliable, and complete financial information in a timely manner
- C. Inadequate internal controls in preparing and reviewing financial reports
- D. Improper design of internal control over the use of journal entries (JEs)

OMB Circular No. A-123 requires agency management to establish and maintain internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

A. Financial Statement Audit Scope Limitation

Despite a one-year grace period with no financial statement audit in FY 2020 and the shift to shared services at the beginning of FY 2021, AmeriCorps was unprepared for a full scope audit in FY 2021. The lack of progress in addressing the prior year (PY) internal control material weaknesses led AmeriCorps to acknowledge their continued noncompliance with Single Audit and also requested that the audit exclude the following material financial statement lines and significant processes, noting that audit of these areas would likely yield the same or similar results in FY 2019:

- Grants Single Audit Compliance
- Trust Obligation and Liabilities – Validation of the data to the Trust Obligation Liability Model (TOLM, Trust liability)

Additionally, AmeriCorps advised that it would not be able to implement planned changes that would affect their calculation of the Trust Obligation and Liabilities, a material financial statement line, until reporting results of the third quarter of FY 2021. As a result, this line was only available

EXHIBIT A
Material Weaknesses
FY 2021

for audit until after preparation of the June 30, 2021 interim financial statements and the receipt of all required audit documentation. The time limitation imposed by AmeriCorps left us unable to conclude our work on the Trust Obligation and Liabilities.

We recommend that AmeriCorps:

8. Develop a strategic plan and corrective actions that will include steps and milestones to eventually achieve an audit opinion on AmeriCorps' financial statement. The plan should align directly with and describe in detail the implementation plans, specific steps to be taken, resources to be devoted to implementation, responsible personnel and their assigned duties, clear accountability, project management and target dates to complete. It should also include a quality assurance plan to verify effective and timely implementation. **(New)**

B. Inability to produce quality, reliable, and complete financial information timely

Throughout FY 2021, AmeriCorps continues to struggle in preparing, reviewing, and providing accounting information and documentation for audit. Although we set forth a clear schedule without objection at the beginning of the audit and conducted regular status meetings, AmeriCorps frequently responded long after the requested due date, months late in some cases. Also, AmeriCorps didn't have defined roles and responsibilities for providing information and documents requested by the auditors. Often, the documentation provided had not undergone quality review to ensure that the information was without errors, complete, and responsive to the request. The lack of quality control and timely response caused delays and wasted effort. Ultimately, AmeriCorps' inability to provide timely, complete, and high-quality audit schedules and documents, including incomplete populations for sampling, interfered with our ability to evaluate and test financial information.

We recommend that AmeriCorps:

9. Develop and implement audit readiness procedures to ensure that audit information is complete, accurate, has undergone proper quality control procedures, and readily available or can be retrieved timely. The audit readiness procedures should include audit coordination protocol with ARC that clearly define roles and responsibilities of all parties involved in the process. **(New)**

C. Inadequate internal controls over preparing and reviewing financial reports

AmeriCorps' internal control over preparing and reviewing financial reports was inadequate. Examples of the inadequacies were as follows:

- AmeriCorps did not properly research, follow up and effectively document explanations for account balance differences. The agency's monthly trial balance review was

EXHIBIT A
Material Weaknesses
FY 2021

incomplete and ineffective. The budgetary-to-proprietary analysis (tie point) performed was incomplete; because AmeriCorps did not follow up to explain or reconcile significant variances. The purpose of the high-level tie point analysis is to detect anomalies in balances and correct them or provide fact-specific explanations for the discrepancies. Instead, AmeriCorps continued to provide generic explanations that do not address the root cause of the differences. Without a root cause analysis, AmeriCorps may not be able to correct the problem, which will recur. The lack of a rigorous process may cause AmeriCorps to overlook substantial but correctable financial management errors.

- We identified uncorrected misstatements on the financial statements; abnormal balances; and incomplete financial statement and notes as part of our audit of the June 30, 2021, (interim) financial statement. Other examples of issues identified were reconciliation differences between AmeriCorps internal trial balance and the U.S. Treasury's Governmentwide Treasury Account Symbol Trial Balance (GTAS), which were caused by untimely recording of accounting transactions and failure to remove cancelled funds activity in its trial balance.
- AmeriCorps did not perform a complete and reliable fluctuation analysis of the June 30, 2021, account balances. The explanations provided for significant balance fluctuations were generic and did not address the specific nature of the transactions or the change in operations or trends that would identify the root causes of the fluctuations. AmeriCorps did not document its expectations based on its operating environment and compare those expectations to the identified significant balance fluctuations for reasonableness or unexpected change.

We recommend that AmeriCorps:

10. Develop comprehensive policies and procedures to document its financial statement preparation process. The policies and procedures should clearly delineate responsibilities among various members of the Accounting and Financial Management Service (AFMS) group and team leads and those performed by AmeriCorps' shared service provider, clarifying the responsibility of AmeriCorps for the accuracy of the reported information. The policies and procedures should address the following aspects: ***(Modified Repeat)***
 - a. The process to determine and document AmeriCorps' balance fluctuation expectations based on a combination of internal and external operating factors, and program and financial relevant information available.
 - b. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have the supporting documentation readily available.
 - c. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis.

EXHIBIT A
Material Weaknesses
FY 2021

- d. Address fatal and non-fatal Government-wide Treasury Account Symbol edit failures prior to GTAS certification.
- e. Document resolution for all balance differences and retain supporting documentation of related research.

These open repeat recommendations can be found in [Exhibit C](#), Status of Prior Year Recommendations, for open repeat recommendations.

D. Improper design of internal control over the use Journal Entries (JE)

Journal entries are both recurring and non-recurring manual on top adjustments used to record, usually large, transactions into the financial system. They are used to fix errors, reclassify balances, or record amounts that were not reported due to timing and period cut-offs in the financial systems. However, they do not go through the established system of controls designed to record normal recurring transactions, and thus reliance on JEs increase AmeriCorps' susceptibility to errors and misstatement in the financial statements. As of June 30, 2021, AmeriCorps used JEs to record approximately \$12.6 billion in absolute value transactions, a significant increase from the prior year. AmeriCorps over relied on the JEs to fix issues that initially existed in the Momentum environment that were not remediated prior to conversion to Oracle.

Also, AmeriCorps used JEs to address significant recurring financial reporting issues across multiple funds, instead of addressing the underlying root causes.

We also identified other control deficiencies such as duplication in the use of JEs, missing document numbers, and lack of documentation explaining the need for or root cause for the adjustment and approval. Further, there was no evidence of proper segregation of duties, reconciliation issues between JE detail and JE log, and instances in which AmeriCorps and ARC approved and processed JEs with incorrect general ledger account, requiring another JE to correct the error. The over-reliance, incorrect usage, and inaccurate JEs create a high risk of material misstatements in the financial statement.

We recommend that AmeriCorps:

- 11. Continue working with Administrative Resource Center to review and correct AmeriCorps' balances in detail to ensure they are properly supported and that balances migrated to the ARC platform are complete, accurate, and reliable. **(Modified Repeat)**
- 12. Strengthen its policies and procedures over the processing of JEs going forward now that AmeriCorps has transitioned to the shared service environment. The policies and procedures should cover the following:
 - a. A process to track the sequence of JE transactions for completeness.

EXHIBIT A
Material Weaknesses
FY 2021

- b. A policy as to when it is appropriate to use a JE and approval procedures for JEs recorded to ensure segregation of duties.
 - c. A requirement to provide a fact-specific description of the purpose of the JE, along with adequate supporting documentation.
 - d. Documentation needed to support JEs and how it will be maintained. **(Modified Repeat)**
13. Validate and ensure JEs are properly supported, documented, and are readily available for examination. **(Modified Repeat)**

Additional open repeat recommendations from the FY 2019 audit report can be found in [Exhibit C](#), Status of Prior Year Recommendations.

We also continue to report the Trust Obligations and Liability Model as a material weakness and the related unimplemented recommendations are listed in [Exhibit C](#)

EXHIBIT B
Significant Deficiency
FY 2021

Information Technology Security Controls (modified repeat finding)

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

To balance high levels of service and reduce costs, AmeriCorps' Office of Information Technology has outsourced the operation, maintenance, and support of most of its IT systems. AmeriCorps outsourced its financial operations to a shared service provider for the first time this fiscal year. The new financial system of record interfaces with Momentum for the purpose of retrieving grants management data from eSPAN. Outsourcing introduces special considerations and risks regarding the protection of information and information systems. Despite the outsourcing of IT systems, AmeriCorps by law retains responsibility for complying with the requirements of the security control implementation.

Our review of IT controls covered general and application controls at the AmeriCorps Washington, D.C. Headquarters. Our current year audit identified security control weaknesses that were corrected for certain control activities. Examples of AmeriCorps' improvements in its IT control environment include conducting background investigations and reinvestigations of current employees and enhancing physical access controls to safeguard personally identifiable information.

While AmeriCorps has taken some steps to remediate previously identified information security control weaknesses, AmeriCorps continues to face challenges in the consistent implementation of its information security program and monitoring of security controls. In addition, we identified new and continued control weaknesses in the information security program that need to be addressed, most importantly pertaining to configuration management controls, including vulnerability management, access controls, and organization-wide risk management. Specifically, we identified enterprise findings for each of the following domains:

Configuration Management

- AmeriCorps did not resolve critical and high-risk vulnerabilities within the timeframes specified by its internal operating policies. As a result, vulnerabilities related to patch management, configuration management, and unsupported software continue to expose AmeriCorps' network to critical and high severity vulnerabilities. While our independent vulnerability scans indicated that the number of vulnerabilities has decreased since last year, issues remain with applying older patches and remediating older configuration weaknesses. **(Modified Repeat)**
- AmeriCorps did not develop baseline configuration documentation for all platforms in its

EXHIBIT B
Significant Deficiency
FY 2021

environment and ensure that these standard baseline configurations are appropriately implemented, tested, and monitored for compliance with established security standards.

(Modified Repeat)

- The tracking of IT components in the asset inventory was incomplete, and software assurance controls have not been fully implemented for mobile devices due to delays in implementing a new mobile device management tool. **(Modified Repeat)**
- Change management documentation was not consistently recorded for system changes made to the General Support System (GSS), Electronic-Systems for Program Agreements and National Service Participants (eSPAN), and Momentum applications. **(New)**

Access Control

- AmeriCorps did not adequately manage user accounts and/or passwords for the network and the Momentum application. For example, AmeriCorps did not disable all network and Momentum accounts of separated employees, did not disable inactive privileged accounts, and did not properly manage passwords that were not changed after a designated timeframe as specified in AmeriCorps' policies. **(Modified Repeat)**
- In March 2020, AmeriCorps removed mandatory enforcement of Personal Identity Verification (PIV) multifactor authentication⁷ in response to the COVID-19 pandemic and has not reinstated the control. Agency management attributes this to the need for full-time telework during the COVID-19 pandemic. However, this conflicts with government-wide guidance issued by the Cybersecurity and Infrastructure Security Agency (CISA) directing agencies to use multifactor authentication during pandemic-related telework. **(Modified Repeat)**
- AmeriCorps did not conduct an annual incident response test as required by AmeriCorps policy. **(New)**

In addition, prior weaknesses related to access controls at AmeriCorps' field offices have not been remediated.

Security Management

- AmeriCorps did not develop, document, and communicate an overall Supply Chain Risk Management strategy, implementation plan, and related policies and procedures to guide and govern supply chain risk management activities. **(New)**
- AmeriCorps did not maintain an Interconnection Security Agreement between AmeriCorps and Social Security Administration. **(New)**

⁷ Multifactor authentication requires two or more credentials when logging on to information systems. Credentials include something an individual knows, such as a password, and something an individual possess, such as a PIV card or fingerprint.

EXHIBIT B
Significant Deficiency
FY 2021

- AmeriCorps did not complete a risk register to record identified risks at the mission and business process level, as defined by the National Institute of Standards and Technology.⁸ **(Repeat)**
- AmeriCorps did not ensure individuals with access to personal identifiable information (PII) completed annual privacy-role based training. **(Repeat)**

Contingency Planning

- AmeriCorps did not conduct an annual disaster recovery test and train its disaster recovery personnel for the GSS and eSPAN as required by AmeriCorps policy. **(New)**

Many of these weaknesses can be attributed to inconsistent enforcement of the agency-wide information security program across the enterprise. These deficiencies can increase the risk of unauthorized access to AmeriCorps' systems used to capture, process, and report financial transactions and balances. Effective system security begins with strong governance, including agency-level oversight and controls monitoring of AmeriCorps field offices. This includes ensuring accountability within the Office of Information Technology leadership for accomplishing milestones and achieving measurable results in support of a strategy to achieve an effective level of information security at AmeriCorps.

Further, the Federal Information Security Management Act (FISMA) legislation requires each agency to have a Chief Information Security Officer (CISO), whose principal duty is cybersecurity. However, AmeriCorps allowed this position to remain vacant from October 2020 to June 2021, with an acting official in the role. Given the agency's weaknesses in key information security controls and the importance of this function, the lack of a permanent CISO, with the ability to advise the agency head on key issues of cybersecurity policy, enforcement and needed improvements, detracted from the opportunity to make progress.

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

⁸ NIST Special Publication 800-39, Revision 1, *Managing Information Security Risk Organization, Mission, and Information System View*, specifies an integrated risk management process three-tiered approach for managing risk across an organization that "addresses risk at the: (i) organization level; (ii) mission/business process level; and (iii) information system level. The risk management process is carried out seamlessly across the three tiers with the overall objective of continuous improvement in the organization's risk-related activities and effective inter-tier and intra-tier communication among all stakeholders having a shared interest in the mission/business success of the organization."

EXHIBIT B
Significant Deficiency
FY 2021

We recommend that AmeriCorps:

Since AmeriCorps has not implemented consistent automated processes to address continued control weaknesses in its information security program, we reiterate the same prior year's recommendations to assist AmeriCorps in holding individual stakeholders accountable for remediation of control weaknesses and ensuring information technology security controls operate as intended agency wide. The recommendations for these conditions can be found in [Exhibit C](#), Status of Prior Year Recommendations.

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

AmeriCorps’ latest full scope Trust financial statement audit was in fiscal year 2019. As there was no Trust financial statement audit conducted in FY 2020, we are presenting the status of FY 2019 recommendations in FY 2021. As the scope of audit in FY 2021 was limited, many of the FY 2019 recommendations were still open in FY 2021. These open recommendations were not duplicated as recommendations in the report on internal control and report on compliance (reports). The modified repeat recommendations in FY 2021 were recommendations from FY 2019 but were adapted to the FY 2021 results. The summary of the status of the FY 2019 Trust financial statement audit recommendations in FY 2021 is in Table 1. The detail of each recommendation is presented in Table 2.

Table 1: Summary of the Status of FY 2019 Trust Financial Statement Audit Recommendations in FY 2021

Status in FY 2021	Count of Recommendations in FY 2019	FY19 Audit Trust Report Recommendation Number
Recommendation Closed	7	1, 3, 4, 5, 6, 18, 19
Open and Modified Repeat Recommendations	30	
Total:	37	

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

Table 2: Status in FY 2021 and Detail Description of Each Recommendation from FY 2019 Financial Statement Audit

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
Material Weakness (MW)	1 (1)	Establish a formal process that provides the CEO with comprehensive information on the results of AmeriCorps’ internal control assessment, status of open material weaknesses and significant deficiencies from prior year’s financial statement audits, and information on issues that could be reported as a significant deficiency or a material weakness in the current year’s financial statement audit for consideration in preparing the AmeriCorps assurance statement. This should also include the status of open recommendations from other audits that have a significant impact on AmeriCorps operations or financial reporting.	Closed
	2 (2)	Provide training to AmeriCorps officials participating in the entity-level control assessment to ensure that they have a full understanding of the internal control principles and how these principles relate to their operations. The training shall also address how the outstanding audit recommendations concerning their operations should be considered when assessing the entity-level controls.	Repeat – Material Weakness (MW) Open Recommendation
Internal Control Program (FMFIA)	3 (3)	Revise the AmeriCorps Statement of Assurance Preparation and Submission Guidance (March 2019) to: a. Require the functional offices to consider external and internal audits and investigations in identifying and reporting on control deficiencies. b. Require the functional offices to identify the impact that the material weakness or significant deficiency has on the financial statements or on AmeriCorps’ operations in their assurance statements.	Closed
	4 (4)	Revise the AmeriCorps Financial Reporting Testing Plan to include verifying that the fluctuation analyses are conducted properly within the required thresholds.	Closed
	5 (6)	Provide training to appropriate AmeriCorps personnel regarding the purpose of the Data Quality Plan.	Closed

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
	6 (7)	Update and maintain the Data Quality Plan in accordance with OMB Circular No. A-123, Appendix A, Management of Reporting and Data Integrity Risk (M-18-16, June 6, 2018), and subsequent amendments.	Closed
	7 (8)	Update AmeriCorps Standard Operating Procedure: Statement on Standards for Attestation Engagements (SSAE) 18 Report Review to explain how AmeriCorps will address the SSAE 18 audit reporting gaps for its external systems' service providers and establish time requirement for conducting the SSAE 18 report reviews.	Repeat - MW Open Recommendation
Material Weakness	8 (9)	Establish a process to maintain executed agreements with Federal trading partners and track all associated costs against the inter-agency agreements from inception until the agreement close-out.	This recommendation is not applicable to Trust but applicable to AmeriCorps Consolidated FS. Will consider closed for Trust recommendation.
Financial System and Reporting	9 (10)	Develop comprehensive policies and procedures for the financial statements preparation process and related internal controls. The policies and procedures should address, among other subjects: a. The process to determine and document AmeriCorps' balance fluctuation expectations. Expectations should be documented based on a combination of internal and external operating factors, and program and financial relevant information available. b. The materiality threshold used to determine significant balance fluctuations that require further research should be more conservative than that used by external auditors. c. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have	Modified Repeat - MW Recommendation #10

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
		<p>the supporting documentation readily available.</p> <p>d. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis.</p> <p>e. Address fatal and non-fatal Government-wide Treasury Account Symbol Trial Balance edit failures.</p> <p>f. Address all balance differences and retain supporting documentation of related research.</p> <p>g. Document and maintain support for all prior period adjustments and changes to Net Position accounts, Cumulative Result of Operations, and Unexpended Appropriations.</p>	
	10 (11)	Monitor outstanding balances resulting from financial system configuration issues and fix these issues prior to data migration to the future shared service provider (Department of Treasury's Administrative Resource Center) in FY 2021. While waiting to transition, AmeriCorps should strengthen its current trial balance review including tie-point analysis and review of abnormal balances.	Modified Repeat – MW Recommendation #2
	11 (12)	Coordinate with the future shared service provider to ensure that its accounting platform is compatible with AmeriCorps' operations and the type of accounting transactions that the AmeriCorps process.	Modified Repeat - MW Recommendation #3
	12 (13)	Develop a plan to clean up AmeriCorps' balances prior to migration to the shared service provider's system (Department of Treasury's Administrative Resource Center). The plan should include coordination with the future service provider to review AmeriCorps' balances in detail to ensure they are properly supported and can be mapped into the Administrative Resource Center's platform. Maintain all documentation regarding meeting minutes and any mapping of account balances developed as part of the migration effort.	Modified Repeat – MW Recommendation #11
	13 (14)	Complete its efforts to be fully compliant with the Office of Management and Budget Circular No. A-11, Preparing, Submitting, and Executing the Budget.	Repeat – MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
	14 (15)	Provide mandatory training to AmeriCorps accounting staff on the proper use of object class, sub general ledger accounts, and document/transaction types on all obligation and expense transactions.	Repeat – MW Open Recommendation
	15 (16)	Validate and ensure Journal entries are properly supported, documented, and are readily available for examination.	Modified Repeat - MW Recommendation #13
	16 (17)	Strengthen coordination between Accounting and Financial Management Services and the Office of Budget to ensure that transactions are recorded accurately and timely.	Repeat - MW Open Recommendation
	17 (18)	Develop and implement policies and procedures for the Journal entries (JE) process that include: a. Tracking the sequence of JEs for completeness; b. Appropriate use of JEs; c. Determining and maintaining relevant documentation to support each JEs; d. Use of specific and accurate JE descriptions; and e. Timely review and approval of JEs for accuracy and propriety.	Modified Repeat – MW Recommendation #12
	18 (19)	Finalize its research to establish the amount to capitalize for tenant improvement costs and retain proper documentation of the research. While the research is ongoing, AmeriCorps should disclose non-GAAP accounting and the impact on the financial statements.	Closed
	19 (20)	Evaluate AmeriCorps’ compliance with all sections of OMB Circular No. A-136, Financial Reporting Requirements, including preparing comparative financial statements and notes to comply with the financial reporting framework for federal government agencies.	Closed

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
Material Weakness Trust Obligations and Liability Model	20 (21)	Complete the Trust Accounting Handbook to clearly reflect the assumptions used in the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator, including establishing control activities; finalize materiality thresholds applied; update accounting transactions, and clearly identify periods when adjustments will be made regardless of materiality.	Repeat – MW Open Recommendation
	21 (22)	Develop for a more standardized, secure, and automated method to estimate the Trust obligations and Trust Service Award Liability that ensures minimal human errors. As part of the ongoing AmeriCorps’ transition to shared service, coordinate with the service provider to determine methods that would enhance the security and quality of the existing estimation models.	Repeat – MW Open Recommendation
	22 (23)	Strengthen controls to ensure the Trust modeling is performed by trained personnel to: a. Conduct detailed analysis and validation of data sources. b. Review and ensure the reasonableness of assumptions used and document the rationale behind estimation assumptions. c. Consider changes in conditions or programs that require further research and analysis. Update the assumptions when necessary. d. Compare estimates with subsequent results to assess the reliability of the assumptions and data used to develop estimates.	Repeat – MW Open Recommendation
	23 (24)	Document and implement policies and procedures to include the following: a. Establish a thorough and robust quality control process to ensure that the Trust Obligation and Liability Model (TOLM) and Monthly Obligation and Liability Calculator (Calculator) are reviewed by qualified AmeriCorps personnel prior to relying on its outputs to record transactions. All errors identified for which management ultimately decided against making updates to the TOLM or Calculator should be documented along with an explanation as to how management arrived at the final decision; b. Perform monthly reviews and reconciliations of the recorded new and outstanding obligations to ensure the accounting information is valid and proper;	Repeat – MW Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
		<p>c. Review obligation amounts to ensure amounts accurately reflect the status of the obligation;</p> <p>d. Review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation);</p> <p>e. Ensure obligations are sufficiently supported (i.e., by documentary evidence); and</p> <p>f. Perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved.</p>	
	24 (25)	Coordinate with the Office of the Chief Risk Officer (OCRO) to properly identify the National Service Trust Fund’s financial reporting risks and incorporate those risks into the OCRO’s annual testing of key controls.	Repeat – MW Open Recommendation
	25 (26)	<p>Develop a succession plan to ensure the required expertise is available in anticipation of planned employee turnover, particularly with respect to the complex trust calculations. AmeriCorps needs to:</p> <p>a. Train, mentor, and work to retain qualified employees;</p> <p>b. Cross-train employees so that knowledge of the model will reside with multiple staff rather than with one person; and</p> <p>c. Implement a peer review process to carry out the necessary quality control reviews of the Trust Obligation and Liability Model and the Monthly Obligation and Liability Calculator. (repeat)</p>	Repeat – MW Open Recommendation
<p>Significant Deficiency (SD)</p> <p>IT Security Controls</p>	26 (58)	Develop a multi-year strategy to better strategically prioritize and allocate resources to address the new and continuing weaknesses identified and work towards automation, continuous monitoring, and consistent application of controls.	Repeat - SD Open Recommendation
	27 (59)	Enforce the agency-wide information security program across the enterprise and improve performance monitoring to ensure controls are operating as intended at all facilities.	Repeat - SD Open Recommendation
	28 (60)	Strengthen and refine the process for communicating AmeriCorps facility-specific control deficiencies to AmeriCorps facility personnel, and coordinate remediation of the control deficiencies.	Repeat - SD Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
	29 (61)	Strengthen and refine the process for holding system owners and information system security officers accountable for remediation of control deficiencies and ensuring that the appropriate security posture is maintained for AmeriCorps information systems.	Repeat - SD Open Recommendation
	30 (62)	Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in AmeriCorps information systems.	Repeat - SD Open Recommendation
	31 (63)	Implement all detailed recommendations in the FY 2019 FISMA Evaluation report.	Repeat - SD Open Recommendation
Non-Compliance Single Audit Compliance	32 (70)	Develop, implement, and document procedures to identify all AmeriCorps grantees that are required to submit single audit reports with their due dates.	Repeat – Non-Compliance Open Recommendation
	33 (71)	Develop, implement, and document procedures on timely follow-up for those grantees whose audits have become past due, and to ascertain why report submission was late, when the audit report will be submitted to the Federal Audit Clearinghouse, and what corrective action has been taken to prevent a report submission delay in future.	Repeat – Non-Compliance Open Recommendation
	34 (72)	Develop a practice to capture the single audit data to assess the effectiveness of the single audit report submission for all its grantees.	Repeat – Non-Compliance Open Recommendation

EXHIBIT C
Status of Prior Year Recommendations
FY 2021

FY19 Audit Report Finding Area	FY19 Trust Audit Report Rec. Number (FY 19 Consolidated FS Report Recommendation Number)	Recommendation Description	Status of FY19 Recommendations in FY21
	35 (73)	Develop and implement and document procedures for implementing Office of Budget and Management (OMB) approved single audit report submission extensions, so that OMB approved extension approvals are documented and tracked as part of the single audit monitoring process.	Repeat – Non-Compliance Open Recommendation
	36 (74)	Update the Single Audit Resolution Policy to: <ul style="list-style-type: none"> • Reflect the current monitoring process to track all audit findings related to AmeriCorps-funded grants, and • Address AmeriCorps’ responsibilities as the cognizant/oversight agency and how these responsibilities would be carried out. 	Repeat – Non-Compliance Open Recommendation
	37 (75)	Develop and implement procedures to monitor the effectiveness of the single audit monitoring process in accordance with the Uniform Grant Guidance, 2 Code of Federal Regulation §200.513 Responsibilities, (a) (3) (iv), related to monitoring the effectiveness of single audit findings follow-up and the effectiveness of single audits in improving grantee accountability and in their use by AmeriCorps in making award decisions.	Repeat – Non-Compliance Open Recommendation

EXHIBIT D
Management's Response
FY 2021



Date: November 15, 2021

To: Deborah Jeffrey, Inspector General

From: Malena Brookshire, Chief Financial Officer

**Malena
Brookshire**

Digitally signed by Malena
Brookshire
Date: 2021.11.15 11:51:32
-0500

Subject: Management's Response to Independent Auditors' Report

Thank you for the opportunity to comment on the FY 2021 Independent Auditors' Report from CliftonLarsonAllen LLP (CLA). AmeriCorps has reviewed the results of the financial statements audit, and the audit of the financial statements of the National Service Trust. This is a consolidated response to both reports.

We acknowledge the auditors' disclaimer of opinion on the financial statements, including the identification of nine material weaknesses and one significant deficiency, and its review of the agency's internal control over financial reporting and compliance with laws and regulations. The independent audit of the agency's financial statements and related processes is a core component of AmeriCorps' financial management program, and we look to the findings and recommendations to help us target and prioritize corrective actions that directly support our efforts to improve AmeriCorps' financial management practices.

AmeriCorps is committed to implementing strategic reforms to the agency's audit management and resolution efforts, focusing heavily on agency audit readiness, improving operational and programmatic internal controls, and increasing senior leadership engagement in corrective action planning and oversight. Using our existing and new resources, such as funds through the American Rescue Plan, we are making greater investments in critical mission support staffing; improving data management and analysis; and modernizing our antiquated systems as we work to actively identify root causes, prioritize and implement robust corrective action plans, and monitor remediation efforts at the highest levels of leadership throughout the agency. The agency commits to ongoing consultation with your office to address our pressing challenges.

Additionally, we will continue efforts to improve our trust and grants accrual methodology and transition of vital core business functions to shared services. This transition and our partnership with Treasury is AmeriCorps' most significant and impactful strategy to directly address key audit findings and strengthen the agency's overall financial management. Moreover, we are including effective stewardship of resources as an agency strategic goal in our draft 2022-2026 Strategic Plan that will serve as a roadmap for resource prioritization and investments.

To further increase senior leadership engagement, we are initiating a new internal audit accountability and reporting structure. This will include regular corrective action meetings with executive and senior leadership to review progress toward approved

EXHIBIT D
Management's Response
FY 2021



corrective and preventive actions. The agency's Risk Management Council will play a significant role here, with increased governance over agency risk and accountability, as well as tracking resolution. To enhance oversight, we are developing a shared platform to track corrective actions and increase leadership visibility and awareness of corrective action status. Such transparency will enable leadership to provide proactive, consistent, and timely updates to key stakeholders invested in the agency's progress towards audit resolution.

In addition to our new internal accountability efforts, we have initiated other audit management reforms, including contract vehicles that will allow access to much needed financial management and audit expertise, more robust agency audit training focused on quality corrective action planning and reporting, and investments to identify and implement business process improvements to core mission support functions.

AmeriCorps fully supports the requirements for auditability of its financial statements and understands its obligations for providing accountability and transparency. We are working diligently to complete our reviews of new audit findings and to correct these shortcomings for future audits. AmeriCorps' leadership is committed to continuing the work to more comprehensively demonstrate and understand agency efforts and mitigation strategies to ensure prioritization and progress in the months and years to come.



250 E St., SW, Suite 4100
Washington, DC 20525

OFFICE OF INSPECTOR GENERAL
HOTLINE: 1.800.452.8210
HOTLINE@AmeriCorpsOIG.gov | AmeriCorpsOIG.gov

PART F. NATIONAL SERVICE TRUST FUND FINANCIAL STATEMENTS

AMERICORPS TRUST

BALANCE SHEET

AS OF SEPTEMBER 30, 2021 AND 2020

(In Thousands)

	Unaudited 2021	Unaudited 2020
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 145,848	\$ 896,650
Investments, Net (Note 3)	1,011,223	185,714
Total Intragovernmental	1,157,071	1,082,365
Total Assets	\$ 1,157,071	\$ 1,082,365
Liabilities:		
With the Public:		
Trust Service Award Liability	\$ 355,824	\$ 438,294
Total With the Public	355,824	438,294
Total Liabilities	\$ 355,824	\$ 438,294
Net Position:		
Cumulative Results of Operations - Funds from Other than Dedicated Collections	\$ 801,247	\$ 644,070
Total Cumulative Results of Operations	801,247	644,070
Total Net Position	801,247	644,070
Total Liabilities and Net Position	\$ 1,157,071	\$ 1,082,365

The accompanying notes are an integral part of these statements.

AMERICORPS TRUST**STATEMENT OF NET COST****FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020****(In Thousands)**

	Unaudited	Unaudited
	2021	2020
Gross Program Costs:		
VISTA:		
Gross Costs	\$ 5,543	\$ 24,585
Less: Earned Revenue	-	-
Net Program Costs	\$ 5,543	\$ 24,585
NCCC B:		
Gross Costs	880	1,578
Less: Earned Revenue	-	-
Net Program Costs	\$ 880	\$ 1,578
STATE AND NATIONAL C:		
Gross Costs	\$ 40,710	\$ 190,607
Less: Earned Revenue	(930)	(14,831)
Net Program Costs	\$ 39,780	\$ 175,777
Net Cost of Operations	\$ 46,203	\$ 201,940

The accompanying notes are an integral part of these statements.

AMERICORPS TRUST**STATEMENT OF CHANGES IN NET POSITION****FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020****(In Thousands)**

Unaudited Unaudited

- 2021 2020**Unexpended Appropriations:**

Beginning Balances	\$ 644,070	\$ 624,138
Net Change in Cumulative Results of Operations	157,177	19,932
Cumulative Results of Operations - Ending	\$ 801,247	\$ 644,070
Net Position	\$ 801,247	\$ 644,070

The accompanying notes are an integral part of these statements.

AMERICORPS TRUST**STATEMENT OF BUDGETARY RESOURCES****FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020****(In Thousands)**

	Unaudited	Unaudited
	2021	2020
Budgetary Resources:		
Unobligated balance from prior year budget authority, net	\$ 365,281	\$ 216,312
Appropriations	354,472	231,893
Spending authority from offsetting collections	-	18,300
Total Budgetary Resources	\$ 719,753	\$ 466,504

Status of Budgetary Resources:

New obligations and upward adjustments (total)	\$ 99,180	\$ 101,287
Unobligated balance, end of year:		
Apportioned, unexpired accounts	140,071	282,339
Unapportioned, unexpired accounts	480,503	82,878
Unexpired unobligated balance, end of year	620,574	365,217
Expired unobligated balance, end of year	-	-
Unobligated balance, end of year (total)	620,574	365,217
Total Budgetary Resources	\$ 719,753	\$ 466,504

Outlays, Net and Disbursements, Net:

Outlays, net (total)	\$ 129,604	\$ 136,010
Distributed Offsetting Receipts	-	9,188
Agency outlays, net	\$ 129,604	\$ 145,198

The accompanying notes are an integral part of these statements.

PART G. NOTES TO NATIONAL SERVICE TRUST FUND FINANCIAL STATEMENTS



AMERICORPS

NOTES TO NATIONAL SERVICE TRUST UNAUDITED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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 community needs.
- AmeriCorps VISTA helps community organizations and public agencies create and expand programs that bring low-income individuals and communities out of poverty.
- AmeriCorps NCCC strengthens communities while developing leaders through direct, team-based national and community service.
- AmeriCorps State Service Commission Support Grants (State Commission Support) offers grants supporting shared federal-state partnership with a central role for governors in designing and implementing national service through governor-supported State Service Commissions.

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.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of AmeriCorps. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary

Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of AmeriCorps in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and AmeriCorps accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control AmeriCorps's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

FBWT is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the AmeriCorps's funds with Treasury in expenditure, receipt, revolving, trust, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

AmeriCorps does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use FBWT or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

E. Investment in U.S. Government Securities

AmeriCorps has the authority to invest in U.S. Government securities. The securities include marketable Treasury securities and/or nonmarketable, market-based securities issued by the Bureau of the Fiscal Service. Market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. It is expected that investments will be held until maturity; therefore, they are classified as investment securities held to maturity and are carried at historical cost, adjusted for amortization of premiums and discounts. The amortization of premiums and discounts are recognized as adjustments to interest income using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

F. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect

the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

G. Contingencies

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

H. Reclassification

Certain FY 2021 and 2020 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

I. Trust Service Award Liability

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

J. 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.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2021 and 2020, were as follows:

	Unaudited 2021	Unaudited 2020
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 290,070	\$ 282,339
Unavailable	330,503	232,878
Obligated Balance Not Yet Disbursed	536,145	566,787
Investments (Net)	(1,010,870)	(185,200)
Total	\$ 145,848	\$ 896,650

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

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

The unavailable unobligated fund balances represent the amounts of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

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

NOTE 3. INVESTMENTS

Investments as of September 30, 2021 consist of the following:

	Cost	Amortization Method	Amortized		Investments Net	Market Value Disclosure
			(Premium) Discount	Interest Receivable		
Intragovernmental:						
Market-Based						
	\$				\$	\$
Bills	641,000	Interest	\$ 140	\$ -	641,140	641,141
Notes	369,870	Interest	97	115	370,083	369,726
Total	\$ 1,010,870		\$ 237	\$ 115	1,011,223	\$ 1,010,867

Investments as of September 30, 2020 consist of the following:

	Cost	Amortization Method	Amortized		Investments Net	Market Value Disclosure
			(Premium) Discount	Interest Receivable		
Intragovernmental:						
Marketable						
	\$					
Bills	115,800	Interest	\$ 45	\$ -	\$ 115,844	\$ 115,853
Notes	69,400	Interest	276	194	69,870	70,015
Total	\$ 185,200		\$ 321	\$ 194	\$ 185,714	\$ 185,868

Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms.

NOTE 4. 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 education award generally must be used within seven years of completion date of an approved term of national service. If the education award is transferred to an eligible individual or is a Summer of Service award (which was available to youth enrolled in grades 6 through 9), the use period is ten years. These awards, as well as interest forbearance payments on qualified student loans during the period members perform their service, are paid from the National Service Trust Fund. The Service Award Liability as of September 30, 2021 and 2020 is as follows:

(In Thousands)	Unaudited 2021	Unaudited 2020
Cumulative Education Awards Earned	\$ 4,326,854	\$ 4,137,288
Cumulative Interest Forbearance Earned	132,417	126,057
<hr/>		
Total Cumulative Awards Earned	4,459,271	4,263,345
Less: Discount for Usage and Statistics	(1,483,523)	(888,003)
Less: Cumulative Awards paid	(3,282,989)	(3,153,340)
<hr/>		
Total Liability for Awards Earned	(307,241)	(318,276)
Total Liability for Awards not yet Earned	(48,583)	(120,016)
<hr/>		
Total	\$ (355,824)	\$ (438,292)

As of September 30, 2021, and 2020, the National Service Trust received \$185 Million and \$208.3 million respectively (unaudited). Under the provisions included in its annual appropriations and under 42 U.S.C. 12601a, AmeriCorps is also authorized to transfer additional amounts from subtitle C program funds to the National Service Trust to support the activities of national service participants.

NOTE 5. 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.

AmeriCorps 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, 2020 respectively, has been adjusted to reflect the fact that earned awards are not always used. The dollar amounts for FY 2021 will be reported on the quarter 4 footnotes as of September 30, 2021.

(In Thousands)	Unaudited 2021	Unaudited 2020
Estimated Education Awards	\$ 44,782	\$ 210,766
Estimated Interest Forbearance	2,351	6,004
National Service Award Expense	\$ 47,133	\$ 216,770

IV. Other Information

PART A. SUMMARY OF FINANCIAL STATEMENT AUDIT & MANAGEMENT ASSURANCES

Audit Opinion	Disclaimer				
Restatement	No				
Material Weaknesses	Beginning Balance ⁶	New	Resolved	Consolidated	Ending Balance
Trust Obligation and Liability Model (TOLM)	1				1
Undelivered Orders and Accounts Payable – Procurement	1				1
Other Liabilities	1				1
Undelivered Orders (Grant)	1				1
Property, Plant & Equipment	1		1		0
Recovery of Prior Year Obligations	1				1
Internal Control Program (FMFIA)	1				1
Financial System and Reporting	1				1
Grants Accrual Payable and Advances	1				1
FY 2021 Migration to Shared Service	0	1			1
<i>Total Material Weaknesses</i>	9	1	1		9

⁶ The beginning balance was from the FY 2019 financial statement audit, as there was no financial statements audit conducted in FY 2020.

Table 2. Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	No Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Trust Fund Unpaid Obligations and Liability	1					1
Undelivered Orders – Grant	1					1
Undelivered Orders and Accounts Payable	1					1
Property, Plant & Equipment	1	1	1			1
Fund Balance with Treasury		1				1
<i>Total Material Weaknesses</i>	4	2	1			5

Effectiveness of Internal Control over Operations (FMFIA § 2)

Statement of Assurance	No Assurance					
------------------------	--------------	--	--	--	--	--

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Grant Operations	1		1			0
[Name of weakness]						
<i>Total Material Weaknesses</i>	1		1			0

Conformance with Federal Financial Management System Requirements (FMFIA § 4)

Statement of Assurance	Systems conform					
------------------------	-----------------	--	--	--	--	--

Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[Name of non-conformance]	0	0				0
<i>Total non-conformances</i>	0	0				0

PART B. PAYMENT INTEGRITY

AmeriCorps reports its payment integrity information to OMB through the Annual Data Call and that information can be found on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

A recovery audit program is not cost effective for AmeriCorps; therefore, it does not have actions around recovery auditor recommendations to report.

PART C. CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

Statutory Authority	Penalty	Year Enacted	Latest Year of adjustment	Current Penalty Level	Sub-Agency/Bureau Unit	Location of Penalty Update Details
Pub. L. 101-121, Sec. 319, (31 U.S.C. 1352); Pub. L. 93-113; 42 U.S.C. 4951, et seq.; 42 U.S.C. 5060	The penalty associated with Restrictions on Lobbying (45 CFR 1230.400)	1990	2019	The current range of civil monetary penalties related to Restrictions on Lobbying is from \$20,489 to \$204,892.	AmeriCorps*	84 Fed. Reg. 70902 (Dec. 26, 2019)
Pub. L. 99-509, Secs. 6101-6104, 100 Stat. 1874 (31 U.S.C. 3801-3812); 42 U.S.C. 12651c12651d	The penalty associated with the Program Fraud Civil Remedies Act (45 CFR 2554.1)	2006	2019	The upper limit for civil monetary penalties for the Program Fraud Civil Remedies Act of 1986 is \$11,665.	AmeriCorps*	84 Fed. Reg. 70902 (Dec. 26, 2019)
*The Federal Register changes were posted under the Corporation for National and Community Service, which is the legal name of the AmeriCorps agency.						

PART D. NATIONAL SERVICE TRUST FUND STATUS REPORT (As of September 30, 2021)

AmeriCorps

National Service Trust Fund Status Report

September 30, 2021

The National Service Trust Fund (the Trust) was established by the National and Community Service Trust Act of 1993 (the Act), 42 USC 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, pay educational expenses at qualified educational institutions, and repay eligible interest expense on student loans.

The value of an education award depends on the term of service performed by an AmeriCorps member. For Program Year 2021, 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 \$6,345.00. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$3,172.50. Reduced parttime terms, which provide awards of \$357.08 to \$2,417.14, are also offered. The education award is indexed to the maximum Federal Pell grants therefore these amounts 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 Program Year 2010, AmeriCorps State and National and Silver Scholar members who are age 55 or older when they begin service may also transfer the education award to a qualified child, grandchild, or foster child.

Table 1a shows the planned activity for the current Program Year and actual enrollments to date against the plan.

Table 1a					
AmeriCorps Member Position Award Activity					
Program Year 2021					
Program	Awarded Enrolled	Awarded Not Enrolled	Certified Not Awarded	Planned Not Certified	Total
<i>State & National</i>	21,723	53,046	326	-	75,095
VISTA	5,423	-	828	0	6,251
NCCC	987	-	373	-	1,360
Total	28,133	53,046	1,527	0	82,706

Table 1b includes similar data on the prior Program Year for comparative purposes. Member positions (slots) classified as "Certified Not Awarded" have been approved by AmeriCorps' Chief Executive Officer (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.

Table 1b					
AmeriCorps Member Position Award Activity					
Program Year 2020					
Program	Awarded Enrolled	Awarded Not Enrolled	Certified Not Awarded	Planned Not Certified	Total
<i>State & National</i>	50,194	12,625	134	-	62,953
VISTA	6,060	0	192	-	6,252
NCCC	1,183	0	257	-	1,440
Total	57,437	12,625	583	-	70,645

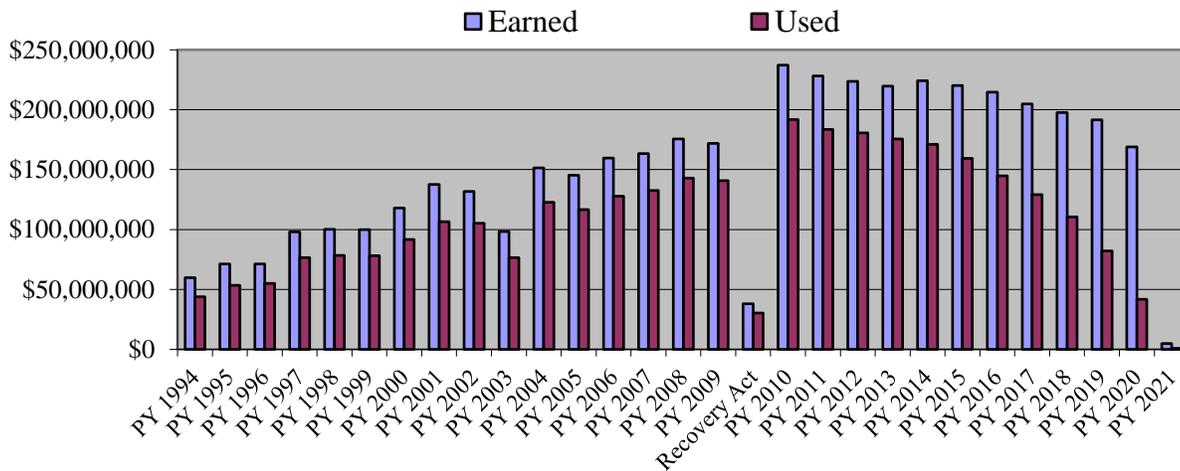
The 82,706 Trust positions planned for Program Year 2021 do not include an estimated 1,350 AmeriCorps VISTA members (1150 full time and 200 Summer Associates) who elected an end-of-service stipend instead of an education award. Total estimated member positions for Program Year 2021, including VISTA members electing a stipend, is 84,006. 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 70,645 Trust positions for Program Year 2020 do not include an estimated 1,500 AmeriCorps VISTA members (1,300 full time and 200 Summer Associates) who elected an end-of-service stipend instead of an education award.

Total estimated member positions for Program Year 2020, including VISTA members electing a stipend, is 72,145. Of the 6,252 VISTA member positions in the Trust for 2020, 1,835 positions are for Summer Associates who receive a Trust award of \$1,311.

Trust Awards

Since AmeriCorps' inception in 1993, AmeriCorps members have earned over \$4.33 billion in Segal AmeriCorps Education Awards and used over \$3.15 billion of that amount to fund their education and repay student loans. In addition, AmeriCorps has made \$132.41 million in interest forbearance payments. Approximately \$581.08 million in education awards earned have expired without being used. The Trust obligation formula has been adjusted to reflect these expired awards.

Table 2**Segal AmeriCorps Education Awards Earned and Used****Refilled Positions**

AmeriCorps policy allows grantees limited flexibility to refill positions vacated by a member who has served less than 30 percent of his or her service term, provided that the departing member had not earned a pro-rated education award. To prevent over-enrollment, the policy includes “fail safe” triggers that restrict the overall number of refills to no more than 5 percent of awarded positions and suspends refilling altogether if total AmeriCorps enrollment reaches 97 percent of awarded positions. Table 3 provides information on the number of positions refilled. Positions in Program Years 2010 and earlier can no longer be refilled.

Table 3**Number of Refilled Positions****Program Years**

	2016	2017	2018	2019	2020	2021	Fail-safe Trigger
Number of Refilled Positions	1,026	890	998	714	597	13	N/A
Refills as a Percent of Awarded State & National Positions	1.57%	1.37%	1.50%	1.12%	0.95%	0.02%	5%
State & National Enrollment as a Percentage of Awarded Positions	93.60%	91.70%	86.90%	81.50%	79.90%	29.10%	97%

Table 4 shows the most significant factors used to calculate Trust obligations on a historical basis. It is important to note that Program Year refers to positions awarded with a particular 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 FY 2020 but not fill all positions until FY 2021. All positions related to this grant would be considered Program Year 2020 positions, irrespective of the fiscal year in which they are filled. The Reduced Part-time category below includes Reduced Halftime, Quarter time, Minimum time, and AmeriCorps Affiliates.

Table 4					
Factors Affecting the National Service Trust Fund					
Program Year					
	2017	2018	2019	2020	2021
Member enrollments in the Trust	68,085	65,574	59,478	57,661	28,385
Percent of members who earned an education award	81.34%	80.24%	84.63%	83.99%	64.01%
Percent of earned education awards used	63.07%	55.91%	42.96%	24.69%	18.74%
Breakout of enrollment by term type:					
Full-time	50%	48%	49%	47%	69%
Part-time	14%	13%	12%	11%	6%
Reduced Part-time	35%	39%	39%	41%	25%

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 who earned an award in Table 4 is calculated by taking the number of members who earned an award divided by the total number of members who have ended service. For example, for 2020:

Enrolled	57,661
Still Earning	7,190
Completed	50,471 (Enrolled less Still Earning)

Awards	42,390
Earned (%)	83.99% (Awards Earned divided by Completed)

Tables 5 and 6 present information on the budgetary resources and obligations of the Trust, including the Trust Reserve. The schedules present information on a budgetary basis, which represents the accounting used to determine compliance with the Anti-Deficiency Act. AmeriCorps records Trust obligations at the time it awards AmeriCorps State & National grants or at the time it enters into an enforceable agreement with AmeriCorps VISTA and NCCC members.

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 2021, these factors are the ratio of 59.36% between authorized awards and ultimate payments, a ratio of 63.88% between awards expected for members currently earning and ultimate payments and a ratio of 80.15% between earned awards and ultimate payments. Under the National and Community Service Act, as amended, awards earned by members over age 55 can be transferred to an eligible beneficiary. For budgetary purposes, AmeriCorps projects that all transferable awards will eventually be used. Obligations are periodically adjusted to reflect current earning and usage projections.

FEMA Corps is a unit of AmeriCorps' National Civilian Community Corps (NCCC) whose members are devoted solely to FEMA disaster response, and recovery efforts. The 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 5 and 6 as part of AmeriCorps' budgetary and obligation activity.

Table 5**AmeriCorps****National Service Trust****Schedule of Budgetary Activity****For the Year Ended September 30, 2021****(In Thousands)**

	Recovery Act	Other	FEMA Corps	General Fund	Consolidated
Unobligated balance from prior year	\$ 1,971	\$ 3	\$ 4,570	\$ 308,476	\$ 315,020
Reserve Funds	3,500			46,697	50,197
Unobligated balance from prior year budget authority, net	5,471	3	4,570	355,173	365,217
Budgetary Resources					
Fiscal Year 2021 Appropriation	-	-	-	204,472	204,472
Temporary Rescission	-	-	-	150,000	150,000
Deobligation Prior Year Positions (net)	-	-	-	64	64
Total Budgetary Resources	\$ 5,471	\$ 3	\$ 4,570	\$ 709,709	719,753
Less Increase in Obligations					(99,179)
Total Available Funds					620,574
Less: Funds in Reserve					(50,197)
Recommended Additional Reserve					(37,334)
Temporary Rescission					(150,000)
Unobligated balance, Net					\$ 383,043

Table 6**AmeriCorps****National Service Trust****Schedule of Trust Obligations****As of September 30, 2021****(In Thousands)**

Resources	Recovery Act	Trust Other	Trust FEMA Corps	General Fund	Consolidated
Fund Balance with Treasury	\$ 8,594	\$ 56	\$ 533	\$ 136,666	\$ 145,848
Investments, Net	-	-	7,804	1,003,303	1,011,107
Interest Receivable	-	-	-	113	113
Accounts Receivable	-	-	-	(0)	(0)
Subtotal	8,594	56	8,337	1,140,082	1,157,068
Less:					
Cumulative Trust Reserve	(3,500)	-	-	(46,697)	(50,197)
Receivables Not Available for Obligation	-	-	(14)	(336)	(350)
Unapportioned	-	-	-	(480,503)	(480,503)
Total Resources	5,094	56	8,323	612,546	626,019
Unliquidated Obligations					
Education Awards	(3,015)	(50)	(4,696)	(506,938)	(514,699)
Interest Forbearance	(126)	(2)	(196)	(21,122)	(21,446)
Total Unliquidated Obligations	(3,140)	(52)	(4,892)	(528,060)	(536,145)
Commitments					

Education Awards	-	-	-	(79,424)	(79,424)
Interest Forbearance	-	-	-	(3,309)	(3,309)
Total Commitments	-	-	-	(82,734)	(82,734)
Funds Available for Obligation	\$ 1,954	\$ 3	\$ 3,431	\$ 1,753	\$ 7,140

Enrollment Activity Table 7 presents cumulative data to date on Trust enrollments, education awards earned and used for Program Years 1994 through 2021, as well as Recovery Act positions.

Table 7							
Trust Enrollment Activity							
Program Years 1994 through September 30, 2021							
Program Year	Type	Members Enrolled	Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994	Full Time	487,371	5	396,253	91,113	\$ 1,875,551,793	\$ 1,528,059,783
through	Part-time	188,946	6	129,094	59,846	301,086,753	215,142,055
2011	Reduced Part-time	306,437	8	243,652	62,777	280,404,861	211,515,457
	Total	982,754	19	768,999	213,736	2,457,043,408	1,954,717,296
2012	Full Time	36,273	3	31,895	4,375	171,041,134	143,347,133
2012	Part-time	9,577	1	7,771	1,805	21,026,223	14,480,883
2012	Reduced Part-time	29,144	0	23,841	5,303	31,582,835	22,717,728
	Total	74,994	4	63,507	11,483	223,650,192	180,545,744
2013	Full Time	37,044	0	32,240	4,804	173,385,567	144,179,778
2013	Part-time	8,783	0	6,889	1,894	18,664,779	12,151,741
2013	Reduced Part-time	25,315	1	20,518	4,796	27,591,639	19,326,465

	Total	71,142	1	59,647	11,494	219,641,985	175,657,984
2014	Full Time	37,969	6	32,783	5,180	179,126,649	142,427,709
2014	Part-time	8,662	0	6,746	1,916	18,555,164	11,055,737
2014	Reduced Part-time	24,018	3	19,380	4,635	26,423,117	17,699,640
	Total	70,649	9	58,909	11,731	224,104,929	171,183,087
2015	Full Time	37,187	11	31,598	5,578	174,751,985	131,615,684
2015	Part-time	9,173	5	7,146	2,022	19,879,307	11,215,925
2015	Reduced Part-time	22,587	1	18,532	4,054	25,653,681	16,457,046
	Total	68,947	17	57,276	11,654	220,284,973	159,288,655
2016	Full Time	35,513	39	29,754	5,720	165,672,400	116,129,890
2016	Part-time	9,577	0	7,383	2,194	20,693,057	10,899,545
2016	Reduced Part-time	24,498	14	20,228	4,256	28,204,596	17,701,223
2016	Affiliate	579	0	548	31	178,100	42,510
	Total	70,167	53	57,913	12,201	214,748,153	144,773,167
2017	Full Time	34,109	24	28,228	5,857	157,440,510	103,191,596
2017	Part-time	9,382	3	6,810	2,569	19,166,171	9,355,478
2017	Reduced Part-time	24,145	20	19,888	4,237	27,992,274	16,555,236
2017	Affiliate	449	1	413	35	135,154	28,779
	Total	68,085	48	55,339	12,698	204,734,109	129,131,089
2018	Full Time	31,795	53	26,201	5,541	148,112,359	86,505,891
2018	Part-time	8,302	14	6,057	2,231	17,286,758	7,029,008
2018	Reduced Part-time	25,394	28	20,207	5,159	32,109,579	16,888,395
2018	Affiliate	83	14	62	7	20,656	6,996
	Total	65,574	109	52,527	12,938	197,529,351	110,430,290

Program Year	Type	Members Enrolled	Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2019	Full Time	28,950	115	24,468	4,367	141,652,747	64,010,924
2019	Part-time	7,115	170	5,641	1,304	16,060,655	4,596,977
2019	Reduced Part-time	23,401	170	19,828	3,403	33,738,149	13,644,149
2019	Affiliate	12	0	12	0	4,116	515
	Total	59,478	455	49,949	9,074	191,455,667	82,252,564
2020	Full Time	27,303	1,928	21,571	3,804	128,131,861	33,885,727
2020	Part-time	6,620	1,939	3,488	1,193	10,230,397	1,283,720
2020	Reduced Part-time	23,662	3,317	17,269	3,076	30,490,140	6,520,148
2020	Affiliate	76	6	62	8	21,616	2,789
	Total	57,661	7,190	42,390	8,081	168,874,013	41,692,384
2021	Full Time	19,532	18,098	403	1,031	2,418,666	430,639
2021	Part-time	1,825	1,786	0	39	0	0
2021	Reduced Part-time	7,022	5,108	1,765	149	2,368,294	466,216
2021	Affiliate	6	6	0	0	0	0
	Total	28,385	24,998	2,168	1,219	4,786,960	896,855
Cumulative to Date		1,617,836	32,903	1,268,624	316,309	4,326,853,740	3,150,569,116

Supplemental Information – AmeriCorps Member Exit Survey

The following information provides evidence of the extent to which AmeriCorps promotes civic engagement, which is a foundation of the agency's mission.

The three AmeriCorps programs foster a lifelong commitment to civic engagement. Data from the AmeriCorps Member Exit Survey (MES) from 2015 to 2020 that describe how members finishing their terms of service in ASN, NCCC, and VISTA think about how likely they may become involved in various dimensions of civic life. Illustrative responses to the following two questions from this survey are summarized next.

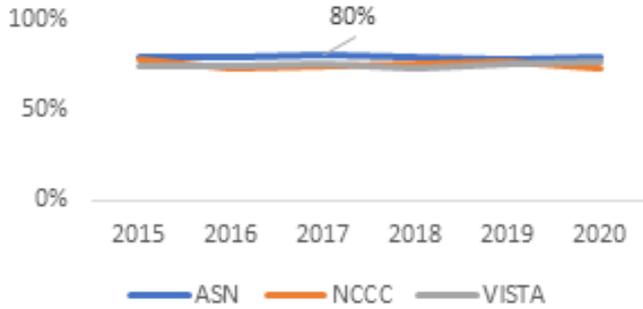
1. Question 12: Think about how likely you were to participate in the following activities before you did AmeriCorps, and how likely you are now. Would you say that your AmeriCorps experience has made you more or less likely to:
 1. Participate in community organizations (school, religious, issue-based, recreational).
 2. Vote in elections.
 3. Keep informed about news and public issues.
 4. Help to keep the community safe and clean.
 5. Volunteer for a cause or issue that you care about.
 6. Donate money or goods to a cause or issue that you care about.
2. Question 18: If you found out about a problem in your community that you wanted to do something about, how well do you think you would be able to do each of the following:
 - a. Create a plan to address the problem.
 - b. Contact an elected official about the problem.

The following charts reflect actual response trend data.⁷

⁷ [See all material: https://americorps.gov/evidence-exchange/AmeriCorps-Alumni-Outcomes-Study](https://americorps.gov/evidence-exchange/AmeriCorps-Alumni-Outcomes-Study); The final report: Friedman, E., et al. (2016). *New Methods for Assessing AmeriCorps Alumni Outcomes: Final Survey Technical Report*. (Prepared for the Corporation for National and Community Service, Office of Research and Evaluation). Cambridge, MA: Abt Associates Inc. https://americorps.gov/sites/default/files/evidenceexchange/FR_AmeriCorpsAlumniOutcomesFinalTechReport_1.pdf

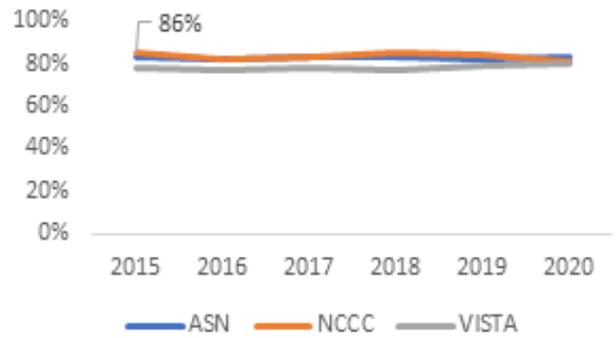
12.a. Participate in Community Organizations (school, religious, issuebased, recreational)

Much more or Somewhat more likely



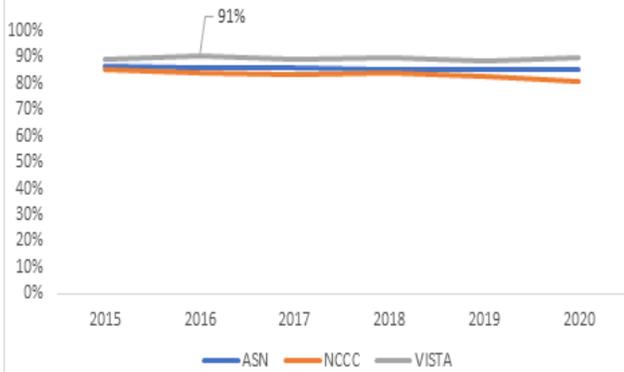
12.e. Volunteer For a Cause or Issue That You Care About

Much More Likely or Somewhat More Likely



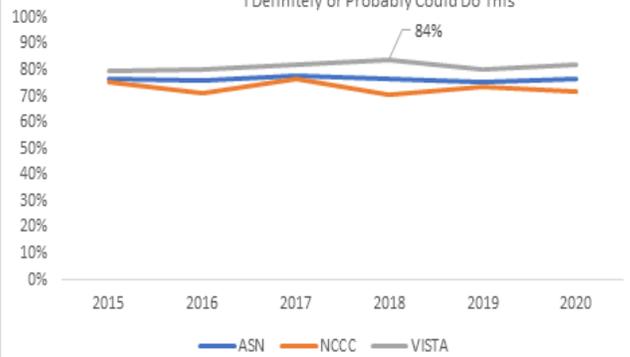
18.a. Create a Plan to Address The Problem

I Definitely or Probably Could Do This



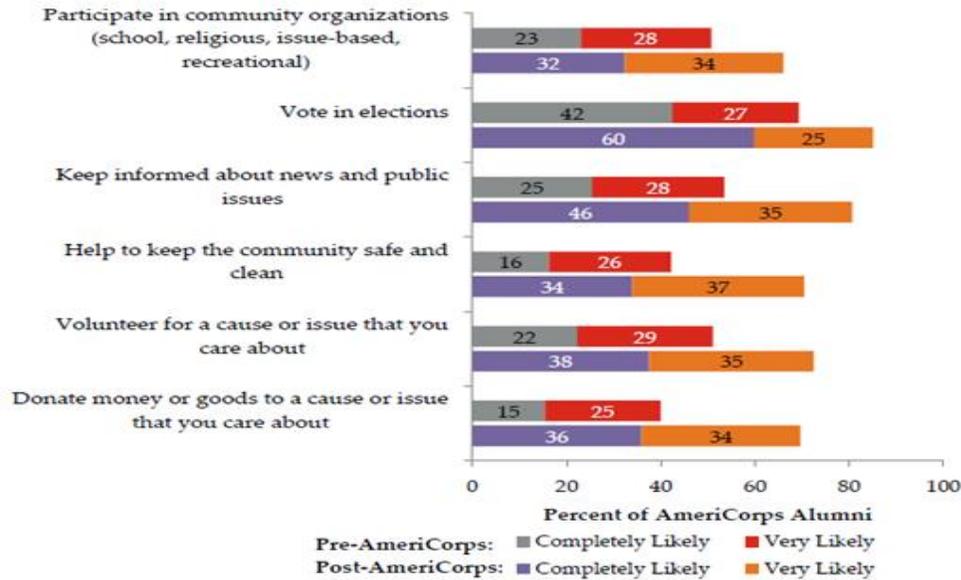
18.h. Contact an Elected Official About The Problem

I Definitely or Probably Could Do This



Below are findings from the AmeriCorps Alumni Study (2016)^[1] that used questions from the MES and followed up with alumni whose last term of service corresponded to 10, 5, and 2 years before the study's administration (n=3,772 responses).

Exhibit V-1. Civic Engagement Pre- and Post-AmeriCorps



Pre-AmeriCorps, VISTA alumni were most likely to be involved across all of the civic engagement activities listed, followed by ASN and then NCCC (see Exhibit V-2). Post-AmeriCorps, however, the only significant differences between programs are on the "vote in elections" and "keep informed about news and public issues" items; VISTA had the highest likelihood, followed by ASN and then NCCC. On the same post-AmeriCorps civic engagement items, the 2005 cohort was slightly more likely to participate than the 2010 and 2013 cohorts (there were no significant differences pre-AmeriCorps).