



Annual Management Report

Fiscal Year 2022

November 18, 2022



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ABOUT THIS REPORT

The Annual Management Report (AMR) provides an overview of AmeriCorps'¹ financial and performance results for the fiscal year (FY) spanning October 1, 2021 through September 30, 2022. The information, data, and analyses in this report provide an assessment of the agency's yearly activities toward accomplishing its mission.

The FY 2022 AMR includes AmeriCorps' FY 2022 Financial Statements Audit Report, including AmeriCorps' Statement of No Assurance regarding its internal controls over reporting, compliance, and operations. This report is published on the AmeriCorps website.

AmeriCorps will produce its FY 2024 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 2023. The Congressional Budget Justification will also be published on the AmeriCorps' website.

These reports meet the requirements of the Government Performance and Results Act Modernization Act of 2010, 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).

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For questions or inquiries related to this report, please contact the Office of the Chief Financial Officer at help@americorps.gov or at this mailing address: AmeriCorps, 250 E Street SW, Washington, D.C. 20525.

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

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

November 18, 2022

AmeriCorps has a proven history of leveraging the nation's greatest resource – the American people – to improve lives, strengthen communities, and foster civic engagement. Working hand in hand with local partners, AmeriCorps engages 200,000 individuals in results-driven service at 36,000 locations across the country.

AmeriCorps members and AmeriCorps Seniors volunteers help communities tackle their most pressing challenges, including addressing public health needs, preparing students for success in school, responding to natural disasters, supporting veterans and military families, preserving public lands, addressing climate change, and advancing racial and economic equity.

AmeriCorps' Fiscal Year 2022 Annual Management Report summarizes the agency's accomplishments and financial information in accordance with federal guidance and laws. When I began my tenure as CEO almost one year ago, the agency was addressing its financial management challenges resulting from a lack of capacity and expertise. Those challenges continue, though since that time AmeriCorps has implemented corrective action plans, hired subject matter experts, and documented the agency's dedication to improving core business operations in Goal 4 of AmeriCorps' five-year strategic plan: effectively steward federal resources. While much work remains and will take time, the activities throughout FY 2022 as noted below demonstrate AmeriCorps' steady progress and commitment to improving the agency's financial management and grants management. Activities in this area include:

- Implemented the Office of the Chief Financial Officer reforms and strategies aimed at improving key financial management systems and processes within a shared service platform to enhance accountability and standardize business processes, as well as increase staff capacity and knowledge to provide improved mission support.
- Continued to prioritize 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.
- Provided new tools to help grantees improve their compliance rates with criminal history checks.
- Continued the agency's Scaling Evidence-Based Models project to deepen understanding of the most effective program innovations and scale them to better service communities. As part of this initiative, the agency produced tools and resources to strengthen grantees' work in evidence building and share effective practices to help scale evidence-based interventions.

- Competed and selected in August 2022 by the General Services Administration for AmeriCorps' eGrants legacy system replacement to be a Technology Modernization Fund project. AmeriCorps received a \$14 million investment, with technical assistance to improve team capability, troubleshoot issues, and support successful execution of this effort. The agency's priority is to adopt modernized systems that will better meet its business needs, reduce administrative burdens to prospective grantees, and enhance the experience of AmeriCorps' workforce and the public stakeholders that use the agency's systems. With a modern system, AmeriCorps and grantee organizations will be able to manage grants more quickly and efficiently to react as new and pressing community and national challenges arise.

During the same time, the COVID-19 pandemic continued to affect the nation and exacerbate inequalities throughout the last year. AmeriCorps' FY 2022 activities include:

- 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 in school. After an extensive outreach effort in partnership with the Centers for Disease Control and Prevention, AmeriCorps awarded the first round of Public Health AmeriCorps grants, totaling \$71.1 million to support over 3,000 new AmeriCorps members. These members will provide surge capacity to meet state and local public health needs.
- AmeriCorps continued to implement the historic \$1 billion investment made through the American Rescue Plan (ARP) to expand service opportunities, increase living allowances, and support communities. In the past year, AmeriCorps State and National, AmeriCorps VISTA, and AmeriCorps Seniors invested \$220,802,927 to support national service programs across the country, including salaries and expenses, using American Rescue Plan funds.
- AmeriCorps released an Equity Action Plan in April 2022, reinforcing its commitment to advancing diversity, equity, inclusion, and accessibility and embedding it into the fabric of the agency. AmeriCorps established an Office of DEIA, hired the agency's first Chief Diversity and Inclusion Officer, and continued to invest in supporting underserved communities. AmeriCorps is dedicated to creating structural and lasting change in AmeriCorps' grantmaking, workplace, and recruitment of a corps that reflects the diversity and lived experiences of the communities they serve.
- AmeriCorps raised the living allowance for members in the AmeriCorps State and National and VISTA programs, as well as the stipend for volunteers in the AmeriCorps Seniors Foster Grandparent and Senior Companion programs. The President recently announced at the United We Stand summit a continued commitment to increase the member living allowance to make national service an accessible pathway to success for Americans of all backgrounds .
- AmeriCorps joined the White House and other public and private partners to

launch the National Partnership for Student Success, a coordinated, research-based, locally driven initiative. This partnership is designed to meet President Biden's call for 250,000 more tutors and mentors to accelerate student recovery and success and provide the academic, mental health, and other supports students need to unlock their full potential. AmeriCorps has prioritized up to \$20 million in Volunteer Generation Funds from the American Rescue Plan to assist nonprofit organizations in recruiting and managing volunteers in these positions.

- AmeriCorps utilized ARP funding to establish a centralized recruitment office to coordinate recruitment activities across the agency's programs, develop and implement outreach strategies and public awareness campaigns, and work with key stakeholders.
- The agency demonstrated its commitment to evidence-building by supporting implementation of the Evidence Act. The agency also released a toolkit to help organizations and grantees successfully scale effective interventions while ensuring they can produce meaningful outcomes.

These accomplishments are a snapshot of the ways AmeriCorps continues to work with government, nonprofit, private, and community organizations to unite Americans in service and make service a cornerstone to our democracy. Service holds the power to transform lives and tackle some of our nation's most pressing issues, including alleviating poverty, advancing racial equity, combatting the growing threat of climate change, uniting Americans across divides, and building a more inclusive and equitable future for all.

As part of achieving the agency's five-year strategic plan, AmeriCorps is prioritizing becoming responsible stewards of taxpayer dollars and continue the agency's mission-driven work. The agency looks forward to making continued progress on essential priorities, which in turn helps AmeriCorps better serve its partners, grantees, AmeriCorps members, and AmeriCorps Seniors volunteers who are making a difference every day in communities across the nation.

In service,

A handwritten signature in black ink that reads "Michael D. Smith". The signature is written in a cursive, flowing style.

Michael D. Smith

Chief Executive Officer

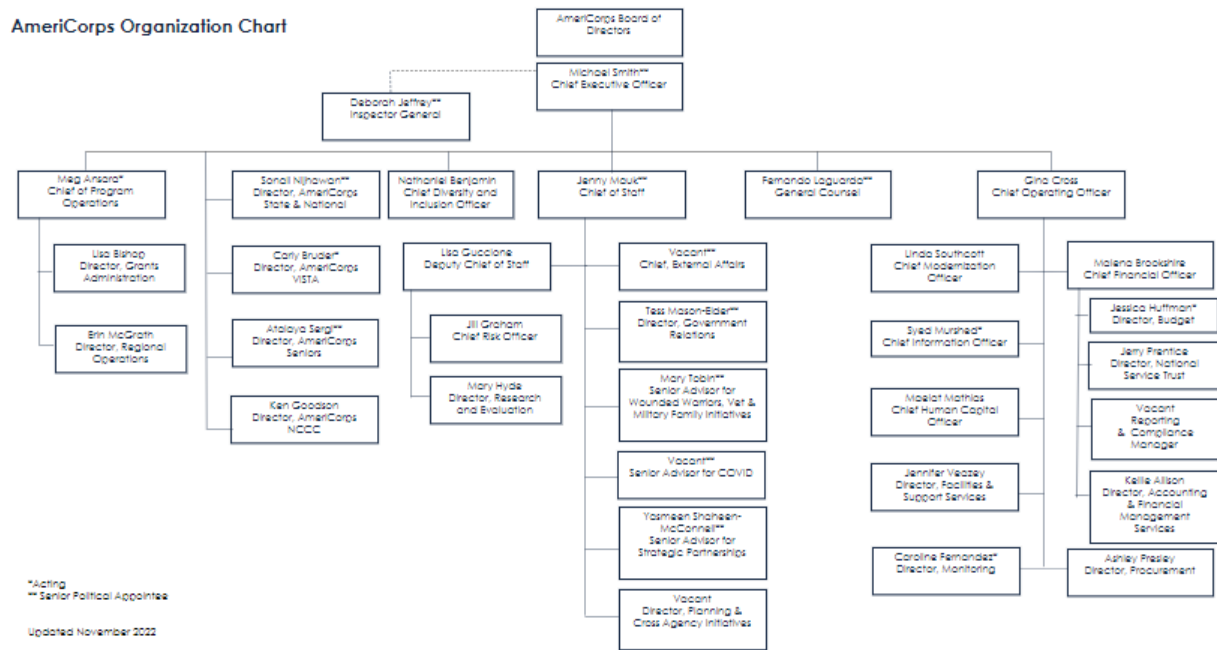
AmeriCorps

I. MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

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 major programs and initiatives.²

B. ORGANIZATIONAL CHART



² AmeriCorps' authorizing statutes, which contain additional legislative detail for each program, can be found at: [Statutes and regulations | AmeriCorps](#)

C. AGENCY ANNUAL PERFORMANCE REPORT AND PLAN

This section provides information required by the Government Performance and Results Act Modernization Act of 2010.³ [AmeriCorps' Strategic Plan](#) was released in March 2022, and the following section discusses the agency's progress to achieving its strategic goals. AmeriCorps continues to collect and validate FY 2022 performance data and those indicators will be reported in AmeriCorps' 2024 Congressional Budget Justification released with the President's Budget. This section provides preliminary results.

Goal 1 - Partner with Communities to Advance Racial Equity and Alleviate Poverty

Objective No.	Measure Data	2022 Targets	2022 Actuals	2023	2024	2025	2026
1.1	Number of people helped (COVID/Health)	3,533,009	TBD	3,616,214	3,710,645	3,687,043	3,776,501
1.2	Number of people helped (Climate)	429,081	TBD	425,108	427,564	339,450	342,055
1.3	Number of people helped (Education/Economic Opp)	1,581,313	TBD	1,569,093	1,579,696	1,269,587	1,280,835
1.4	Percent of all those served by AmeriCorps who are people in poverty	TBD	TBD	25	30	35	40
1.5	Diverse Participants - Numerical Performance Goal ⁴	TBD	TBD	TBD	TBD	TBD	TBD

Performance Highlights

In FY 2022, the agency continued to partner with communities to advance equity and alleviate poverty helping them address critical health, education, economic, and environmental challenges, many of which were exacerbated by the COVID-19 pandemic.

- In response to the pandemic, AmeriCorps members and AmeriCorps Seniors volunteers across all 50 states and U.S. territories provided pandemic assistance to more than 12.5 million Americans – supporting vaccination, contact tracing, testing,

³ Government Performance Results Act, as amended; Pub. L. 111-352; Pub. L. 103-62

⁴ This item reflects AmeriCorps' intent to capture a measure for Objective 1.5 in the agency's strategic plan: recruit a diverse corps of members and volunteers who reflect those we are serving.

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.

- With a \$400 million investment from the Centers for Disease Control and Prevention, AmeriCorps launched Public Health AmeriCorps – a new program to provide surge capacity to meet state and local public health needs while developing workforce pathways for public health careers. AmeriCorps awarded the first round of Public Health AmeriCorps grants totaling \$71.1 million to support over 3,000 new AmeriCorps members.
- AmeriCorps expanded its efforts to integrate climate change adaptation, mitigation, and resilience across its programming and support efforts to reduce greenhouse gas emissions, conserve lands and waters, and adapt to the changing climate. Last year, 16,000 AmeriCorps members and AmeriCorps Seniors volunteers improved more than 400,000 acres of parks and public lands; treated 14,500 miles of trails or rivers; weatherized or retrofitted more than 7,000 homes or public structures; protected or restored nearly 1,000 structures after natural disasters; and provided environmental stewardship education and training to more than 200,000 individuals.

Goal 2 - Enhance the Experience for AmeriCorps Members and AmeriCorps Seniors Volunteers

Objective No.	Measure Data	2022 Targets	2022 Actuals	2023	2024	2025	2026
2.1	Percentage of AmeriCorps members who complete their service term	81	TBD	83	85	87	89
2.2	Percent completion of member/volunteer management system implementation plan	30	TBD	60	100	N/A	N/A
2.3	Percent of members offered professional development	55	TBD	60	65	70	75
2.3	Percent of senior volunteers offered professional development	10	TBD	15	20	25	30

Performance Highlights

In FY 2022, the agency continued to enhance the experience for AmeriCorps members and AmeriCorps Seniors volunteers.

- The agency made progress on its priority goal of increasing the AmeriCorps living allowance in order to advance racial and economic equity, remove barriers to service, recruit and retain more diverse members and volunteers that reflect the communities they serve, and empower members and volunteers to thrive and complete their terms of service. AmeriCorps State and National's FY 2022 minimum living allowance was \$16,502. AmeriCorps VISTA also implemented increases to the minimum living allowance, raising it to \$17,600 in FY 2022.
- To improve the agency's recruitment, in FY 2022 AmeriCorps created and staffed a Centralized Recruitment Office to coordinate recruitment activities across the programs, develop and implement outreach strategies and public awareness campaigns, and support current grantees efforts to focus on recruitment. Given the challenges faced by organizations in every sector in terms of recruiting talent in the current labor market, AmeriCorps is working to increase its investments in the Centralized Recruitment Unit, hire additional recruitment staff in the Regional Offices, expand staff capacity to analyze data on recruitment, upgrade our IT efforts that support recruitment, and develop national promotional and recruitment materials.
- AmeriCorps celebrated the tenth anniversary of FEMA Corps, a 10-year partnership between FEMA and the AmeriCorps NCCC program that engages 18-26-year-olds in a year of full-time service to provide critical support to individuals and communities impacted by natural and man-made disasters while gaining professional development experience. As they assist individuals and families recovering from disasters, FEMA Corps members acquire skills, training, and experience to prepare them for emergency management careers at FEMA, state or

local government, or the nonprofit sector. FEMA values FEMA Corps as a workforce pipeline - the agency has hired 23 percent of FEMA Corps graduates and offered jobs to 70 percent of the most recent graduating class.

Goal 3 - Unite Americans by Bringing Them Together in Service

Objective No.	Measure	Data	2022 Targets	2022 Actuals	2023	2024	2025	2026
3.1	Percentage of the American public aware (aided awareness) of AmeriCorps' role bringing Americans together to serve communities		35	TBD	45	55	65	75
3.1	Percentage of Americans who are favorable towards national service		30	TBD	36	45	55	66
3.2	Number of incremental MSYs, VSYs and Volunteers above baseline		2,678	TBD	TBD	TBD	TBD	TBD
3.3	Percent of members and volunteers will report they feel a strong affiliation to AmeriCorps		Develop Tool	TBD	Launch Tool	TBD	TBD	90
3.4	Number of States (and DC) in which 1-in-3 adults will volunteer at least once a year		29	TBD	35	41	47	51

Performance Highlights

In FY 2022, the agency continued to unite Americans by bringing them together in service.

- AmeriCorps completed the FY 2022 Days of Service grant competition, resulting in 17 awards to organizations based in 11 states and territories that will engage approximately 135,000 people in service. These grants, totaling \$3 million, will support volunteer initiatives that foster civic engagement and unity during the September 11th Day of Service and Remembrance and Martin Luther King, Jr., Day of Service in 2023.
- AmeriCorps' Volunteer Generation Fund grants to State Service Commissions supported the recruitment of an estimated more than 180,000 volunteers in FY 2022 and built the capacity of a projected 6,100 nonprofit and community organizations to recruit and manage volunteers as well as increase the effectiveness of volunteers in addressing local challenges.

Goal 4 – Effectively Steward Federal Resources

Objective No.	Measure	Data	2022 Targets	2022 Actuals	2023	2024	2025	2026
4.1	Percent of frontline staff report a healthy balance between providing training and technical assistance to grantees, sponsors, & partners and grant making and administrative functions on behalf of grantees, sponsors, & partners.		60	TBD	65	70	75	80
4.1	Percent of grantees are satisfied that AmeriCorps executed award actions in a timely manner.		60	TBD	65	70	75	80
4.2	Percent completion of grant management system implementation plan		30	TBD	60	100	N/A	N/A
4.3	Number of overdue grant closeouts		≤ 25	TBD	≤ 20	≤ 15	≤ 10	≤ 5
4.3	ASN - Annual improper payments \$ (% of total program)		>\$10M	\$21.5M	>\$10M	>\$10M	>\$10M	<\$10M
4.3	FGP - Annual improper payments \$ (% of total program)		>\$10M	\$21.8M	>\$10M	>\$10M	<\$10M	<\$10M
4.3	RSVP - Annual improper payments \$ (% of total program)		<\$10M	\$7.8M	<\$10M	>\$10M	<\$10M	<\$10M
4.3	SCP - Annual improper payments \$ (% of total program)		<\$10M	\$9.8M	<\$10M	>\$10M	<\$10M	<\$10M
4.3	Reduce the number of repeat material weaknesses to zero		<9	TBD	<9	<9	<9	0
4.3	Reduce the number of repeat significant deficiencies to zero		<9	TBD	<2	<2	<2	0
4.3	Percent of total annual contract volume that goes to small businesses and FAR socioeconomic programs		2	TBD	4	6	8	10

Performance Highlights

In FY 2022, the agency continued to address challenges impacting our progress toward effectively stewarding Federal resources. Efforts included:

- Investing in the Office of the Chief Financial Officer reforms and strategies such as hiring key financial management leadership and staff, implementing process improvements to core functions, and completing corrective action plan milestones.

- Strengthening the agency’s program monitoring activities to include enhancing monitoring tools and refining a grant risk model to inform monitoring decisions and align individual activities to specific risks.
- Assessing new tools provided to grantees that will help improve their compliance rates with criminal history checks, resulting in greater compliance.
- Providing support to grantees through tools and resources that strengthen awardees work in evidence building and share effective practices to help scale evidence-based interventions.

Goal 5 – Make AmeriCorps One of the Best and Most Equitable Places to Work in the Federal Government

Objective No.	Measure Data	2022 Target	2022 Actual	2023	2024	2025	2026
5.1	Employee engagement score on the Partnership for Public Service Best Places to Work index	63	TBD	68	73	78	83

Performance Highlights

In FY 2022, the agency continued to carry out efforts to make AmeriCorps one of the best and most equitable places to work in the Federal government. For example, AmeriCorps hired qualified staff in financial management positions and awarded performance bonuses to those who demonstrated exceptional and outstanding results. Additionally, AmeriCorps continued to conduct a comprehensive workforce analysis. Preliminary findings include the following actions from which the agency could benefit:

- Strengthening information management practices through implementation of new or updated procedures, workflows, policies, and training;
- Implementing a Customer Relationship Management system to manage engagements with external organizations, which would strengthen role clarity and performance in this area;
- Increasing training and development opportunities to close competency gaps. More robust training and templates to improve work efficiency, processes, and grow expertise to close competency gaps; and
- Strengthening communication flow across programs to improve accountability and clarify roles and responsibilities.

AmeriCorps is currently assessing these results and anticipates implementing related improvements. As the agency strengthens its related processes, it looks forward to sharing progress in future performance reports. Finally, AmeriCorps will release FY 2022 Federal Employee Viewpoint Survey results in quarter 1 of FY 2023.

D. ANALYSIS OF FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION (UNAUDITED)

The accompanying FY 2022 financial statements have been prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB.

Table of Key Measures
(in thousands)

Balance Sheet	Unaudited 2022	Unaudited 2021	Unaudited %Change
Assets			
Fund Balance with Treasury Investments, Net and Related Receivables	\$ 2,562,211	\$ 2,364,927	8%
Accounts Receivable, Net	1,078,367	1,011,223	7%
Advances to Others	2,383	3,267	(27%)
Property and Equipment, Net	38,575	87,091	(56%)
Total Assets	\$ 3,684,224	\$ 3,469,744	6%
Liabilities			
Accounts Payable	\$ 119,841	\$ 158,127	(24%)
Advances from Others	106,157	6,445	1,547%
Trust Service Award Liability	339,761	355,824	(5%)
Federal Employee Benefits Payable	13,701	13,915	2%
Other Liabilities	19,154	10,593	75%
Total Liabilities	\$ 598,614	\$ 544,904	10%
Net Position			
Total Unexpended Appropriations	2,004,337	2,132,473	(6%)
Total Cumulative Results of Operations Collections	1,081,273	792,367	36%
Total Net Position	\$ 3,085,610	\$ 2,924,840	5%
Total Liabilities and Net Position	\$ 3,684,224	\$ 3,469,744	6%

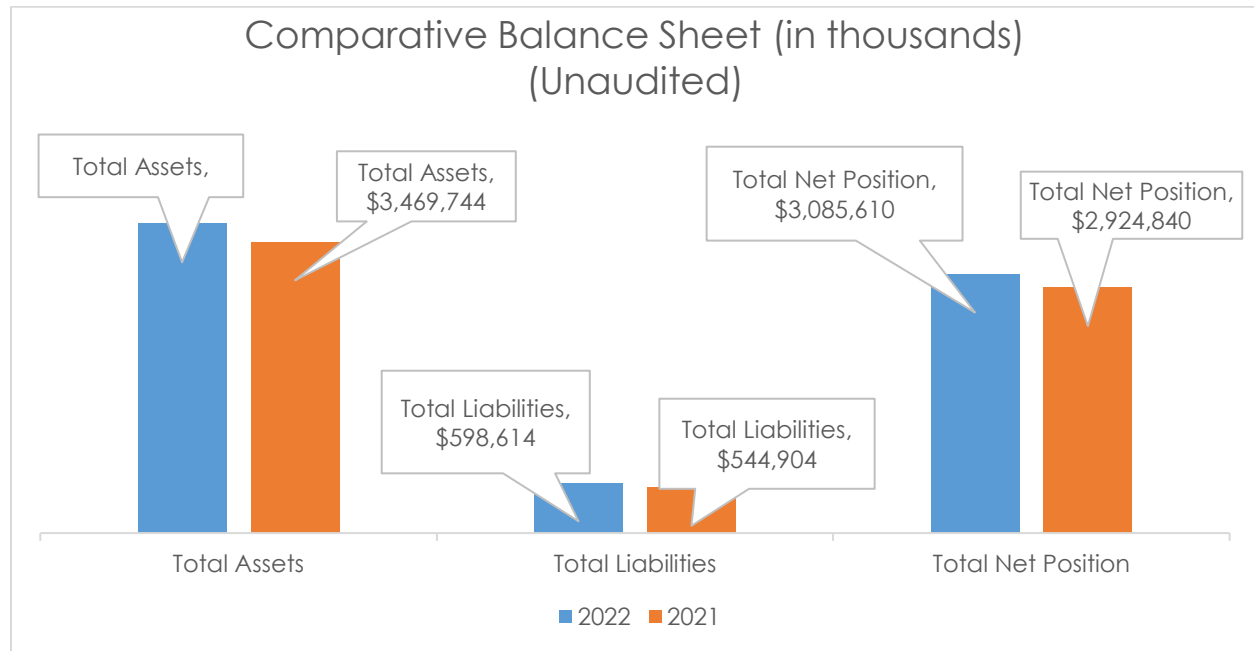
Table of Key Measures
(in thousands)

Statement of Net Cost	Unaudited 2022	Unaudited 2021	%Change
Gross Costs	\$ 995,834	\$ 920,469	8%
Less: Earned revenue	(28,438)	(21,050)	(35%)
Net Cost of Operations	\$ 967,396	\$ 899,419	8%

Statement of Budgetary Resources:	Unaudited 2022	Unaudited 2021	%Change
Unobligated Balance from prior year budget authority, net (discretionary and mandatory)	\$ 1,691,843	\$ 595,010	184%
Appropriations (discretionary and mandatory)	1,537,162	2,475,596	(38%)
Spending authority from offsetting collections (discretionary and mandatory)	126,103	12,735	890%
Total Budgetary Resources	\$ 3,355,108	\$ 3,083,341	9%

Balance Sheet (Unaudited)

The Balance Sheet provides an overview of AmeriCorps' financial position as of September 30, 2022 and 2021. The statement displays the current and future economic benefits owed or available for use (assets), amounts owed (liabilities) and the residual amount (net position) as of September 30th.

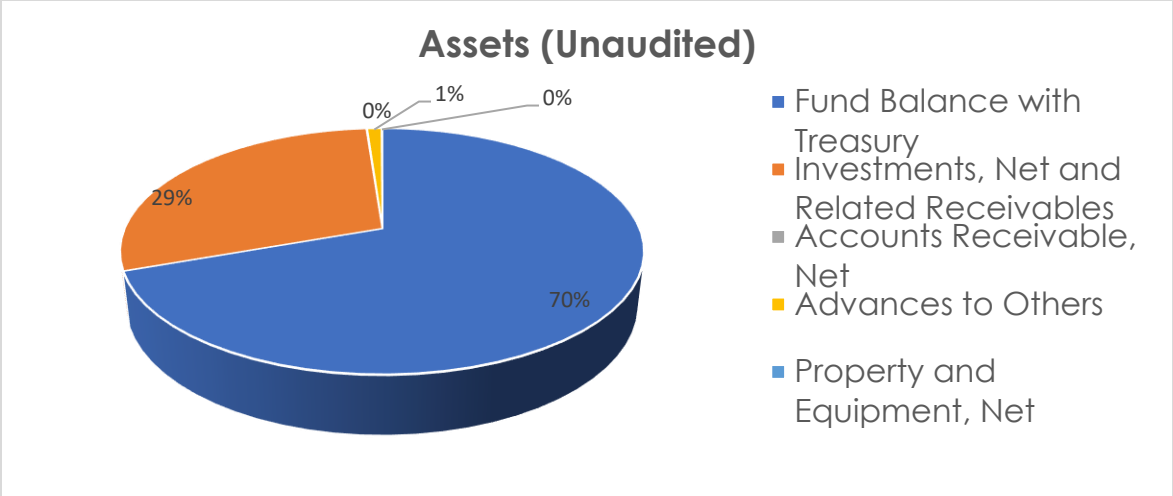


Assets (Unaudited)

As of September 30, 2022 and 2021, AmeriCorps had \$3.68 billion and \$3.47 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.

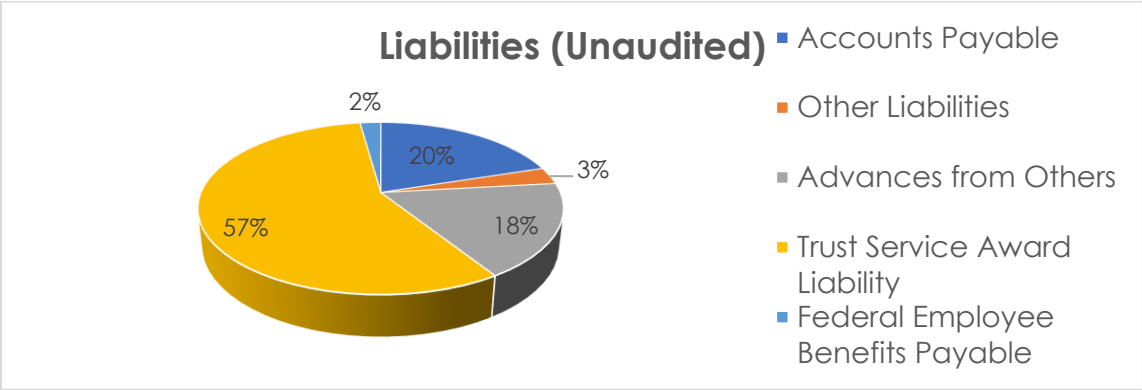
FBWT is the largest asset class, representing 70 % of total assets. FBWT increased by 8% in FY 2022 due primarily to receipt of additional appropriated funds in FY2022.

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 2022, there was a 7% increase in investments due primarily to an increase in investment activities.



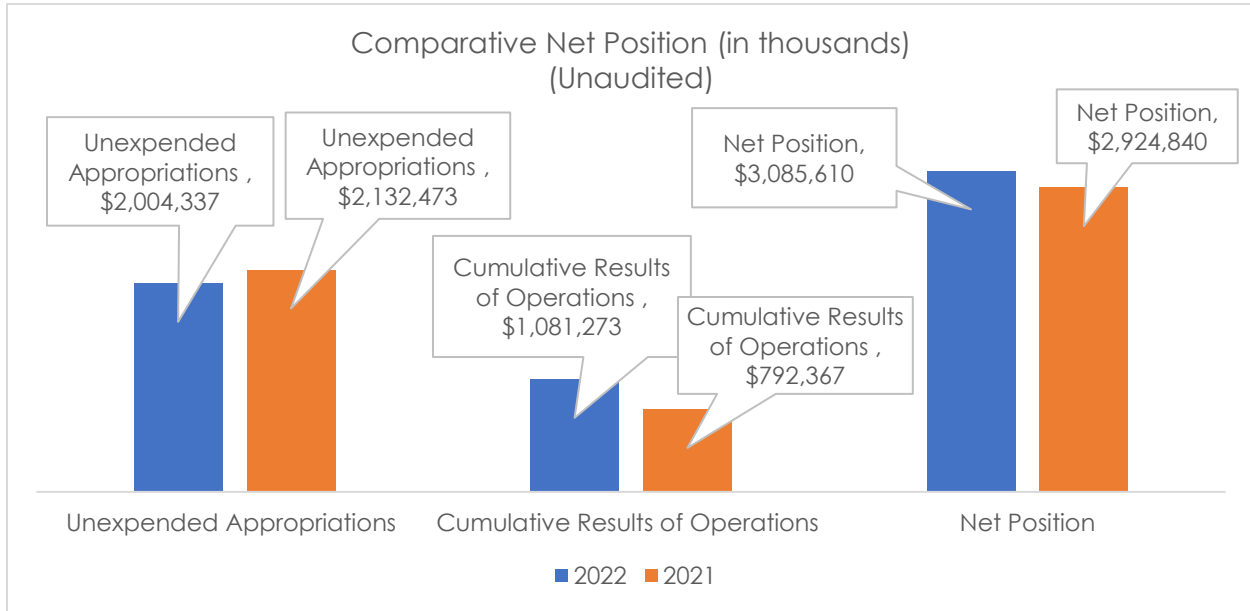
Liabilities (Unaudited)

AmeriCorps liabilities, or amounts owed, were \$599 million and \$545 million as of September 30, 2022 and 2021, respectively. The majority of the liabilities are \$340 million in Trust Service Award and \$120 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.



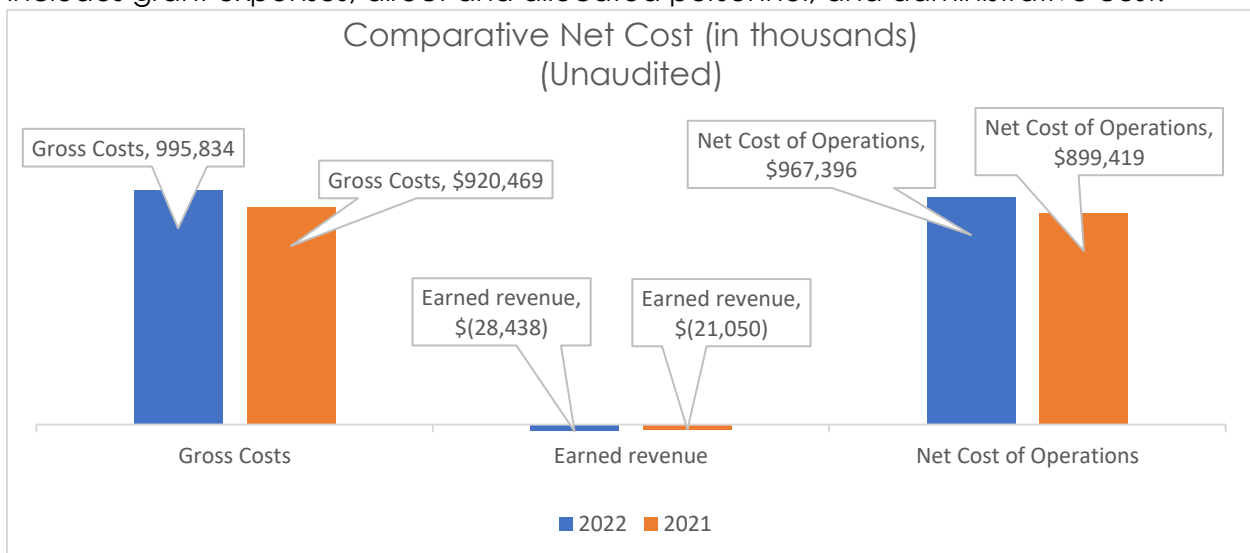
Net Position (Unaudited)

AmeriCorps' Net Position is the difference between assets and liabilities as of September 30, 2022 and 2021. Changes in Net Position result from changes in the cumulative results of operations.



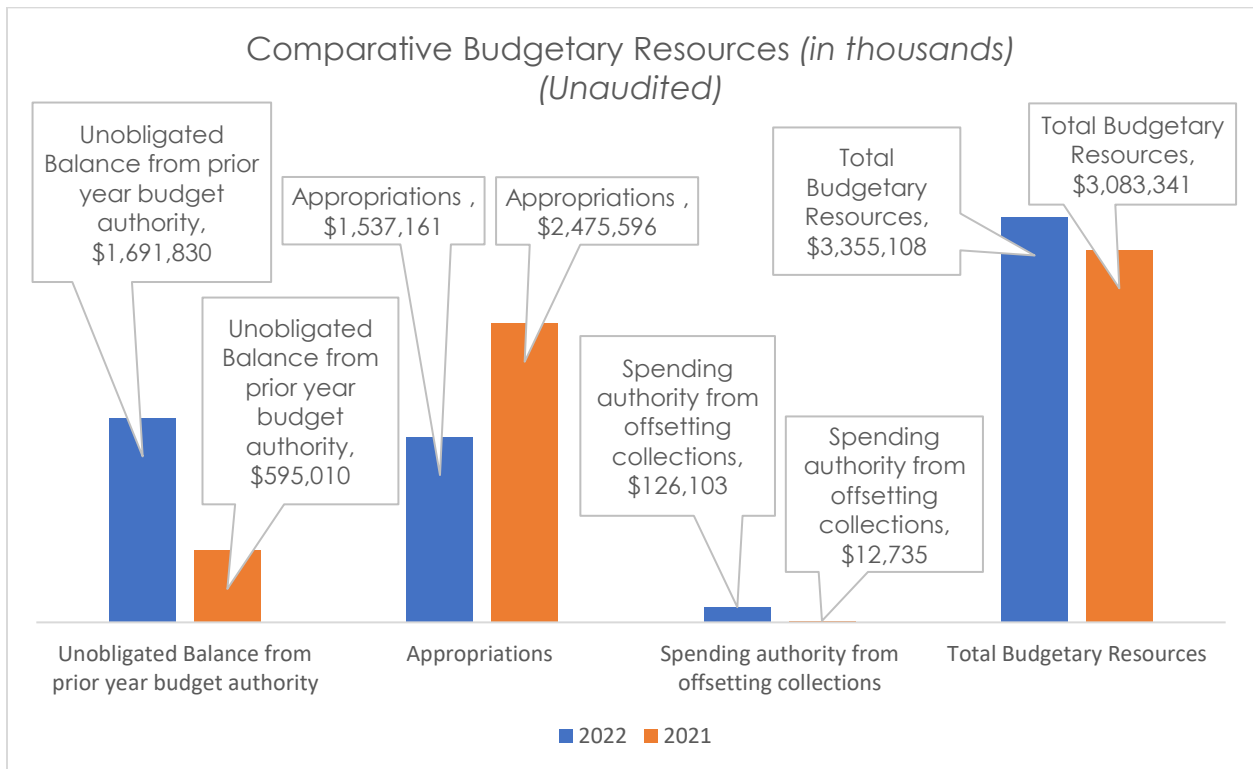
Statement of Net Cost (Unaudited)

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 years ending September 30, 2022 and 2021 were \$967 million and \$899 million, respectively. The 8% increase in operating cost in FY 2022 is mostly due to the increase 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 (Unaudited)

The statement of budgetary resources represents AmeriCorps' budgetary resources, which comes from unobligated balances from prior-year appropriations, new appropriations, spending authority from offsetting collections, and receipts from other sources such as collections of disallowed costs from grantees at the end of the reporting fiscal year. In FY 2022, AmeriCorps had a 38% reduction in appropriations due to additional appropriations received from the American Rescue Plan.



**E. ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE
(UNAUDITED)**



FY 2022 Statement of No Assurance

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

During Fiscal Year 2022, AmeriCorps continued work on areas identified as material weaknesses in prior years' audits and continued to stabilize its control environment after its strategic decision to move financial and other systems to a shared service provider. The agency is making sustainable progress to address audit findings and improve financial management with investments in people and systems. Reaching a clean audit opinion and addressing the root causes of the agency's past challenges will be a multi-year process, but AmeriCorps is committed to effective stewardship of federal resources and will continue its efforts toward a robust and stable control environment, implementation of audit remediation and, ultimately, a clean audit opinion.

A handwritten signature in black ink, appearing to read 'Michael D. Smith'.

Michael D. Smith
Chief Executive Officer
AmeriCorps



List of FY 2022 Material Weaknesses

Audit Area	NFR #	Description of Material Weakness	First Year Reported
Migration to Shared Service*	FY22-01	<p>AmeriCorps did not devote sufficient resources to complete general ledger account configuration and compatibility issues. Configuration and compatibility issues still exist:</p> <ul style="list-style-type: none"> •Reclassification of pre-conversion entries erroneously recorded as direct fund instead of reimbursable fund. •Corrections of remaining prior year balances due to de-obligation of open agreements that needed to be closed out. •Correction of pre-conversion entries relating to wrong posting logic in Momentum. 	2021
Internal Control Program (FMFIA)	FY22-02	<ol style="list-style-type: none"> 1. AmeriCorps did not effectively implement all Corrective Action Plans (CAPs) to resolve the nine material weaknesses and one significant deficiency reported in the prior year's audit 2. AmeriCorps' entity-level control risk assessment is not consistent with the prior years' audit results nor with observations of the current year's result 3. AmeriCorps' Grants Financial Management Process Narrative updated as of March 2022 did not identify a control gap to verify the accuracy of AmeriCorps' reporting of Advances and Prepayment 	2018
Trust Obligation and Liability Model (TOLM)	FY22-03	<p>The data input validation to the Trust Obligation Liability Model (TOLM) is not scheduled to be completed until fiscal year 2023. Management's methodology is subject to change after an assessment of the underlying input data is completed.</p> <p>In addition, assumptions made in the TOLM and Calculator should consider expanding the subjective elements of the calculation to include changes in the way awards are utilized.</p>	2017
Recoveries of Prior Year Obligations	FY22-04	<p>For 31 of 53 samples, AmeriCorps recorded amounts for Recoveries of Prior Year Unpaid Obligations that were significantly different from the supported recovery amounts in the net amount of \$155,145,125 (\$155,187,151 in absolute). For Prior Year Recoveries (PYR) related to a grant closeout, the recovery amount did not equal the difference of the total amount awarded through the time of the grant closeout, less</p>	2018

List of FY 2022 Material Weaknesses (continued)

Audit Area	NFR #	Description of Material Weakness	First Year Reported
		total reported expenditures through the time of the grant closeout. For PYR related to an amendment on an active grant, the recovery amount did not agree to the amount de-obligated per the Notice of Grant Award.	
General Ledger Adjustments	FY22-05	AmeriCorps continues to rely heavily on journal entries (JEs) to correct financial reporting issues instead of fixing the root causes of the need for these JEs.	2022
Grants Accrual and Advances	FY22-06	<ol style="list-style-type: none"> 1. AmeriCorps has not assessed the accuracy of its Compound Method used to calculate its grant accrual. 2. AmeriCorps utilizes a rate of error to assess whether the accrual calculated is within an acceptable range. However, AmeriCorps did not establish a threshold or range for assessing reasonableness with its approach including its calculation of its rate of error. Additionally, there is a flaw in AmeriCorps' rate of error calculation, as AmeriCorps is using the net difference, which understates the actual rate of error that exists if absolute difference for each quarter were used. 3. AmeriCorps identified discrepancies in the grants payable and advance balances reported in the Momentum, Oracle, and PMS systems. 4. AmeriCorps erroneously used the liquidation amount in their grant advance validation process instead of using the estimated advance offset. 5. AmeriCorps overstated grant advances in 42 of 26 samples. Extrapolating auditor test results, AmeriCorps likely overstated grant advances by \$31.7 million or 85 percent. 6. AmeriCorps was unable to show evidence of how fixed priced grants were included in the grant accrual calculation or considered within the expenditures used to validate the accrual. 	2017
Financial Systems and Reporting*	FY22-07	<p>Auditors identified issues with Preparing and Reviewing Financial Reports, Adequate Support for Financial Information in a Timely Manner, Year-end Financial Reporting, Trust Fund Financial Reporting, and Year-End Trust Fund Financial Reporting. Issues include:</p> <ol style="list-style-type: none"> 1. AmeriCorps did not complete compliant, technical, editorial, and consistency reviews of its interim Fiscal Year (FY) 2022 Annual Management Report (AMR). 	2017

List of FY 2022 Material Weaknesses (continued)

Audit Area	NFR #	Description of Material Weakness	First Year Reported
		<p>2. Auditors noted issues in AmeriCorps' fluctuation analysis of balances, including lack of documentation regarding financial account balance fluctuation expectations, generic and nonspecific explanations for significant fluctuations, and overstatement in the "Appropriations Received" line item on the Statement of Changes in Net Position (SCNP) as of March 31, 2022.</p> <p>3. Inefficiencies were noted in AmeriCorps' SF 132 Apportionment and Reapportionment Schedule to SF 133 Report of Budget Execution and Budgetary Resources reconciliation.</p> <p>4. Excel spreadsheets were used to develop financial statements introducing vulnerability to human error.</p> <p>5. AmeriCorps interim financial reporting was not compliant with U.S. GAAP and OMB Circular A-136.</p> <p>6. AmeriCorps' internal control failed to identify errors in its consolidated financial statements as of and for the year ended September 30, 2022.</p> <p>7. AmeriCorps' internal control failed to identify errors on its Trust Fund Financial statements as of June 30, 2022.</p>	
Grant Undelivered Orders and Related Grant Expenditures**	FY22-08	The difference between the Notice of Grant Award's (NGA) award amount and the Payment Management System (PMS) grant expenditures did not agree with the Undelivered Order (UDO) amount recorded in the General Ledger (GL) for 72 of the 108 grant samples selected. Additionally, expenditures for 15 grants reported in the PMS did not reconcile to the grant expenditures recorded in Momentum as of 06/30.	2018
Non-Grant Undelivered Orders and Accounts Payable (Accounts Payable and Undelivered Orders-Procurement) ***	FY22-09	<p>In 31 of 45 procurement samples, the difference between the original procurement documents plus or minus modifications (if any) and the expenditures did not agree with the UDO amount recorded in the General Ledger (GL).</p> <p>For six samples tested, the appropriate authorization for the current or amended contract was missing.</p> <p>AmeriCorps' current Accounts Payable (AP) accrual methodology needs improvement. As of the interim testing, AmeriCorps is awaiting the results of the AP lookback analysis for Q3 2022 to develop their new methodology.</p>	2018

List of FY 2022 Material Weaknesses (continued)

Audit Area	NFR #	Description of Material Weakness	First Year Reported
Knowledge GAP throughout Financial Management Operations	FY22-10	The recurring annual disclaimer of opinion on AmeriCorps' financial statements and the repeat material weaknesses are indicative of knowledge gaps at all levels of AmeriCorps' financial management operation. Management has not demonstrated adequate knowledge and understanding of (1) Federal accounting standards, (2) Federal financial reporting, (3) effective financial management practices (i.e., people, processes, and systems), and (4) the proper internal control environment that mitigates risk.	2022
Advances from Others	FY22-13	AmeriCorps was unable to provide underlying support for the advance liquidation amounts and was unable to provide sufficient documentation to explain the basis for the standard voucher entries nor provide additional documentation to support the amount recorded through the standard vouchers. Auditors were unable to ascertain the entire Advances from Others amount of \$106,156,295 as of September 30, 2022.	2022
Other Liabilities	FY21-1	AmeriCorps should reconcile the amounts reported for other liabilities and verify all transactions are supported and properly classified and should strengthen internal reporting financial controls, including the proper posting of member payroll.	2018
Property & Equipment *		AmeriCorps inconsistently applies its capitalization policy.	2019
Fund Balance with Treasury*		1. Policies and procedures are not in place to govern the reconciliation of Fund Balance with Treasury business process. 2. Inability to test a critical control for operating effectiveness due to resolution timing.	2021
Accounts Receivable *		1. Inability to test critical controls for operating effectiveness due to resolution timing.	2022

* AmeriCorps Internal Control Program identified a material weakness in this process in FY2022.

** AmeriCorps Internal Control Program identified a significant deficiency in this process in FY2022

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

II. FINANCIAL SECTION (UNAUDITED)

A. MESSAGE FROM THE CHIEF FINANCIAL OFFICER

It is my privilege to join the CEO of AmeriCorps in presenting the FY 2022 Annual Management Report. The financial statements and accompanying information are an integral part of the AMR, providing an in-depth account of the activities and challenges to effectively steward taxpayer dollars and achieve a clean audit report. Further, the financial statements support AmeriCorps' commitment to be transparent and accountable.

In FY 2022, the Office of the Inspector General engaged to audit AmeriCorps' financial statements, and focused on areas of findings and recommendations the agency has begun to make progress on addressing. On September 12, 2022, the auditors issued a letter stating their intent to issue a disclaimer of opinion on the financial statements.

AmeriCorps leadership has set a high expectation that accountability for financial management and reform is paramount at all levels of the agency. In FY 2022, AmeriCorps implemented a rigorous process to remediate significant, persistent challenges through corrective action plans that were refined using the auditors' feedback and through ongoing engagement at all levels of the agency. Sustained improvements to our internal controls and core financial management functions has been a multi-year effort.

This year, the agency continued increasing the quality, reliability, and value of core financial management services and enhanced operational productivity. FY 2022 marked the second full year the agency utilized a shared services platform for financial management, procurement, and travel functions. Through this platform, the agency receives expert technical support. As a result, the agency has observed improved reporting capabilities in core areas, including status of funds, trial balance, and financial statements. The platform also provides access to detailed schedules of subledger accounts, detailed payroll reports with complete line of accounting, and detailed procurement and travel reports. Also, AmeriCorps can now run Governmentwide Treasury Account Symbol and DATA Act data automatically with minimal manual adjustments.

There is still much work to do to improve and strengthen AmeriCorps' ability to maintain the highest financial management and operational standards. Stabilization under shared services and modernization of legacy systems are two key initiatives intended 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.

AmeriCorps continues to focus on key strategies and reforms to improve agency financial management, internal controls, and agency audit resolution, including

investing 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 will continue to strengthen core business operations to make ambitious 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, 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.

In service,

Malena Brookshire

Malena Brookshire
Chief Financial Officer
AmeriCorps

**B. INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)D)**



AmeriCorps

OFFICE OF INSPECTOR GENERAL

AUDIT OF AMERICORPS' FISCAL YEAR 2022 CONSOLIDATED FINANCIAL STATEMENTS

OIG Report 23-01

Prepared by:

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



November 19, 2022

MEMORANDUM TO: Michael D. Smith
Chief Executive Officer

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

SUBJECT: Audit of AmeriCorps' Fiscal Year 2022 Consolidated Financial Statements, OIG Report 23-01

We contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to audit the consolidated financial statements of AmeriCorps for the fiscal year (FY) ended September 30, 2022. The contract required RMA to express an opinion on whether AmeriCorps' FY 2022 financial statements are fairly presented, in all material respects; report on internal controls over financial reporting; and report on compliance with the provisions of laws, regulations, contracts, and grant agreements. The contract also required RMA to conduct the audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS), and other applicable standards.

- **Disclaimer of Opinion:** AmeriCorps could not provide sufficient appropriate evidential matter to support the amounts in the consolidated financial statements due to inadequate processes, controls, and records to support transaction and account balances. As a result, RMA could not determine the effect of the lack of sufficient appropriate audit evidence on AmeriCorps' financial statements as of and for the year ended September 30, 2022. Furthermore, due to the limitations described above, RMA was not able to perform the required tests of controls and compliance.
- **12 material weaknesses and two significant deficiencies** in AmeriCorps' internal control over financial reporting. RMA reported the following material weaknesses and two significant deficiencies, Information Technology Security Controls (Modified Repeat) and Accounts Receivable and Allowance for Doubtful Accounts (Repeat), as described in [Exhibits I and II](#) of this report:
 1. Knowledge Gap throughout Financial Management Operations (New)
 2. Internal Controls Program (FMFIA)- (Modified Repeat)
 3. Financial Reporting (Modified Repeat)

4. General Ledger Adjustments (Modified Repeat)
 5. Undelivered Orders – Grants and Grant Activity (Modified Repeat)
 6. Undelivered Orders – Procurement and Accounts Payable (Modified Repeat)
 7. Trust Obligations and Liability Model (Modified Repeat)
 8. Recoveries of Prior Year Obligations (Modified Repeat)
 9. Grant Accruals and Advances (Modified Repeat)
 10. Advances from Others (New)
 11. Migration to Shared Service (Modified Repeat)
 12. Other Liabilities (Repeat)
- RMA considered AmeriCorps’ compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, RMA does not express such an opinion.

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

RMA is responsible for the attached independent auditors’ report, dated November 18, 2022, and the conclusions expressed therein. However, our review disclosed no instances where RMA did not comply, in all material respects, with GAGAS.

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

We were engaged by AmeriCorps' Office of Inspector General to audit the accompanying financial statements of AmeriCorps, which comprise the consolidated balance sheet as of September 30, 2022, the related consolidated statements of net cost and changes in net position, and the combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements (referred to herein as the financial statements).

Disclaimer of Opinion

Due to the significance of the matters described in the Basis for Disclaimer of Opinion 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 2022 financial statements.

Basis for Disclaimer of Opinion

AmeriCorps could not provide sufficient appropriate evidential matter to support the amounts in the consolidated financial statements due to inadequate processes, controls, and records to support transaction and account balances. As a result, we cannot determine the effect of the lack of sufficient appropriate audit evidence on AmeriCorps' financial statements as of and for the year ended September 30, 2022. Due to the limitations described above, we were not able to perform the required tests of controls and compliance. Furthermore, the financial statements and accompanying notes as of and for the year ended September 30, 2022 (1) were not in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), (2) were not in compliance with the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, (OMB A-136), and (3) had mathematical errors and inconsistencies.

Other Matter

The financial statements of the prior period were engaged to be audited by a predecessor auditor. The predecessor auditor issued a disclaimer of opinion as of and for the year ended September 30, 2021. The predecessor auditor report was dated November 8, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the U.S. generally accepted auditing standards; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the U.S.; and OMB Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because we were not provided with the information timely. We do not express an opinion or provide any assurance on the information.

Other Information

Management is responsible for the other information presented in the Annual Management Report. The *Message from the Chief Executive Officer* and *Other Information* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and we do not express an opinion or any form of assurance thereon.

In connection with our engagement to audit basic the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information that otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

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

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

Furthermore, we were not able to perform the applicable tests of controls due to the aforementioned scope limitation and inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the financial statements.

Report on Compliance and Other Matters

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

Furthermore, we were not able to perform the applicable tests of 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 statements.

Management's Response to Audit Findings and Recommendations

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

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

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section of this report is solely to describe deficiencies we consider to be material weaknesses and significant deficiencies, the scope of our testing of compliance and results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

RMA Associates

Arlington, VA
November 18, 2022

Exhibit I – Material Weaknesses

I. Knowledge Gap throughout Financial Management Operations (*New*)

The recurring annual disclaimer of opinion on AmeriCorps’ financial statements and the repeat material weaknesses are indicative of knowledge gaps at all levels of AmeriCorps’ financial management operation. Management has not demonstrated adequate knowledge and understanding of (1) Federal accounting standards, U.S. GAAP promulgated by FASAB, (2) Federal financial reporting requirements provided by OMB A-136, (3) effective financial management practices (i.e., people, processes, and systems), and (4) the internal control environment necessary to mitigate the associated risks. Without the proper subject matter experts that can assist in creating sustainable processes and systems that operate effectively in a U.S. GAAP-compliant environment, AmeriCorps is unable to develop, implement, and execute an effective internal control environment, which includes people, processes, and systems.

Furthermore, AmeriCorps’ inability to invest sufficient resources to recruit, train, and retain financial management personnel at all levels with the requisite knowledge, skill, and experience in sound financial management has led to its (1) ineffective operations, (2) repeat deficiencies in internal control, and (3) inadequate processes to address changes to accounting standards issued by FASAB and reporting requirements provided by OMB. Without sound financial management, AmeriCorps cannot report accurately to Congress, the public, and other stakeholders about its stewardship of Federal funds and credibly hold grantees accountable for their financial management practices.

We recommend AmeriCorps:

1. Complete a detailed performance diagnostic and gap analysis on AmeriCorps’ financial management personnel, processes, and systems, including a root cause analysis, and then develop, design, and implement a plan toward short- and long-term executable goals. (*New*)
2. Perform intermediate assessments of the effectiveness of its executed plans and final evaluations of its financial management operations to ensure desired results are achieved. (*New*)
3. Recruit financial leaders with relevant Federal financial management capabilities. (*New*)
4. Implement core and specialized training to develop competencies in internal control and financial management, including the development of hands-on workshops to address existing and future standards, and financial management and reporting requirements. (*New*)

II. Internal Controls Program (FMFIA) (*Modified Repeat*)

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 regulations. 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, *Management's Responsibility for Enterprise Risk Management and Internal Control*, (OMB A-123), and GAO's Standards for Internal Control in the Federal Government (GAO Green Book). In management's statement of no assurance dated October 28, 2022, AmeriCorps acknowledged that its system of internal controls does not currently provide the necessary level of assurance in any of the three required areas.

Although AmeriCorps made some improvements in developing and monitoring Corrective Action Plans (CAPs) and hired additional resources to help support financial operations, AmeriCorps continues to have internal control deficiencies. More specifically:

- As management recognized, AmeriCorps lacked the capacity to effectively implement all its CAPs during FY 2022 sufficiently to resolve the nine material weaknesses and one significant deficiency reported in the prior year's audit report.
- AmeriCorps did not conduct tests of design and effectiveness to ensure its CAPs resolved the prior year's findings.
- AmeriCorps advised that it had completed CAPs for material weaknesses, but the new controls and revised procedures intended to address the prior year's identified issues did not remedy them.
- AmeriCorps' entity-level control risk assessment is not consistent with the prior years' audit results nor with observations of the current year's results. AmeriCorps rated 15 of the 17 entity-level control principles as medium risk and two as high risk. We disagree with some of these ratings:
 - **Medium Risk - Principle 9 – Identify, Analyze, and Respond to Changes that could impact the internal control system.**¹ AmeriCorps did not originally appreciate the magnitude of the risks associated with the data migration to the Administrative Resource Center (ARC) within the U.S. Treasury Department's Bureau of Fiscal Services, such as interface issues between Momentum and Oracle, and did not devote the necessary level of effort and resources to clean-up and support financial information prior to the migration. These difficulties, which AmeriCorps knew of by FY 2022, plus the delays in implementing changes to the Trust Model, Grant Accrual, and Accounts Payable methodologies, together contributed substantially to this year's disclaimer. Accordingly, we do not see how this principle could reasonably be regarded as medium risk.
 - **Medium Risk - Principle 17 – Management remediates identified internal control deficiencies on a timely basis.**² The repeated material weaknesses and disclaimer status since FY 2017 demonstrate that internal control deficiencies are not being remediated in a timely manner. The likelihood and impact of this risk are both extremely high.

¹ GAO's Standards for Internal Control in the Federal Government (GAO Green Book), Section 9.01

² GAO's Standards for Internal Control in the Federal Government (GAO Green Book), Section 17.01

- AmeriCorps' Grants Financial Management Process Narrative updated as of March 2022 did not identify a control gap to verify the accuracy of AmeriCorps' reporting of Advances and Prepayments, which is adjusted based on the grant accrual estimate. Grants Payable and Advances has been reported as a material weakness for the previous three audit cycles and is again reported as a material weakness in FY 2022.

We recommend AmeriCorps:

5. Develop a process to understand the root causes and conditions behind each control deficiency and the discrepancies between the control deficiencies identified by AmeriCorps' internal control testing and those reported by the external auditors. The document should consider the information presented to the Risk Management Council and their decisions, as well as any other considerations used in determining the classification of the control deficiency. Furthermore, this understanding should be used to develop and implement CAPs to address the deficiencies. ***(Modified Repeat)***
6. Require each department head to be responsible and accountable for timely developing and implementing CAPs and require each department's staff to test the design and effectiveness of each CAP as implemented to ensure that it achieves the desired results. ***(New)***
7. Revise the Business Process Narratives to incorporate significant changes in the current financial and control environment. ***(New)***

III. Financial Reporting *(Modified Repeat)*

OMB A-123 requires agency management to establish and maintain internal controls to achieve, among other objectives, reliable financial reporting. All aspects of AmeriCorps' operations roll into its financial reporting and affect AmeriCorps' ability to produce reliable financial statements and disclosures. AmeriCorps' process for preparing and reviewing its financial statements continues to lack sufficient controls, and AmeriCorps did not produce financial information in a timely manner. When combined, the following deficiencies give rise to a material weakness in financial reporting:

- (1) Financial statements and accompanying notes were not prepared in accordance with U.S. GAAP,
- (2) Financial statements and accompanying notes were not prepared in compliance with the OMB A-136,
- (3) AmeriCorps did not provide sufficient quality control review and validation processes to identify inaccurate and abnormal balances in the financial statements,
- (4) The final draft of the Annual Management Report (AMR) was provided the late afternoon, November 14, 2022, which is the day before it was due with continued mathematical errors, inaccuracies, and prior year amounts that did not agree, and
- (5) AmeriCorps did not verify that its note disclosures were complete and accurate.

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

AmeriCorps failed to correct errors identified and communicated by the auditors relating to its June 30, 2022, consolidated financial statements, and the same errors continued to exist in the Draft September 30, 2022, consolidated financial statements provided for audit. Therefore, AmeriCorps' draft consolidated financial statements and accompanying notes as of and for the year ended September 30, 2022 were not in accordance with U.S. GAAP nor in compliance with OMB A-136. More specifically, AmeriCorps' financial statements and accompanying notes had prior year balances that did not agree with the reported prior year financial statements, balances that did not agree with provided evidential matter, note disclosures that were missing, incomplete, inaccurate, or incorrect and misleading, mathematical errors, and formatting errors.

For example, the following required note disclosures were missing on the Draft financial statements:

- Liabilities Not Covered by Budgetary Resources
- Commitments and Contingencies
- Unobligated Balances Brought Forward
- Restatement Disclosures
- Statement of Budgetary Resources disclosure related to information about legal arrangements affecting the use of unobligated balances of budget authority such as time limits, purpose, and obligation limitations
- Note 5, *General Property, Plant, and Equipment, Net*. did not disclose the roll forward of property, plant, and equipment.

The following required note disclosures were not provided timely or at all:

- Note 6, *Advances and Prepayments*
- Note 12, *Reconciliation of Net Cost to Net Outlays*
- Combining Statement of Budgetary Resources (if applicable to AmeriCorps)

Additionally, AmeriCorps did not properly present financial information and identify other errors in its consolidated financial statements and accompanying notes. For instance:

- 'Benefit Program Contribution Payable' and 'Federal Employee [and Veteran] Benefits Payable' has note references to Note 7, *Liabilities not Covered by Budgetary Resources*, but the amounts reported in the Balance Sheet do not agree to Note 7.
- Certain balances and line items in the financial statement did not agree with the trial balance provided as of and for the year ended September 30, 2022.
- AmeriCorps states that the financial statements were reclassified but did not annotate which financial statements and notes were reclassified. Additionally, the narrative in the note explained was unrelated to activities applicable to AmeriCorps.

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

Similar to prior years, AmeriCorps continued to struggle throughout FY 2022 in preparing, reviewing, and providing documentation to support its reported financial activity. In some cases, the information was not provided timely or completely, and in others, it was not provided at all. For example:

- AmeriCorps did not document financial account balance fluctuation expectations based on its operating environment and compare those expectations to the identified significant balance fluctuations for reasonableness. Additionally, the explanations provided for significant fluctuations were generic and did not specify the transactions, changes in operations, and trends that would provide insight into the root cause of the balance fluctuations.
- The ‘Appropriations Received’ line item on the Statement of Changes in Net Position (SCNP) for the period ended March 31, 2022 reflected the sum of the prior year and current year annual appropriations in the total amount of \$3.2 billion. The reported amount is overstated by \$2.1 billion since appropriations received in FY 2022 totaled \$1.1 billion. AmeriCorps’ internal controls did not identify this error in its review of the financial statements.
- AmeriCorps reported ‘Unapportioned, Unexpired Accounts’ of approximately \$200 million for the year ended September 30, 2022. AmeriCorps was unable to provide evidential matter to substantiate the reported balance.
- AmeriCorps did not reconcile its abnormal balances reported in the Government-wide Account (GWA) Statements. Specifically, the GWA Statement reported the following abnormal balances:
 - Gross Disbursements as of June 30, 2022 and September 30, 2022 reported abnormal balances of (\$132.1) million and (\$89.1) million, respectively.
 - Offsetting Collections as of September 30, 2022 reported an abnormal balance of (\$205.9) million.
- A significant number of reclassification issues were identified between the Central Accounting Reporting System (CARS) and the Oracle system relating to the use of incorrect Business Event Transaction Codes (BETC)³. Specifically, we noted material differences between the amounts recorded in CARS and Oracle related to the authority for \$340.0 million, transfers for \$1.4 million, gross disbursements for \$128.7 million, and offsetting collections for \$210.0 million.
- AmeriCorps’ current process over the SF 132, *Apportionment and Reapportionment Schedule*, to SF 133, *Report on Budget Execution and Budgetary Resources*, reconciliation, is not adequately documented to ensure amounts are consistent and accurate.

³ Business Event Type Code (BETC) indicates the type of activity being reported for a specific transaction (e.g., disbursements, payments, collections, borrowing, refund, etc.).

We recommend AmeriCorps:

8. Develop and implement effective controls, including a quality assurance process, necessary to ensure that: *(New)*
 - a. accounting and reporting are in accordance with U.S. GAAP and financial information is presented in compliance with OMB Circular A-136.
 - b. account balances are accurate as of and through the reporting period.
 - c. the proper validation, review, and approval over financial reporting and the AMR compilation.

9. Develop, identify and make available the training necessary to ensure that staff obtain and update the skills necessary to ensure compliance with: *(New)*
 - a. FASAB concept and accounting standards.
 - b. OMB A-123.
 - c. OMB A-136.
 - d. GAO Disclosure checklist.
 - e. Treasury’s U.S. Standard General Ledger annual update.
 - f. the correct use of the Business Event Transaction Codes (BETC) when submitting transactions to Treasury.

IV. General Ledger Adjustments (*Modified Repeat*)

AmeriCorps did not properly design and implement internal controls over manual journal entries and other adjustments to the General Ledger (GL). Management continues to rely heavily on journal entries (JEs) to correct financial reporting issues instead of addressing the root causes driving the need for many JEs. For the nine months ended June 30, 2022, AmeriCorps used JEs to record approximately \$19.3 billion in transactions (absolute value).

(Reported in millions)	June 30, 2020	June 30, 2021	June 30, 2022
Count of JEs	120	395	337
Total \$ Value of JEs	\$22,539.1	\$13,275.8	\$19,348.6

While the large dollar transactions in FY 2020 may have been attributable to clean-up efforts preceding the conversion to shared services, the use of manual journal entries continues to be substantial following the migration.

Additionally, in our sample testing of JEs, AmeriCorps did not complete all the description fields for 5 of 45 and JEs were improperly posted to incorrect accounts in 3 of 45 journal entries tested.

Therefore, the prior audit recommendations in Exhibit III remain open and unimplemented.

We recommend AmeriCorps:

10. Develop and implement financial reporting internal controls to analyze and address the root causes of the need for journal entries and the corrective actions in financial management systems to reduce the necessity of future journal entries. *(New)*

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

Undelivered orders (UDOs) reflect legally binding agreements for which AmeriCorps has not yet received the contracted good or service. AmeriCorps' legally binding agreement for a grant is a Notice of Grant Award (NGA). Delivered orders and the related expenses are incurred and recognized when grantees incur allowable grant expenses. AmeriCorps was unable to support the initial UDO amounts, along with related grant expenditure activity. The combination of these deficiencies in aggregate results in a material weakness in internal control related to UDO's grant activity.

Therefore, AmeriCorps is unable to report accurately the amount of its UDOs, as required by GAO's Green Book, which states, "Accurate and timely recording of transaction: Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

The difference between the NGA award amount and the Payment Management System (PMS) grant expenditures did not agree with the UDO amount recorded in the GL for 72 of the 108 grant UDO samples selected. AmeriCorps was unable to reconcile the total differences of approximately \$57.6 million. There should be no differences in the UDO balance between Momentum, where the Grants UDO is recorded, and the UDO balance derived from the net grant awards from NGA and the grant expenditure from PMS.

In addition, expenditures for 15 grants reported in the PMS did not reconcile to the grant expenditures recorded in Momentum.

Therefore, the prior audit recommendations in Exhibit III remain open and unimplemented.

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

UDOs reflect legally binding agreements for which AmeriCorps has not yet received the contracted good or service. Delivered orders and the related expenses are incurred and recognized when AmeriCorps obtains goods and services from the public or other Federal entities. AmeriCorps was unable to support the initial UDO amounts, along with related contracted activities and accounts payables. The combination of these deficiencies in aggregate results in a material weakness in internal control related to UDO activity and accounts payable.

Therefore, AmeriCorps is unable to report accurately the amount of its UDOs, as required by GAO’s Green Book, which states, “Accurate and timely recording of transaction: Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.”

AmeriCorps was unable to support the activity in its UDOs for 31 of 45 non-grant UDO samples. The original procurement documents plus or minus any modifications, and the expenditures did not agree with the UDO amount recorded in the GL. The total difference was \$36.1 million, and the absolute value was \$72.2 million. In addition, for six of the samples selected, the appropriate authorization for the current or amended contract was missing.

Finally, AmeriCorps has not implemented prior audit recommendations to document key controls in its accounts payable accrual methodology. Therefore, the prior audit recommendations remain open and unimplemented.

We recommend AmeriCorps:

11. Determine the root cause behind the differences noted in the UDO balance derived from the procurement documents and the expenditures and the recorded GL amount and take the appropriate steps in resolving the reason behind the variances that are occurring. ***(New)***
12. Strengthen controls to ensure proper authorization signatures on all contracts and amendments that require bi-lateral signatures for the proper execution of the award. ***(New)***
13. Develop and implement its Accounts Payable (AP) accrual methodology and perform tests of design and effectiveness over its UDO and AP accrual process. ***(Modified Repeat)***

Additional open repeat recommendations from the FY 2019 and 2021 audit report can be found in Exhibit III, Status of Prior Year Recommendations.

VII. Trust Obligations and Liability Model *(Modified Repeat)*

The National Service Trust holds the funds set aside to pay the education awards of national service members who successfully complete their service terms. Responsibility for the education awards that have been earned or will be earned in the near future is the largest liability on AmeriCorps’ financial statements at \$340 million. The liability is estimated based on historical data, including the number of filled member slots, the percentage of members who earn an education award by successfully completing their service terms, the rate and time at which members use the education awards that they have earned, and similar factors. In first quarter of FY 2019, AmeriCorps began to apply a new actuarial model (the Trust Obligation Liability Model or TOLM) to the member data. Although AmeriCorps originally committed to perform data validation in the third quarter of 2023, the validation is not scheduled to be completed until

FY 2024. Further, management advised that the methodology is subject to change after the agency conducts its data validation, depending on the results.

We recommend AmeriCorps:

14. Verify and validate the underlying input data to the TOLM. **(New)**
15. After the verification and validation, reassess its assumptions and consider expanding the subjective elements of the calculation (i.e., those based on changes to the economy and the job market) to include changes in the way awards are utilized. **(New)**

VIII. Recoveries of Prior Year Obligations (*Modified Repeat*)

Although AmeriCorps represented that its CAPs in this area were fully implemented, the changes have not resolved the substantial issues in the agency's reporting of its Recoveries of Prior Year Obligations. We sampled 53 prior-year recovery transactions and determined that the recovery amount per the support for 31 of 53 samples differed significantly from the amount reported by AmeriCorps. As a result, AmeriCorps overstated its Prior Year Recoveries by \$155.1 million (net) or 57 percent. The overstatement of Prior Year Recoveries arose because:

- Grant closeout samples did not equal the difference of the total amount awarded less total reported expenses.
- Prior year recoveries resulting from amendment(s) on an active grant did not agree to the amount de-obligated per the NGA.

Overstatement of Prior Year Recoveries may lead to a potential violation of Antideficiency Act, misunderstanding of future budgetary needs, and agency may overstate its needs for Congressional Appropriations.

We recommend AmeriCorps:

16. Establish a requirement for the Office of Grant Administration (OGA) or an appropriate AmeriCorps official to prepare a summary report, as part of the closeout process, verifying all required grantee information has been received and accepted, and the recovery amount reconciles to the underlying support (e.g., Notice of Grant Award for de-obligation, Final Federal Financial Report, Payment Management Services, etc.). **(New)**
17. Develop and implement financial reporting internal controls to analyze and address the root causes of the reconciliation errors. **(New)**

IX. Grant Accruals and Advances (*Modified Repeat*)

AmeriCorps must record grant accrual estimates in order to recognize its grant expenses for a given quarter due to the timing difference between when AmeriCorps receives disbursement data from its grantees and the time it must report its grant disbursements. This affects the Grant

Expenses, Grants Payable, Grant Advances, and Undelivered Order line items. AmeriCorps has developed and implemented a grant accrual methodology using the data from PMS. AmeriCorps has not assessed the accuracy of its Compound Method used to calculate its grant accrual. Specifically, AmeriCorps has not:

- Determined whether the weights used in the method needed to be adjusted based on more recent data available and has not documented the origin of these weights nor the basis and relationship between the weights and grantee expenditures.
- Validated the accrual amount against the quarterly expenditure reported on grantees' Federal Financial Reports (FFRs) since June 30, 2020 to assess accuracy of its grant accrual calculation.
- Established a threshold or range for assessing reasonableness with its approach including its calculation of its rate of error. To gauge the relationship between the grant accrual estimate calculated by its Compound Method and the expenditures reported by the eGrants FFRs, AmeriCorps looks at the maximum error which is the largest difference between the two data sets over the 21 quarters ending June 30, 2020, which was approximately \$22 million. It is not clear how this amount is utilized to determine reasonableness in AmeriCorps' overall process.
- Completed its research related to discrepancies in the grants payable and advance balances reported in the Momentum, Oracle, and PMS systems.
- Assessed a reasonable materiality threshold for its grant advance validation. Currently, the materiality threshold is \$11.0 million, which is not reasonable because errors may go undetected due to their high materiality threshold, considering financial statement line item for Advances and Prepayments is approximately \$38 million.
- Provided evidence of how fixed-priced grants are included in the grant accrual calculation or considered within the expenditures used to validate the accrual.

There are flaws with AmeriCorps' rate of error calculation. AmeriCorps calculates its rate of error by taking the average net difference between the Compound method calculation and the expenditures reported from the eGrants FFRs. The use of the net difference may be misleading as it understates the actual rate of error that exist the absolute difference was used for each quarter. The errors in each quarter are independent of each other and using absolute difference provides a clear picture of the true valuation of the error for each quarter.

Further, our testing found that of a sample of 46 grants with advances totaling \$9.8 million, 42 items (91 percent) were overstated by \$9.5 million, or 97 percent. Extrapolating our test results, AmeriCorps has likely overstated the Advances and Prepayments line by \$31.7 million or 85 percent. Overstatement of the grant advance could lead readers to assume that grantees are drawing down federal funds well in advance of incurring expenses or drawing down funds without corresponding expenses which can be misinterpreted as mishandling or waste of Federal funds.

Finally, AmeriCorps has not fully implemented its current accounts payable accrual methodology and thus, the amount reported in the financial statements may be materially misstated.

We recommend AmeriCorps:

18. Revamp the grant accrual processes to include internal controls such as reconciliations, calculation documentation, quality control reviews, and basis for the accrual methodologies to mitigate the risk of error. ***(Modified Repeat)***
19. Provide training to all personnel involved in the grant processing to ensure proper classification of funds in the Oracle system and ensure timely resolution of the variances between identified between the Momentum, Oracle, and PMS systems. ***(New)***

X. Advances from Others *(New)*

AmeriCorps receives payments from other Federal agencies for the provisions of goods or services, which are typically documented in an Interagency Agreement (IAA). Payments received in advance of AmeriCorps providing the related goods or services are recorded as Advances from Others. AmeriCorps was unable to provide adequate supporting documentation to substantiate the balance for Advances from Others. The only support provided for the liquidations of advances was the Reimbursable Analysis performed by Treasury's Administrative Resources Center (ARC). The analysis includes a reconciliation of the reimbursable expenses to the revenue balance and provides the proposed revenue recognition (collection/liquidation) and the expenditures details to support the revenue. However, management did not provide the underlying support for the expenditure amounts (e.g., invoices) used in the analysis. Without the invoices and a quality control review of them against the information provided to ARC, errors may go undetected.

Therefore, the same prior audit recommendations remain open and unimplemented. See Exhibit III, Status of Prior Year Recommendations.

We recommend AmeriCorps:

20. Develop standard operating procedures to ensure all balances recorded in the Reimbursable Analysis are supported by underlying source documentation (e.g., invoices). ***(New)***
21. Assess the training necessary to ensure advance liquidations are properly maintained, documented, and are readily available for examination. ***(New)***

XI. Migration to Shared Service *(Modified Repeat)*

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 analyzes the effect of identified

changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness. 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. As part of the FY 2022 risk assessment, OCRO determined risks associated with the changes going to a shared service provider platform. However, management did not take action in response to the identified risks. AmeriCorps did not devote sufficient resources to complete general ledger account configuration and compatibility issues. Existing risks may require further assessment to determine whether the defined risk tolerances and risk responses need to be revised.

Therefore, the prior audit recommendations remain open and unimplemented.

XII. Other Liabilities

Two FY 2019 recommendations for this material weakness are in progress, with a scheduled completion date of September 30, 2022. As a result, CAP completion and implementation documentation were not available for review and assessment and RMA did not perform audit procedures over this area in FY 2022.

Exhibit II – Significant Deficiencies

I. Information Technology Security Controls (*Modified Repeat*)

AmeriCorps relies extensively on information technology (IT) systems to initiate, authorize, record, process, summarize and report financial transactions in the preparation of its financial statements. Internal controls over these financial and supporting operations are essential to ensure 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. This was also the second year that AmeriCorps outsourced its financial operations to a shared service provider. Shared service provider systems interface 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.

With respect to AmeriCorps' internal IT systems, we noted that certain new control activities have been introduced to address prior weaknesses. Examples include conducting background investigations and reinvestigations of current IT employees and enhancing physical access controls to safeguard personally identifiable information.

Nevertheless, AmeriCorps continues to face challenges in the consistent implementation of its information security program and monitoring of security controls. 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.

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. An independent penetration test performed by the OIG noted exploitable vulnerabilities that could compromise a complete system. The vulnerability could allow unauthorized access to the target's system, and there were no effective controls to identify malicious activities on the system. If an exploitable system were compromised, the malicious attacker could operate for an extended time without detection. In addition, testing showed an unacceptable number of users who succumbed to a phishing attempt by interacting with the content of a spam email. (*Modified Repeat*)

- AmeriCorps did not consistently maintain an up-to-date inventory of hardware assets connected to the network. Specifically, the required fields used to track the assets were not completed. *(New)*

Mobile Device Management System did not manage all mobile devices. The Mobile Device Management (MDM) software did not protect all its mobile devices. Also, of those mobile devices covered by the MDM, the security features to prevent the execution of unauthorized software were not implemented. Security and operating system updates were not updated within a prescribed period, and users were not prevented from installing/downloading unauthorized software on their official mobile devices. *(Modified Repeat)*

Access Control

- AmeriCorps did not consistently implement mandatory enforcement of Personal Identity Verification (PIV) multifactor⁴ for all privileged and non-privileged users. *(Modified Repeat)*

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. *(Repeat)*
- AmeriCorps did not ensure individuals with access to personal identifiable information (PII) completed annual privacy-role-based training. *(Repeat)*
- AmeriCorps did not consistently implement its policies, procedures, and processes to manage the cybersecurity risks associated with operating and maintaining its information systems. Specifically, AmeriCorps did not perform an annual assessment, including security and privacy controls and risk assessment for one of the four systems selected for testing in accordance with its policies. The most recent security control assessment and risk assessment for Momentum was conducted in January 2021. *(New)*

Contingency Planning

- AmeriCorps did not update the Continuity of Operations Plan (COOP) within its annual review process. The last version of COOP was in 2020. *(New)*

Many of these weaknesses can be attributed to inconsistent enforcement of the agency-wide information security program across the enterprise partly caused by the turnover in personnel and leadership changes. 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

⁴ 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.

the Office of Information Technology leadership for accomplishing milestones and achieving measurable results in support of a strategy to achieve an effective level of information security at AmeriCorps.

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

Therefore, the prior audit recommendations in [Exhibit III](#) remain open and unimplemented.

Prior Year Significant Deficiency

In addition, the following significant deficiency has been carried forward:

- Accounts Receivable and Allowance for Doubtful Accounts – six FY 2019 recommendations for this significant deficiency are in progress, with scheduled completion dates that range from March 31, 2023 to September 30, 2023. As a result, CAP completion and implementation documentation was not available for review and assessment and RMA did not perform audit procedures over this area in FY 2022.

Exhibit III – Status of Prior Year Recommendations

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 2022. The scope of audit in FY 2021 was limited, and we are also presenting the status of FY 2021 recommendations in FY 2022. 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 2022 were recommendations from FY 2019 and FY 2021 but were adapted to the FY 2022 results. The summary of the status of the FY 2019 and FY 2021 financial statement audit recommendations in FY 2022 is in Table 1. The detail of each FY 2019 recommendation is presented in Table 2 and the detail of each FY 2021 recommendation is presented in Table 3.

Table 1: Summary of the Status of FY 2019 and FY 2021 Financial Statement Audit Recommendations in FY 2022

Status in FY22	Count of Recommendations in FY19	FY19 Audit Report Recommendation Number	Count of Recommendations in FY21	FY21 Audit Report Recommendation Number
Recommendation Closed	10	2, 8, 9, 14, 15, 29, 30, 34, 42, 54	2	5, 9
Open and Modified Repeat Recommendations	55		14	
Total:	65		16	

Table 2: Status in FY 2022 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 FY22
Material Weakness (MW) Internal Control 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.	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.	Repeat – MW Open Recommendation
	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.	Closed
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.	Closed
	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: <ol style="list-style-type: none"> 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. 	Repeat – MW Open Recommendation

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
		<ul style="list-style-type: none"> 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. 	
	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.	Repeat – MW Open Recommendation
	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.	Repeat – MW Open Recommendation
	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.	Repeat – MW Open Recommendation
	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.	Closed

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
	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.	Closed
	16	Validate and ensure Journal entries are properly supported, documented, and are readily available for examination.	Repeat – MW Open Recommendation
	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 JEs; d. use of specific and accurate JE descriptions; and e. timely review and approval of JEs for accuracy and propriety.	Repeat – MW Open Recommendation
Material Weakness	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
Trust Obligations and Liability Model	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

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
	23	<p>Strengthen controls to ensure the Trust modeling is performed by trained personnel to:</p> <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
	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; review obligation amounts to ensure amounts accurately reflect the status of the obligation; c. review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation); d. ensure obligations are sufficiently supported (i.e., by documentary evidence); and e. perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved. 	Repeat – 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

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
	26	Develop a succession plan to ensure the required expertise is available in anticipation of planned employee turnover, particularly with respect to the complex trust calculations. AmeriCorps needs to: <ol 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 – MW Open Recommendation
<p>Material Weakness</p> <p>Grants Accrual Payable and Advances</p>	27	Coordinate with the program and grant officers to gather and analyze key grant programs’ (AmeriCorps State and National and Senior Corps) historical data and the grantees’ spending pattern to develop the following key factors for grant accrual estimation: <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 • 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 	Repeat – MW Open Recommendation

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
		whether any deviation is acceptable, or the methodology should be further refined to reflect the actual grantees' reported expenditure pattern.	
	28	Revise and implement policies and procedures for the grant accrual methodology so that: <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; and • 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
	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.	Closed
Material Weakness Undelivered Orders and Accounts Payable - Procurement	30	Centralize the storage of all procurement documents in contract files and maintain them electronically.	Closed
	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.	Closed
	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;	Modified Repeat – MW FY 22 Recommendation #13

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
		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.	
	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 Equipment⁵	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
	42	Review the GMM contract status to ensure proper and timely deobligation of any remaining unliquidated obligations that are no longer needed.	Closed

⁵ Property and Equipment was removed from a material weakness as the conditions related to the finding were not found in the FY 2021 testing. Therefore, the recommendations in FY 2019 remain open.

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
	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
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
	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 provided documented certification that all required grantee information has been received, accepted, and documented before the grant is closed out.	Repeat – MW Open Recommendation
	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

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
	54	Determine the cause for the travel cost recovery difference to ascertain what corrective action is needed and to prevent issues from recurring.	Closed
	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
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)	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
IT Security Controls	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

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
Significant Deficiency AR & Allowance for Doubtful Accounts	64	Reconcile the Accounts Receivable subsidiary ledger to the general ledger monthly.	Repeat – Control Deficiency (CD) Open Recommendation
	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

FY19 Audit Report Finding Area	FY19 Audit Report Rec. Number	Recommendation Description	Status of FY19 Recommendations in FY22
	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
	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

Table 3: Status in FY 2022 and Detail Description of Each Recommendation from FY 2021 Financial Statement Audit

FY21 Audit Report Finding Area	FY21 Audit Report Rec. Number	Recommendation Description	Status of FY21 Recommendations in FY22
Material Weakness Migration to Shared Service	1	Perform a risk assessment over the current state of the conversion to ARC and work jointly with ARC, senior leadership, Office of Chief Risk Officer, and functional groups affected by the risk to develop a mitigation strategy and execute a realistic and properly designed corrective action plan.	Repeat – MW Open Recommendation
	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.	Repeat – MW Open Recommendation
	3	Continue coordinating with ARC to ensure that its accounting platform is compatible with AmeriCorps’ operations and the type of accounting transactions that AmeriCorps processes.	Repeat – MW Open Recommendation
	4	Conduct a review of transactions processed in Momentum and already migrated to Oracle through interface or reported in Oracle using journal entries, to ensure that correct object class codes were applied.	Repeat – MW Open Recommendation
Material Weakness Internal Controls Program (FMFIA)	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.	Closed
	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.	Modified Repeat – MW FY 22 Recommendation #5
	7	Complete updating or revising the business process narratives to adapt to the significant changes in the current financial and control environment.	Repeat – MW Open Recommendation
	8	Establish controls and training to ensure that each functional office/unit performs an independent assessment of internal controls to inform the CEO’s statement of assurance, even if unfavorable outcomes are expected. This proactive approach will promote the early detection of potential findings and allow for prompt remediation.	Repeat – MW Open Recommendation

FY21 Audit Report Finding Area	FY21 Audit Report Rec. Number	Recommendation Description	Status of FY21 Recommendations in FY22
<p>Material Weakness</p> <p>Financial System and Reporting</p>	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.	Closed
	10	Develop and implement audit readiness procedures to ensure that audit information is complete, accurate, has undergone proper quality control procedures, and readily available or can be retrieved timely. The audit readiness procedures should include audit coordination protocol with ARC that clearly define roles and responsibilities of all parties involved in the process.	Repeat – MW Open Recommendation
	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: <ul style="list-style-type: none"> a. The process to determine and document AmeriCorps’ balance fluctuation expectations based on a combination of internal and external operating factors, and program and financial relevant information available. b. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have the supporting documentation readily available. c. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis. d. Address fatal and non-fatal Government-wide Treasury Account Symbol edit failures prior to GTAS certification. 	Repeat – MW Open Recommendation

FY21 Audit Report Finding Area	FY21 Audit Report Rec. Number	Recommendation Description	Status of FY21 Recommendations in FY22
		e. Document resolution for all balance differences and retain supporting documentation of related research.	
	12	Continue working with Administrative Resource Center to review and correct AmeriCorps' balances in detail to ensure they are properly supported and that balances migrated to the ARC platform are complete, accurate, and reliable.	Repeat – MW Open Recommendation
	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.	Repeat – MW Open Recommendation
	14	Validate and ensure JEs are properly supported, documented, and are readily available for examination.	Repeat – MW Open Recommendation
Material Weakness Grant Accrual Payable and Advances	15	Develop a process to validate grant advances, IBNR and payable estimates. Such validation should be performed over a few years to show a trend of the estimates. Any benchmarks to assess reasonableness should be vetted for completeness and reliability. For example, the use of eGrants FFERS 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 – MW FY 22 Recommendation #18
	16	Validate that the underlying data used in the accrual methodology, such as the use of grantee Undelivered Order balances to allocate accrual amounts, is reliable by ensuring previously reported conditions are remediated and recommendations are implemented.	Repeat – MW Open Recommendation

Exhibit IV – Management’s Response

**C. MANAGEMENT’S RESPONSE TO AUDIT OF THE CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

Exhibit IV – Management’s Response



Date: November 18, 2022

To: Deborah Jeffery, Inspector General

From: Malena Brookshire, Chief Financial Officer

MALENA
BROOKSHIRE

Digitally signed by MALENA
BROOKSHIRE
Date: 2022.11.18 16:32:12 -05'00'

Subject: Management’s Response to Audit of Consolidated Financial Statements

AmeriCorps has reviewed the report, and we acknowledge the auditors’ disclaimer of opinion on the financial statements and its review of the agency’s internal control over financial reporting and compliance with laws and regulations. This is a consolidated response to the independent auditors’ report on the consolidated financial statements and the financial statements of the National Service Trust.

The independent audit of the agency’s financial statements and related processes is a core component of AmeriCorps financial management program. We view the audit as an opportunity for continuous improvement as we promote the prudent, effective, and efficient use of funds across the agency to support progress toward goal 4 in our FY 2022-2026 strategic plan: effectively steward federal resources.

AmeriCorps recognizes the independent auditors’ findings and recommendations related to the 12 material weaknesses and 3 significant deficiency. The agency remains focused on implementing improvements to internal controls and audit readiness, including corrective actions to address findings from prior year audits, to demonstrate our commitment to resolving longstanding challenges in agency operations and financial management.

Throughout the fiscal year, the agency worked hard to make progress toward the Office of the Chief Financial Officer’s priority reforms, including strengthening financial management leadership and workforce capacity, streamlining, and improving core financial management operations, improving controls and agency audit readiness, and enhancing internal and external partnerships and communication. We know there is considerable work to be done, but AmeriCorps is on the pathway to sustainable progress.

Looking ahead, AmeriCorps will prioritize and focus its remediation efforts on high-risk audit areas impacting the agency’s federal stewardship and oversight responsibilities. For example, AmeriCorps will move forward in modernizing the systems, processes, and controls necessary to improve the quality of and access to financial data used for decision-making. We will use the audit findings to update and implement robust corrective action plans that address root causes to longstanding issues.



AmeriCorps will also continue to monitor remediation efforts at the highest levels of leadership throughout the agency, which includes regular meetings with agency executives to review progress toward approved corrective and preventive actions. The agency's Risk Management Council continues to play a significant role, and with the reinstatement of AmeriCorps' Board of Directors Oversight, Governance, and Audit Committee the agency has further enhanced internal oversight and accountability to support improved financial stewardship and decision-making. Additionally, AmeriCorps is currently contracting with an individual who is serving as the senior advisor to the CEO for financial reforms, and who has experience leading financial and digital transformations within the federal government.

The independent audit continues to provide the agency with valuable recommendations that directly support our multi-year effort to enhance AmeriCorps' operational controls and financial management functions. We would like to thank your office and the independent auditors at RMA Associates, LLC for providing AmeriCorps with information to improve and sustain a strong internal control environment. We are committed to the continuous improvement of our financial management and look forward to working with you and the auditors, as we know your efforts are directly in support of that commitment. I also want to thank the dedicated AmeriCorps staff for their strong commitment to advancing progress toward critical financial management reforms through our multi-year effort.



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D. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AmeriCorps
Consolidated Balance Sheets
As of September 30, 2022 and 2021
(in thousands)

	Unaudited 2022	Unaudited 2021
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 2,562,211	\$ 2,364,927
Investment, Net (Note 3)	1,078,367	1,011,223
Accounts Receivable, Net (Note 4)	1,319	1,931
Advances and Prepayments (Note 6)	68	894
Total Intragovernmental	3,641,965	3,378,975
With the Public:		
Accounts Receivable, Net (Note 4)	1,064	1,336
General Property, Plant, and Equipment, Net (Note 5)	2,688	3,236
Advances and Prepayments (Note 6)	38,507	86,197
Total With the Public	42,259	90,769
Total Assets	\$ 3,684,224	\$ 3,469,744
Liabilities		
Intragovernmental:		
Accounts Payable	\$ 1,299	\$ 1,580
Advances from Others and Deferred Revenue (Note 7)	105,992	6,360
Other Liabilities		
Benefit Program Contributions Payable	3,371	2,220
Deferred Lease Liability	2,170	2,485
Advances from Others (Note 17)	5,250	-
Others	360	-
Total Intragovernmental	118,442	12,645
With the Public:		
Accounts Payable (Note 16)	118,542	156,547
Federal Employee Benefits Payable	13,701	13,915
Advances from Others and Deferred Revenue (Note 7)	165	85
Other Liabilities		
Trust Service Award Liability (Note 15)	339,761	355,824
Accrued Funded Payroll and Leave	5,974	3,826
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	2,029	2,062
Total With the Public	480,172	532,259
Total Liabilities	\$ 598,614	\$ 544,904
Net Position		
Total Unexpended Appropriations	\$ 2,004,337	\$ 2,132,473
Total Cumulative Results of Operations	1,081,273	792,367
Total Net Position	\$ 3,085,610	\$ 2,924,840
Total Liabilities and Net Position	\$ 3,684,224	\$ 3,469,744

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

AmeriCorps
 Consolidated Statements of Net Cost
 For the Years Ended September 30, 2022 and 2021
 (in thousands)

	Unaudited 2022	Unaudited 2021
Gross Program Costs		
VISTA		
Gross Costs	\$ 129,606	\$ 139,033
Less: Earned Revenue	(5,132)	(8,109)
Net Program Costs	\$ 124,474	\$ 130,924
NCCC		
Gross Costs	\$ 55,534	\$ 50,434
Less: Earned Revenue	(6,723)	(6,459)
Net Program Costs	\$ 48,811	\$ 43,975
STATE AND NATIONAL		
Gross Costs	\$ 580,198	\$ 508,329
Less: Earned Revenue	(16,578)	(5,682)
Net Program Costs	\$ 563,620	\$ 502,647
STATE COMMISSION		
Gross Costs	\$ 26,569	\$ 20,158
Less: Earned Revenue	-0-	-0-
Net Program Costs	\$ 26,569	\$ 20,158
SENIOR CORPS		
Gross Costs	\$ 194,237	\$ 192,682
Less: Earned Revenue	(5)	(209)
Net Program Costs	\$ 194,232	\$ 192,473
Other Programs		
Gross Costs	\$ 9,690	\$ 9,833
Less: Earned Revenue	-0-	(591)
Net Program Costs	\$ 9,690	\$ 9,242
Net Cost of Operations	\$ 967,396	\$ 899,419

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

AmeriCorps
Consolidated Statements of Changes in Net Position
As of September 30, 2022 and 2021
(in thousands)

	Unaudited 2022	Unaudited 2021
Unexpended Appropriations		
Beginning Balances	\$ 2,132,423	\$ 1,098,387
Adjustments		
Corrections of Errors (Note 18)	495	-0-
Beginning Balances, as Adjusted	\$ 2,132,918	\$ 1,098,387
Appropriations Received	\$ 1,150,636	\$ 2,121,102
Appropriations Transferred In/Out	1,750	-0-
Other Adjustments	(28,649)	(33,441)
Appropriations Used	(1,252,318)	(1,053,575)
Net Change in Unexpended Appropriations	\$ (128,581)	\$ 1,034,086
Total Unexpended Appropriations - Ending	\$ 2,004,337	\$ 2,132,473
Cumulative Results of Operations		
Beginning Balances	\$ 792,417	\$ 634,702
Adjustments		
Corrections of Errors (Note 18)	(495)	91
Beginning Balances, as Adjusted	\$ 791,922	\$ 634,793
Other Adjustments	\$ (2,635)	\$ (1,278)
Appropriations Used	1,252,318	1,053,575
Nonexchange Revenue	2,841	3,316
Donations and Forfeitures of Cash and Cash Equivalents	43	23
Imputed Financing (Note 11)	4,427	3,760
Other	(247)	(2,403)
Net Cost of Operations	(967,396)	(899,419)
Net Change in Cumulative Results of Operations	\$ 289,351	\$ 157,574
Cumulative Results of Operations - Ending	\$ 1,081,273	\$ 792,367
Net Position	\$ 3,085,610	\$ 2,924,840

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

AmeriCorps
 Combined Statements of Budgetary Resources
 For the Years Ended September 30, 2022 and 2021
 (in thousands)

	Unaudited 2022	Unaudited 2021
Budgetary Resources		
Unobligated balance from prior year budget authority, net (Note 9)	\$ 1,691,843	\$ 595,010
Appropriations	1,537,162	2,475,596
Spending authority from offsetting collections	126,103	12,735
Total Budgetary Resources	\$ 3,355,108	\$ 3,083,341
Status of Budgetary Resources		
New obligations and upward adjustments (total)	\$ 2,092,898	\$ 1,548,278
Unobligated balance, end of year:		
Apportioned, unexpired accounts	849,980	527,650
Unapportioned, unexpired accounts	252,628	857,644
Unexpired unobligated balance, end of year	1,102,608	1,385,294
Expired unobligated balance, end of year	159,602	149,769
Unobligated balance, end of year (total) (Note 9)	1,262,210	1,535,063
Total Budgetary Resources	\$ 3,355,108	\$ 3,083,341
Outlays, Net		
Outlays, net (total)	\$ 1,255,709	\$ 1,159,916
Distributed Offsetting Receipts	(2,648)	(1,298)
Agency outlays, net	\$ 1,253,061	\$ 1,158,618

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

E. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (UNAUDITED)

A. Reporting Entity

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

- AmeriCorps [State and National](#),
- AmeriCorps [VISTA](#),
- AmeriCorps [NCCC](#),
- AmeriCorps State Service Commission Support Grants ([State Commission Support](#)),
- AmeriCorps [Seniors](#).

B. Mission of the Reporting Entity

AmeriCorps was created by the National and Community Service Trust Act of 1993 ([Public Law 103-82](#)). AmeriCorps' 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 critical challenges in the areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and assisting veterans and military families through volunteer service.

C. 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 net position, which results from changes to Unexpended Appropriations and Cumulative Results of Operations. 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 in accordance with Office of Management and Budget [OMB Circular A-11](#), *Preparation, Submission, and Execution of the Budget*.

The statements are a requirement of the [Chief Financial Officers Act of 1990](#), the Government Management [Reform Act of 1994](#), the Accountability of Tax Dollars Act of 2002, and other applicable legislation. They have been prepared from, and are fully supported by, the books and records of AmeriCorps in accordance with the formats prescribed by Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, and with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities as prescribed by the Federal Accounting Standards Advisory Board (FASAB). The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in thousands of dollars.

D. Basis of Accounting

AmeriCorps presents the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position on a consolidated basis, which is a summation of the AmeriCorps programs. The Statement of Budgetary Resources is presented on a combined basis, which is the summation of Budgetary Resources, Status of Budgetary Resources, and Outlays, Net. 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 incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds. The balances and activity of budgetary accounts are used to prepare the Statements of Budgetary Resources.

E. Accounting for Intragovernmental and Transactions With the Public

Treasury Financial Manual (TFM), Volume I, Part 2, [Chapter 4700](#), provides guidance for reporting and reconciling intragovernmental balances. The Statement of Federal Financial Accounting Standards ([SFFAS 1](#)), *Accounting for Selected Assets and Liabilities*, defines recognition, measurement, and disclosure requirements for intragovernmental assets and liabilities.

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

Intragovernmental asset and liability transactions should be reported separately from asset and liability transaction with the public.

For additional information, see Note 6, *Advances and Prepayments*; and see Note 8, *Liabilities Not Covered by Budgetary Resources*.

F. Fund Balance with Treasury

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

AmeriCorps does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury.

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

G. Revenue and Other Financing Sources

AmeriCorps recognizes revenue as exchange or non-exchange revenue in accordance with [SFFAS 7](#), *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, AmeriCorps recognizes exchange revenue at the time that goods or services are provided to a public or intragovernmental entity. Non-exchange revenues are recognized primarily from interest penalties and administrative fees, but also includes donations. These are reported in the Consolidated Statements of Changes in Net Position.

Other financing sources, other than exchange and non-exchange revenue, include additional inflows of resources that increase results of operations during the reporting period. AmeriCorps's other financing sources come from unexpended appropriation transfers-in and non-expenditure transfers-in and are recognized as financing sources when used. Other financing sources also include: (1) transfers-in/out without reimbursement; and (2) imputed financing with respect to costs subsidized by another Federal entity. Transfers-In/Out Without Reimbursement: Transfers in/out without reimbursement include intragovernmental transfers of capitalized assets. These are reported in the Consolidated Statement of Changes in Net Position.

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

For additional information, See Note 11, *Imputed Financing*; and see Note 14, *Reconciliation of Net Cost to Net Outlays*

H. Investment, Net

AmeriCorps has the authority in accordance with the standards and requirements provided in TFM, Volume I, Part 2, [Chapter 4700](#) 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 interest method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

For additional information see Note 3, *Investments, Net*.

I. Accounts Receivable, Net

Accounts Receivable consists of amounts owed to AmeriCorps by federal agencies and the general public. Claims with other federal agencies are resolved in accordance with the business rules published in Appendix 10 of Treasury Financial Manual, Volume I, Part 2, Chapter 4700.

FASAB issued Technical Bulletin 2020-1, Loss Allowance for Intragovernmental Receivables which clarified previously issued guidance. An allowance recorded to recognize an intragovernmental receivable at net realizable value on the financial statements does not alter the underlying statutory authority to collect the receivable or the legal obligation of the other intragovernmental entity to pay.

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

K. General Property, Plant, and Equipment, Net

General property, plant, and equipment, net 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' capitalization threshold is \$50,000 for individual purchases and \$250,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

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

For additional information see Note 5, *General Property, Plant and Equipment, Net*.

L. Advances and Prepayments

In accordance with [SFFAS 1](#), Accounting for Selected Assets and Liabilities, advances are cash outlays made by a Federal entity to its employees, contractors, grantees, or others to cover a part or all of the recipients' anticipated expenses or as advance payments for the costs of goods and services the entity receives. Prepayments are payments made by a Federal entity to cover certain periodic expenses before those expenses are incurred. Financing payments (such as progress payments, performance-based payments, etc.) on work in process are generally recognized as a cost for work performed and not included in advances and prepayments.

For additional information see Note 6, *Advances and Prepayments*.

M. 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. 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.

For additional information, see Note 6, *Advances and Prepayments* and see Note 8, *Liabilities Not Covered by Budgetary Resources*.

J. Expenses

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

N. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on

latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS) covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS) covered employees.

For additional information, see Note 6, *Advances and Prepayments*; and see Note 8, *Liabilities Not Covered by Budgetary Resources*.

O. 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 DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

For additional information, see Note 6, *Advances and Prepayments*

P. Retirement Plans

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

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

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

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

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

For additional information, See Note 11, *Imputed Financing*

Q. 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 AmeriCorps through the recognition of an imputed financing source.

For additional information, See Note 11, *Imputed Financing*

R. 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.

S. 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.

T. Reclassification

Due to the migration to Treasury's Administrative Resource Center (ARC), AmeriCorps is continuing to analyze certain FY 2021 balances to determine if they should be

reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation

U. 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 (UNAUDITED)

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

Fund Balance with Treasury account balances as of September 30, 2022 and 2021 respectively were as follows (in thousands, unaudited):

	Unaudited 2022	Unaudited 2021
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 849,980	\$ 527,650
Unavailable	646,187	1,007,413
Obligated Balance Not Yet Disbursed	2,137,373	1,838,674
Net of Unamortized Discount	(1,073,357)	(1,010,870)
Non-Budgetary FBWT	2,028	2,060
Total	\$ 2,562,211	\$ 2,364,927

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

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

The unavailable unobligated fund balances consist primarily of funds that are precluded from obligation by law. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

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

NOTE 3. INVESTMENTS, NET (UNAUDITED)

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

Intragovernmental:	Cost (Unaudited)	Amortization Method (Unaudited)	Amortized (Premium) Discount (Unaudited)	Interest Receivable (Unaudited)	Investments Net (Unaudited)	Market Value Disclosure (Unaudited)
Bills	\$ 545,381	Interest	\$ 3,370	\$ -	\$ 548,751	\$ 546,166
Notes	527,977	Interest	1,456	183	529,616	518,589

Investments, Net as of September 30, 2021 consist of the following (in thousands):

Intragovernmental:	Cost (Unaudited)	Amortization Method (Unaudited)	Amortized (Premium) Discount (Unaudited)	Interest Receivable (Unaudited)	Investments Net (Unaudited)	Market Value Disclosure (Unaudited)
Market-based						
Bills	\$ 641,000	Interest	\$ 140	\$ -	\$ 641,140	\$ 641,141
Notes	369,870	Interest	97	116	370,083	369,726
Total	\$ 1,010,870		\$ 237	\$ 116	\$ 1,011,223	\$ 1,010,867

NOTE 4. ACCOUNTS RECEIVABLE, NET (UNAUDITED)

Accounts Receivable, Net balances as of September 30, 2022 and 2021 respectively, were as follows (in thousands):

	Unaudited 2022	Unaudited 2021
Intragovernmental Accounts Receivable	\$ 1,319	\$ 1,931
Total Intragovernmental Accounts Receivable	\$ 1,319	\$ 1,931
With the Public Accounts Receivable	\$ 1,383	\$ 2,393
Allowance	(319)	(1,057)
Total Public Accounts Receivable	1,064	1,336
Total Accounts Receivable	\$ 2,383	\$ 3,267

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, 2022 and 2021.

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

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

Major Class	Acquisition Cost (Unaudited)	Accumulated Amortization/ Depreciation (Unaudited)	Net Book Value (Unaudited)
Leasehold Improvements	\$ 5,125	\$ 2,526	\$ 2,599
Furniture & Equipment	1,532	1,443	89
Total	\$ 6,657	\$ 3,969	\$ 2,688

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2021 (in thousands):

Major Class	Acquisition Cost (Unaudited)	Accumulated Amortization/ Depreciation (Unaudited)	Net Book Value (Unaudited)
Leasehold Improvements	\$ 5,126	\$ 2,069	\$ 3,057
Furniture & Equipment	1,532	1,353	179
Total	\$ 6,658	\$ 3,422	\$ 3,236

NOTE 6. ADVANCES AND PREPAYMENTS (UNAUDITED)

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

(In Thousands)	Unaudited 2022	Unaudited 2021
Intragovernmental Advances and Prepayments	\$ 68	\$ 894
Total Intragovernmental Other Assets	\$ 68	\$ 894
With the Public Grant Advances	\$ 38,507	\$ 86,197
Total Other Assets	\$ 38,575	\$ 87,091

NOTE 7. ADVANCES FROM OTHERS AND DEFERRED REVENUE (UNAUDITED)

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

In FY2022, advances were received from FEMA (\$5.7 million), and the CDC (\$110.5 million) to leverage national service resources in support of improving disaster response, recovery, readiness, preparedness, and mitigation efforts to tackle problems in communities and make a positive public health impact.

Over 5 years, the CDC will contribute an estimated \$400 million, and FEMA will contribute an estimated \$57.4 million.

NOTE 8. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES (UNAUDITED)

The liabilities for AmeriCorps as of September 30, 2022 and 2021, include liabilities not covered by budgetary resources (in thousands). 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.

Intragovernmental – FECA	\$	1,296	\$	1,403
Intragovernmental – Unemployment Insurance		688		554
Intragovernmental Deferred Lease Liabilities		2,170		2,485
Federal Employee [and Veteran] Benefits Payable				
Unfunded Leave		5,136		4,370
Actuarial FECA		8,384		8,689
Other Liabilities				
Advances from others - GSA		5,250		-
Total Liabilities Not Covered by Budgetary Resources	\$	22,924	\$	17,501
Total Liabilities Covered by Budgetary Resources		575,690		527,403

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 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 9. UNOBLIGATED BALANCES (UNAUDITED)

(In Thousands)		Unaudited 2022		Unaudited 2021
Unobligated Balance Brought Forward From Prior Year, October 1	\$	1,535,063	\$	546,912
Recoveries of Prior Year Obligations		412,386		81,539
Other Changes in Unobligated Balances		(255,606)		(33,441)
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$	1,691,843	\$	595,010

NOTE 10. LEASES (UNAUDITED)

AmeriCorps leases office space through the General Services Administration. General Services Administration 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 General Services Administration 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, 2022 (in thousands).

	Space Facilities		Other		Total
2023	\$	12,424	\$	784	\$ 129 \$ 13,337
2024		13,131		793	125 14,049
2025		13,887		803	125 14,815
2026		14,696		813	125 15,634
2027		15,563		823	125 16,511
Total	\$	69,701	\$	4,016	\$ 629 \$ 74,346

As of September 30, 2021 (in thousands)

Fiscal Year	Unaudited 2021 (in thousands)				Total
	Space Facilities	Vehicles	Other		
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

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

NOTE 11. IMPUTED FINANCING (UNAUDITED)

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 ending September 30, 2022 and 2021, respectively, inter-entity costs were as follows (in thousands, unaudited):

	Unaudited 2022		Unaudited 2021	
Office of Personnel Management	\$	4,427	\$	3,760
Total Imputed Financing Sources	\$	4,427	\$	3,760

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD (UNAUDITED)

For year ended September 30, 2022, budgetary resources obligated for undelivered orders were as follows (in thousands):

	Intragovernmental (Unaudited)		With the Public (Unaudited)		Total (Unaudited)	
Paid Undelivered Orders	\$	68	\$	38,507	\$	38,575
Unpaid Undelivered Orders		10,367		1,664,745		1,675,112
Total Undelivered Orders	\$	10,435	\$	1,703,252	\$	1,713,687

For year ended September 30, 2021, budgetary resources obligated for undelivered orders were as follows (in thousands):

	Intragovernmental (Unaudited)		With the Public Unaudited)		Total (Unaudited)	
Paid Undelivered Orders	\$	894	\$	86,198	\$	87,092
Unpaid Undelivered Orders		6,359		1,318,261		1,324,620
Total Undelivered Orders	\$	7,253	\$	1,404,459	\$	1,411,712

NOTE 13. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT (UNAUDITED)

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 Combined Statement of Budgetary Resources and the actual balances published in the Budget of the U.S. Government (the President's Budget). The FY 2023 President's Budget, with actual amounts for FY 2021, has been reconciled to the Combined Statement of Budgetary Resources. The FY 2024 President's Budget, with actual amounts for FY 2022, will not be published until February 2024. (Note Presentation in Millions.)

The Technology Modernization Fund (TMF) has invested in a total of 29 projects across 17 federal agencies. 18 of these investments were made with American Rescue Plan funding to address urgent IT modernization challenges. AmeriCorps received \$14M in TMF American Rescue Plan funding to support IT enhancement and rebuild of the eGrants system.

(In Millions)	Budgetary Resources (Unaudited)	New Obligations & Upward Adjustments (Total) (Unaudited)	Distributed Offsetting Receipts (Unaudited)	Net Outlays (Unaudited)
Combined Statement of Budgetary Resources	\$ 3,083	\$ 1,548	\$ (1)	\$ 1,159
Unobligated Balance Not Available	150	-	-	-
American Rescue Plan (ARP)	(1,000)	(220)	-	(218)
Difference - Due to Rounding	(61)	79	1	88
Budget of the U.S. Government	\$ 2,172	\$ 1,407	\$ -	\$ 1,029

NOTE 14. RECONCILIATION OF NET COST TO NET OUTLAYS (UNAUDITED)

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

Reconciliation of Net Cost to Net Outlays
Budget and Accrual Reconciliation
For the Year Ended September 30, 2022
(In Thousands)

	Intra Governmental (Unaudited)	With the Public (Unaudited)	Total (Unaudited)
Net Operating Cost (SNC)	\$ 17,173	\$ 950,223	\$ 967,396
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(547)	(547)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	(612)	(272)	(884)
Securities and Investments	4,142		4,142
Other Assets	(826)	(47,691)	(48,517)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(4,664)	37,816	33,152
Federal Employee and Veteran Benefits Payable	-	(512)	(512)
Other Liabilities	(100,068)	14,016	(86,052)
Financing Sources:			
Imputed Cost	(4,427)	-	(4,427)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (106,455)	\$ 2,810	\$ (103,645)
Financing Sources:			
Donated Revenue	-	(43)	(43)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$ -	\$ (43)	\$ (43)
Miscellaneous Items			
Distributed Offsetting Receipts	(2,648)	-	(2,648)
Custodial/Non-Exchange Revenue	-	2,841	2,841
Non-Entity Activity	2,635	-	2,635
Appropriated Receipts for Trust/Special Funds	1,455	385,070	386,525
Total Other Reconciling Items	\$ 1,442	\$ 387,911	\$ 389,353
Total Net Outlays (Calculated Total)	\$ (87,840)	\$ 1,340,901	\$ 1,253,061

NOTE 15. TRUST SERVICE AWARD (UNAUDITED)**A. SERVICE AWARD LIABILITY**

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The education award generally must be used within seven years of completion date of an approved term of national service. If the education award is transferred to an eligible individual or is a Summer of Service award (which was in the past 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, 2022 and 2021 is as follows:

(In Thousands)		Unaudited 2022		Unaudited 2021
Cumulative Education Awards Earned	\$	4,490,202	\$	4,326,854
Cumulative Interest Forbearance Earned		132,749		132,417
Total Cumulative Awards Earned		4,622,951		4,459,271
Less: Cumulative Awards paid		(3,399,052)		(3,282,989)
Less: Discount for Usage and Statistics		(931,129)		(869,041)
Total Liability for Awards Earned		292,770		307,241
Total Liability for Awards not yet Earned		46,991		48,583
Total	\$	339,761	\$	355,824

As of September 30, 2022 and 2021, the National Service Trust received \$190.6 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.

B. SERVICE AWARD EXPENSE

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

AmeriCorps estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2022 and 2021 respectively, has been adjusted to reflect the fact that earned awards are not always used.

(In Thousands)	Unaudited 2022		Unaudited 2021	
Estimated Education Awards	\$	95,653	\$	44,782
Estimated Interest Forbearance		5,109		2,351
National Service Award Expense	\$	100,762	\$	47,133

NOTE 16. ACCOUNTS PAYABLE (UNAUDITED)

AmeriCorps awards grants to nonprofit organizations, educational institutions, states, municipalities, and other eligible external organizations. Grants become budgetary obligations, but not liabilities, at the time they are awarded. Although most grantees request funds prior to incurring expenses, some incur expenditures prior to initiating a request for drawdown of funds based on the nature of their expenditures. Grant recipients report their cash disbursements quarterly in the Department of Health and Human Services Payment Management System. Since the disbursement information is due after the quarter-end, AmeriCorps must conduct an accrual to accurately reflect financial position as of a quarter-end. Therefore, at the end of each quarter, AmeriCorps calculates and applies grants accrual transactions to the population of unliquidated advances and unpaid expenses.

AmeriCorps performs the grants accrual and allocation process as of the end of each quarter using a compound methodology. AmeriCorps' first step was to use eGrants Federal Financial Report data to estimate the unreported expenses Incurred But Not Reported as of the end of each quarter. The eGrants Federal Financial Report data covers roughly 90% of the grants issued by the agency. The grants not covered are the fixed price grants not requiring a Federal Financial Report in eGrants. AmeriCorps assumed flat spending for these non-covered grants to calculate the spending as of a quarter-end and then subtracts the Department of Health and Human Services reported spending to calculate an Incurred But Not Reported. The calculated Incurred But Not Reported for each grant is summed for each quarter. The calculated grants accrual represents the total financial statement level estimate. The total calculated accrual estimate is first allocated to advances to each individual grant by an Average Allocation Rate, which is determined by using the available liquidation rates for prior available quarters. The balance of the calculated accrual estimate is then allocated to the payables of each individual grant using a percentage distribution of payables.

NOTE 17. COVID-19 ACTIVITY (UNAUDITED)

The American Rescue Plan provided \$1 billion in The Technology Management Fund (TMF) funds to address government-wide urgent IT modernization challenges, bolster cybersecurity defenses, and respond to the COVID-19 crisis. The TMF was enacted in 2018 pursuant to [Public Law 115-141 \(132 STAT. 571\)](#), and the TMF Board has prioritized funding projects that cut across agencies, address immediate security gaps, and improve the public's ability to access services.

These investments are directly response to the President's [Executive Order 14018](#) on *Improving the Nation's Cybersecurity*. The approved projects aim to strengthen the security of data and privacy protections for \$2 million civilian federal employees whose data is housed in the Office of Personnel Management's systems, the over \$100 million students and borrowers the Department of Education supports, and hundreds of facilities under the control of the General Services Administration.

The [Modernization Government Technology Act of 2017](#) authorizes funds to support qualifying projects, and agencies receive funding via an SF-1151 Non-Expenditure Transfer Authorization. The Budget Authority for the TMF American Rescue Plan program is classified as Mandatory, and the funding can be full or incremental. The agreed upon schedule and Interagency agreement provides detail for both the transfer out (non-expenditure) and repayments to General Services Administration (expenditure). Repayments, in accordance with the written agreement, must occur within five years of the last transfer to the recipient agency. More detailed information is available at <https://tmf.cio.gov/>. Additionally, the Modernizing Government Technology Act does not require agencies to reimburse the TMF on a full cost recovery basis, and the Act permits partial or minimal repayment for TMF transfers if the repayments are sufficient to ensure solvency of the fund.

AmeriCorps' TMF Funding

AmeriCorps was awarded a Technology Modernization Fund grant for \$14 million to support a grants management system modernization effort. In FY 2022 AmeriCorps received \$7 million, of which \$5.25 million will be paid back in future years. This investment aims to deliver simple, secure, and effective digital solutions for more than 2,800 local, nonprofit, faith, and community-based organizations managing their AmeriCorps grants and improve the customer experience. This investment is a key component in AmeriCorps' execution of the PMA item "Delivering Excellent, Equitable, and Secure Federal Services and Customer Experience," specifically, "Delivering Service Powered by 21st Century Technology."

NOTE 18. CORRECTION OF ERRORS (UNAUDITED)

AmeriCorps recorded Appropriations Received for Reimbursable Funds in FY2017 and FY2019. These balances were included in the conversion data migrated to Oracle in FY2021 and subsequently corrected in FY2022.

(In Thousands)	Unaudited 2022	Unaudited 2021
CNCS Reimbursable Fund Correction -	\$ 568	\$ -
CNCS Reimbursable Fund Correction -	(73)	-
Total Corrections of Errors for PY	\$ 495	\$ -

F. INDEPENDENT AUDITORS' REPORT ON NATIONAL SERVICE TRUST FUNDS FINANCIAL STATEMENTS (UNAUDITED)



AmeriCorps

OFFICE OF INSPECTOR GENERAL

**AUDIT OF AMERICORPS' FISCAL YEAR 2022
NATIONAL SERVICE TRUST FUND
FINANCIAL STATEMENTS**

OIG Report 23-02

Prepared by:

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

OFFICE OF INSPECTOR GENERAL


November 19, 2022

MEMORANDUM TO: Michael D. Smith
Chief Executive Officer

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

SUBJECT: Audit of AmeriCorps' Fiscal Year 2022 National Service Trust Fund
Financial Statement, OIG Report 23-02

We contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to audit AmeriCorps' National Service Trust Fund financial statements (Trust financial statements) for the fiscal year (FY) ended September 30, 2022. The contract required RMA to express an opinion on whether AmeriCorps' FY 2022 financial statements are fairly presented, in all material respects; report on internal controls over financial reporting; and report on compliance with the provisions of laws, regulations, contracts, and grant agreements. The contract also required RMA to conduct the audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS) and other applicable standards.

- **Disclaimer of Opinion:** AmeriCorps could not provide sufficient appropriate evidential matter to support the amounts in the Trust financial statements due to inadequate processes, controls, and records to support transaction and account balances. As a result, RMA could not determine the effect of the lack of sufficient appropriate audit evidence on AmeriCorps' Trust financial statements as of and for the year ended September 30, 2022. Furthermore, due to the limitations described above, RMA was not able to perform the required tests of controls and compliance.
- **Six material weaknesses and one significant deficiency** in the Trust's internal control over financial reporting. RMA reported the following material weaknesses and one significant deficiency, Information Technology Security Controls (Modified Repeat), as described in [Exhibit I](#) of this report:
 1. Knowledge Gap throughout Financial Management Operations (New)
 2. Internal Controls Program (FMFIA)- (Modified Repeat)
 3. Financial Reporting (Modified Repeat)

4. General Ledger Adjustments (Modified Repeat)
 5. Trust Obligations and Liability Model (Modified Repeat)
 6. Migration to Shared Service (Modified Repeat)
- RMA considered AmeriCorps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, RMA does not express such an opinion.

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

RMA is responsible for the attached independent auditors' report, dated November 18, 2022, and the conclusions expressed therein. However, our review disclosed no instances where RMA did not comply, in all material respects, with GAGAS.

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

We were engaged by AmeriCorps' Office of Inspector General to audit the accompanying financial statements of AmeriCorps' Trust Fund, which comprise the balance sheet as of September 30, 2022, the related statements of net cost and changes in net position, and the statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements (referred to herein as the financial statements).

Disclaimer of Opinion

Due to the significance of the matters described in the Basis for Disclaimer of Opinion 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 2022 financial statements.

Basis for Disclaimer of Opinion

AmeriCorps could not provide sufficient appropriate evidential matter to support the amounts in the financial statements due to inadequate processes, controls, and records to support transaction and account balances. As a result, we cannot determine the effect of the lack of sufficient appropriate audit evidence on AmeriCorps' financial statements as of and for the year ended September 30, 2022. Due to the limitations described above, we were not able to perform the required tests of controls and compliance. Furthermore, the Trust Fund financial statements and accompanying notes as of and for the year ended September 30, 2022 (1) were not in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), (2) were not in compliance with the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, (OMB A-136), and (3) had mathematical errors and inconsistencies.

Other Matter

The financial statements of the prior period were engaged to be audited by a predecessor auditor. The predecessor auditor issued a disclaimer of opinion as of and for the year ended September 30, 2021. The predecessor auditor report was dated November 12, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the U.S. generally accepted auditing standards; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the U.S.; and OMB Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because we were not provided with the information timely. We do not express an opinion or provide any assurance on the information.

Other Information

Management is responsible for the other information presented in the Annual Management Report. The *Message from the Chief Executive Officer* and *Other Information* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and we do not express an opinion or any form of assurance thereon.

In connection with our engagement to audit the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information that otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

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

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

Furthermore, we were not able to perform the applicable tests of controls due to the aforementioned scope limitation and inability to obtain sufficient appropriate audit evidence to enable us to express an opinion on the financial statements.

Report on Compliance and Other Matters

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

Furthermore, we were not able to perform the applicable tests of 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 statements.

Management's Response to Audit Findings and Recommendations

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

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

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section of this report is solely to describe deficiencies we consider to be material weaknesses and significant deficiencies, the scope of our testing of compliance and results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

RMA Associates

Arlington, VA
November 18, 2022

Exhibit I – Material Weaknesses

I. Knowledge Gap throughout Financial Management Operations (*New*)

The recurring annual disclaimer of opinion on AmeriCorps' financial statements and the repeat material weaknesses are indicative of knowledge gaps at all levels of AmeriCorps' financial management operation. Management has not demonstrated adequate knowledge and understanding of (1) Federal accounting standards, U.S. GAAP promulgated by FASAB, (2) Federal financial reporting requirements provided by OMB A-136, (3) effective financial management practices (i.e., people, processes, and systems), and (4) the internal control environment necessary to mitigate the associated risks. Without the proper subject matter experts that can assist in creating sustainable processes and systems that operate effectively in a U.S. GAAP-compliant environment, AmeriCorps is unable to develop, implement, and execute an effective internal control environment, which includes people, processes, and systems.

Furthermore, AmeriCorps inability to invest sufficient resources to recruit, train, and retain financial management personnel at all levels with the requisite knowledge, skill, and experience in sound financial management has led to its (1) ineffective operations, (2) repeat deficiencies in internal control, and (3) inadequate processes to address changes to accounting standards issued by FASAB and reporting requirements provided by OMB. Without sound financial management, AmeriCorps cannot report accurately to Congress, the public, and other stakeholders about its stewardship of Federal funds and credibly hold grantees accountable for their financial management practices.

We recommend AmeriCorps:

1. Complete a detailed performance diagnostic and gap analysis on AmeriCorps' financial management personnel, processes, and systems, including a root cause analysis, and then develop, design, and implement a plan toward short- and long-term goals. (*New*)
2. Perform intermediate assessments of the effectiveness of its executed plans and final evaluations of its financial management operations to ensure desired results are achieved. (*New*)
3. Recruit financial leaders with relevant Federal financial management capabilities. (*New*)
4. Implement core and specialized training to develop competencies in internal control and financial management, including the development of hands-on workshops to address existing and future standards and financial management and reporting requirements. (*New*)

II. Internal Controls Program (FMFIA) (*Modified Repeat*)

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 regulations. 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, *Management's Responsibility for Enterprise Risk Management and Internal Control*, (OMB A-123), and GAO's Standards for Internal Control in the Federal Government (GAO Green Book). In management's statement of no assurance dated October 28, 2022, AmeriCorps acknowledged that its system of internal controls does not currently provide the necessary level of assurance in any of the three required areas.

Although AmeriCorps made some improvements in developing and monitoring Corrective Action Plans (CAPs) and hired additional resources to help support financial operations, AmeriCorps continues to have internal control deficiencies. More specifically:

- As management recognized, AmeriCorps lacked the capacity to effectively implement all its CAPs during FY 2022 sufficiently to resolve the nine material weaknesses and one significant deficiency reported in the prior year's audit report.
- AmeriCorps did not conduct tests of design and effectiveness to ensure its CAPs resolved the prior year's findings.
- AmeriCorps advised that it had completed CAPs for material weaknesses, but the new controls and revised procedures intended to address the prior year's identified issues did not remedy them.
- AmeriCorps' entity-level control risk assessment is not consistent with the prior years' audit results nor with observations of the current year's results. AmeriCorps rated 15 of the 17 entity-level control principles as medium risk and two as high risk. We disagree with some of these ratings:
 - **Medium Risk - Principle 9 – Identify, Analyze, and Respond to Changes that could impact the internal control system.**¹ AmeriCorps did not originally appreciate the magnitude of the risks associated with the data migration to the Administrative Resource Center (ARC) within the U.S. Treasury Department's Bureau of Fiscal Services, such as interface issues between Momentum and Oracle, and did not devote the necessary level of effort and resources to clean-up and support financial information prior to the migration. These difficulties, which AmeriCorps knew of by FY 2022, plus the delays in implementing changes to the Trust Model, Grant Accrual, and Accounts Payable methodologies, together contributed substantially to this year's disclaimer. Accordingly, we do not see how this principle could reasonably be regarded as medium risk.
 - **Medium Risk - Principle 17 – Management remediates identified internal control deficiencies on a timely basis.**² The repeated material weaknesses and disclaimer status since FY 2017 demonstrate that internal control deficiencies are not being remediated in a timely manner. The likelihood and impact of this risk are both extremely high.

¹ GAO's Standards for Internal Control in the Federal Government (GAO Green Book), Section 9.01

² GAO's Standards for Internal Control in the Federal Government (GAO Green Book), Section 17.01

We recommend AmeriCorps:

5. Develop a process to understand the root causes and conditions behind each control deficiency and the discrepancies between the control deficiencies identified by AmeriCorps' internal control testing and those reported by the external auditors. The document should consider the information presented to the Risk Management Council and their decisions, as well as any other considerations used in determining the classification of the control deficiency. Furthermore, this understanding should be used to develop and implement CAPs to address the deficiencies. **(Modified Repeat)**
6. Require each department head to be responsible and accountable for timely developing and implementing CAPs and require each department's staff to test the design and effectiveness of each CAP as implemented to ensure that it achieves the desired results. **(New)**
7. Revise the Business Process Narratives to incorporate significant changes in the current financial and control environment. **(New)**

III. Financial Reporting (Modified Repeat)

OMB A-123 requires agency management to establish and maintain internal controls to achieve, among other objectives, reliable financial reporting. All aspects of AmeriCorps' operations roll into its financial reporting and affect AmeriCorps' ability to produce reliable financial statements and disclosures. AmeriCorps' process for preparing and reviewing its financial statements continues to lack sufficient controls, and AmeriCorps did not produce financial information in a timely manner. When combined, the following deficiencies give rise to a material weakness in financial reporting:

- (1) Financial statements and accompanying notes were not prepared in accordance with U.S. GAAP,
- (2) Financial statements and accompanying notes were not prepared in compliance with the OMB A-136,
- (3) AmeriCorps did not provide sufficient quality control review and validation processes to identify inaccurate and abnormal balances on the financial statements,
- (4) The final draft of the Annual Management Report (AMR) was provided the late afternoon, November 14, 2022, which is the day before it was due with continued mathematical errors, inaccuracies, and prior year amounts that did not agree, and
- (5) AmeriCorps did not verify that its note disclosures were complete and accurate.

A. Preparing and Reviewing Financial Reports (Modified Repeat)

AmeriCorps failed to correct errors identified and communicated by the auditors relating to its June 30, 2022, Trust Fund financial statements and some of the same errors continued to exist in the Draft September 30, 2022, Trust Fund financial statements provided for audit. Therefore, AmeriCorps' draft Trust Fund financial statements and accompanying notes as of and for the year ended September 30, 2022 were not in accordance with U.S. GAAP nor in

compliance with OMB A-136. More specifically, AmeriCorps financial statements and accompanying notes had prior year balances that did not agree with the reported prior year financial statements, balances that did not agree with provided evidential matter, note disclosures that were missing, incomplete, inaccurate, or incorrect and misleading, mathematical errors, and formatting errors.

For example, the following required note disclosures were missing on the Draft Trust Fund financial statements:

- Liabilities Not Covered by Budgetary Resources
- Commitments and Contingencies
- Unobligated Balances Brought Forward
- Undelivered Orders
- Reconciliation of Net Cost to Net Outlays
- Classified Activities

Additionally, AmeriCorps did not properly present financial information and identify errors in its Trust Fund financial statements and accompanying notes. For instance:

- The Statement of Net Cost reported an abnormal balance of \$(42.5) million in gross cost for the period ended June 30, 2022. AmeriCorps provided no explanation of why the abnormal balance existed. Additionally, this amount did not agree with the balance reported in Note 4, *Trust Service Award Liability*.
- The Statement of Changes in Net Position was mathematically incorrect because the balance for Donations was omitted from the statement.
- The Statement of Budgetary Resources improperly reported the financial statement line item ‘Disbursements, net.’ This financial statement line-item only reports non-budgetary credit reform financing activity, which is not applicable to AmeriCorps.
- Certain balances and line items in the financial statement did not agree with the trial balance provided as of and for the year ended September 30, 2022.
- Note 4, *Trust Service Award Liability* (1) misstated the amount of authority received for the year ended September 30, 2022; (2) did not agree with the amount reported in the Balance Sheet as of June 30, 2022, which was an \$86.2 million difference.
- AmeriCorps’ note disclosure stated that the financial statements were reclassified but did not annotate which financial statements and notes were reclassified. Additionally, the reclassified narrative stated that certain “FY 2023 and FY 2022” balances have been reclassified.” This disclosure is inaccurate as AmeriCorps has not yet reported its FY 2023 balances, nor are the FY 2022 financial statements reclassified since they have not yet been reported.

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

Similar to prior years, AmeriCorps continued to struggle throughout FY 2022 in preparing, reviewing, and providing documentation to support its reported financial activity. In some

cases, the information was not provided timely or completely, and in others, it was not provided. For example:

- AmeriCorps did not provide a fluctuation analysis for its Trust Fund financial activity during FY 2022.
- AmeriCorps reported ‘Unapportioned, Unexpired Accounts’ of approximately \$200 million for the year ended September 30, 2022. AmeriCorps was unable to provide evidential matter to substantiate the reported balance.
- AmeriCorps did not reconcile its abnormal balances reported in the Government-wide Account (GWA) Statements. Specifically, the GWA Statement reported the following abnormal balances:
 - Gross Disbursements as of June 30, 2022 and September 30, 2022 reported abnormal balances of (\$132.1) million and (\$89.1) million, respectively.
 - Offsetting Collections as of September 30, 2022 reported an abnormal balance of (\$205.9) million.
- A significant number of reclassification issues were identified between the Central Accounting Reporting System (CARS) and the Oracle system relating to the use of incorrect Business Event Transaction Codes (BETC)³. Specifically, we noted material differences between the amounts recorded in CARS and Oracle related to the authority and transfers for \$340.0 million, gross disbursements, and offsetting collections for \$205.9 million.
- AmeriCorps’ current process over the SF 132, *Apportionment and Reapportionment Schedule*, to SF 133, *Report on Budget Execution and Budgetary Resources*, reconciliation, is not adequately documented to ensure amounts are consistent and accurate.

We recommend AmeriCorps:

8. Develop and implement effective controls, including a quality assurance process, necessary to ensure that: ***(New)***
 - a. accounting and reporting are in accordance with U.S. GAAP and financial information is presented in compliance with OMB A-136.
 - b. account balances are accurate as of and through the reporting period.
 - c. the proper validation, review, and approval over financial reporting and the AMR compilation.
9. Develop, identify, and make available the training necessary to ensure that staff obtain and update the skills necessary to ensure compliance with: ***(New)***
 - a. FASAB concepts and accounting standards.
 - b. OMB A-123.
 - c. OMB A-136.
 - d. GAO Disclosure checklist.

³ Business Event Type Code (BETC) indicates the type of activity being reported for a specific transaction (e.g., disbursements, payments, collections, borrowing, refund, etc.).

- e. Treasury’s U.S. Standard General Ledger annual update.
- f. the correct use of the BETC code when submitting transactions to Treasury.

IV. General Ledger Adjustments (*Modified Repeat*)

AmeriCorps did not properly design and implement internal controls over manual journal entries and other adjustments to the General Ledger (GL). Management continues to rely heavily on journal entries (JEs) to correct financial reporting issues instead of addressing the root causes driving the need for many JEs. For the nine months ended June 30, 2022, AmeriCorps used JEs to record approximately \$8.5 billion in transactions (absolute value).

(Reported in millions)	June 30, 2020	June 30, 2021	June 30, 2022
Count of JEs	22	93	102
Total \$ Value of JEs	\$3,436.0	\$6,320.2	\$8,513.1

While the large dollar transactions in FY 2020 may have been attributable to clean-up efforts preceding the conversion to shared services, the use of manual journal entries continues to be substantial following the migration.

Therefore, the prior audit recommendations in Exhibit III remain open and unimplemented.

We recommend AmeriCorps:

- 10. Develop and implement financial reporting internal controls to analyze and address the root causes of the need for journal entries and the corrective actions in financial management systems to reduce the necessity of future journal entries. **(New)**

V. Trust Obligations and Liability Model (*Modified Repeat*)

The National Service Trust holds the funds set aside to pay the education awards of national service members who successfully complete their service terms. Responsibility for the education awards that have been earned or will be earned in the near future is the largest liability on AmeriCorps’ financial statements at \$340 million. The liability is estimated based on historical data, including the number of filled member slots, the percentage of numbers who earn an education award by successfully completing their service terms, the rate and time at which members use the education awards that they have earned, and similar factors. In first quarter of FY 2019, AmeriCorps began to apply a new actuarial model (the Trust Obligation Liability Model or TOLM) to the member data. Although AmeriCorps originally committed to perform data validation in the third quarter of 2023, the validation is not scheduled to be completed until FY 2024. Further, management advised that the methodology is subject to change after the agency conducts its data validation, depending on the results.

We recommend AmeriCorps:

- 11. Verify and validate the underlying input data to the TOLM. **(New)**

12. After the verification and validation, reassess its assumptions and consider expanding the subjective elements of the calculation (i.e., those based on changes to the economy and the job market) to include changes in the way awards are utilized. *(New)*

VI. Migration to Shared Service (*Modified Repeat*)

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 analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness. 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. As part of the FY 2022 risk assessment, OCRO determined risks associated with the changes going to a shared service provider platform. However, management did not take action in response to the identified risks. AmeriCorps did not devote sufficient resources to complete general ledger account configuration and compatibility issues. Existing risks may require further assessment to determine whether the defined risk tolerances and risk responses need to be revised

Therefore, the prior audit recommendations remain open and unimplemented.

Exhibit II – Significant Deficiency

I. Information Technology Security Controls (*Modified Repeat*)

AmeriCorps relies extensively on information technology (IT) systems to initiate, authorize, record, process, summarize and report financial transactions in the preparation of its financial statements. Internal controls over these financial and supporting operations are essential to ensure 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. This was also the second year that AmeriCorps outsourced its financial operations to a shared service provider. Shared service provider systems interface 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.

With respect to AmeriCorps' internal IT systems, we noted that certain new control activities have been introduced to address prior weaknesses. Examples include conducting background investigations and reinvestigations of current IT employees and enhancing physical access controls to safeguard personally identifiable information.

Nevertheless, AmeriCorps continues to face challenges in the consistent implementation of its information security program and monitoring of security controls. 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.

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. An independent penetration test performed by the OIG noted exploitable vulnerabilities that could compromise a complete system. The vulnerability could allow unauthorized access to the target's system, and there were no effective controls to identify malicious activities on the system. If an exploitable system were compromised, the malicious attacker could operate for an extended time without detection. In addition, testing showed an unacceptable number of users who succumbed to a phishing attempt by interacting with the content of a spam email. (*Modified Repeat*)

- AmeriCorps did not consistently maintain an up-to-date inventory of hardware assets connected to the network. Specifically, the required fields used to track the assets were not completed. (*New*)
- Mobile Device Management System did not manage all mobile devices. The Mobile Device Management (MDM) software did not protect all its mobile devices. Also, of those mobile devices covered by the MDM, the security features to prevent the execution of unauthorized software were not implemented. Security and operating system updates were not updated within a prescribed period, and users were not prevented from installing/downloading unauthorized software on their official mobile devices. (*Modified Repeat*)

Access Control

- AmeriCorps did not consistently implement mandatory enforcement of Personal Identity Verification (PIV) multifactor⁴ for all privileged and non-privileged users. (*Modified Repeat*)

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. (*Repeat*)
- AmeriCorps did not ensure individuals with access to personal identifiable information (PII) completed annual privacy-role-based training. (*Repeat*)
- AmeriCorps did not consistently implement its policies, procedures, and processes to manage the cybersecurity risks associated with operating and maintaining its information systems. Specifically, AmeriCorps did not perform an annual assessment, including security and privacy controls and risk assessment for one of the four systems selected for testing in accordance with its policies. The most recent security control assessment and risk assessment for Momentum was conducted in January 2021. (*New*)

Contingency Planning

- AmeriCorps did not update the Continuity of Operations Plan (COOP) within its annual review process. The last version of COOP was in 2020. (*New*)

Many of these weaknesses can be attributed to inconsistent enforcement of the agency-wide information security program across the enterprise partly caused by the turnover in personnel and leadership changes. 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

⁴ 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.

measurable results in support of a strategy to achieve an effective level of information security at AmeriCorps.

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

Therefore, the prior audit recommendations in [Exhibit III](#) remain open and unimplemented.

Exhibit III – Status of Prior Year Recommendations

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. The scope of the audit in FY 2021 was limited, and we are also presenting the status of FY 2021 recommendations in FY 2022. 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 2022 were recommendations from FY 2019 and FY 2021 but were adapted to the FY 2021 results. The summary of the status of the FY 2019 and FY 2021 Trust financial statement audit recommendations in FY 2022 is in Table 1. The detail of each FY 2019 recommendation is presented in Table 2 and the detail of each FY 2021 recommendation is presented in Table 3.

Table 1: Summary of the Status of FY 2019 and FY 2021 Trust Financial Statement Audit Recommendations in FY 2022

Status in FY22	Count of Recommendations in FY19	FY19 Audit Trust Report Recommendation Number	Count of Recommendations in FY21	FY21 Audit Trust Report Recommendation Number
Recommendation Closed	4	2, 7, 13, 14	2	5, 8
Open and Modified Repeat Recommendations	25		11	
Total:	29		13	

Table 2: Status in FY 2022 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 FY22
Material Weakness	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.	Closed
Internal Control Program (FMFIA)	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.	Closed
Material Weakness 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 the supporting documentation readily available.	Repeat – MW Open Recommendation

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 FY22
		<ul style="list-style-type: none"> 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. 	
	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.	Repeat – MW Open Recommendation
	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.	Repeat – MW Open Recommendation
	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.	Repeat – MW Open Recommendation

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 FY22
	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.	Closed
	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.	Closed
	15 (16)	Validate and ensure Journal entries are properly supported, documented, and are readily available for examination.	Repeat – MW Open Recommendation
	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.	Repeat – MW Open Recommendation
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	Repeat – MW Open Recommendation

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 FY22
		with the service provider to determine methods that would enhance the security and quality of the existing estimation models.	
	22 (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
	23 (24)	Document and implement policies and procedures to include the following: <ul style="list-style-type: none"> a. establish a thorough and robust quality control process to ensure that the Trust Obligation and Liability Model (TOLM) and Monthly Obligation and Liability Calculator (Calculator) are reviewed by qualified AmeriCorps personnel prior to relying on its outputs to record transactions. All errors identified for which management ultimately decided against making updates to the TOLM or Calculator should be documented along with an explanation as to how management arrived at the final decision; b. perform monthly reviews and reconciliations of the recorded new and outstanding obligations to ensure the accounting information is valid and proper; review obligation amounts to ensure amounts accurately reflect the status of the obligation; 	Repeat – MW Open Recommendation

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 FY22
		<ul style="list-style-type: none"> c. review obligations to verify that amounts, timeframe (i.e., grant dates are correctly reflected in the obligation); d. ensure obligations are sufficiently supported (i.e., by documentary evidence); and e. perform complete reconciliations of all outstanding obligations monthly, and ensure any discrepancies identified are promptly researched and resolved. 	
	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)	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: <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 – MW Open Recommendation
Significant Deficiency (SD)	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 – MW Open Recommendation
IT Security Controls	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 – MW Open Recommendation

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 FY22
	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 – MW Open Recommendation
	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 – MW Open Recommendation
	30 (62)	Strengthen and refine the process for holding contractors accountable for remediation of control deficiencies in AmeriCorps information systems.	Repeat – MW Open Recommendation
	31 (63)	Implement all detailed recommendations in the FY 2019 FISMA Evaluation report.	Repeat – MW 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
	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

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 FY22
	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

Table 3: Status in FY 2022 and Detail Description of Each Recommendation from FY 2021 Financial Statement Audit

FY 2021 Audit Report Finding Area	FY21 Trust Audit Report Rec. Number (FY21 Consolidated FS Report Rec. Number)	Recommendation Description	Status of FY 2021 Recommendations in FY 2022
Material Weakness	1 (1)	Perform a risk assessment over the current state of the conversion to ARC and work jointly with ARC, senior leadership, Office of Chief Risk Officer, and functional groups affected by the risk to develop a mitigation strategy and execute a realistic and properly designed corrective action plan.	Repeat – MW Open Recommendation

FY 2021 Audit Report Finding Area	FY21 Trust Audit Report Rec. Number (FY21 Consolidated FS Report Rec. Number)	Recommendation Description	Status of FY 2021 Recommendations in FY 2022
Migration to Shared Service	2 (2)	Fix incorrect outstanding balances, missing data, and missing supporting contract documentation resulting from financial system configuration issues and ensure future interfaces with Oracle do not have the same issues.	Repeat – MW Open Recommendation
	3 (3)	Continue coordinating with ARC to ensure that its accounting platform is compatible with AmeriCorps’ operations and the type of accounting transactions that AmeriCorps processes.	Repeat – MW Open Recommendation
	4 (4)	Conduct a review of transactions processed in Momentum and already migrated to Oracle through interface or reported in Oracle using journal entries, to ensure that correct object class codes were applied.	Repeat – MW Open Recommendation
Material Weakness	5 (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.	Closed
Internal Controls Program (FMFIA)	6 (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.	Modified Repeat – MW FY 22 Recommendation #5
	7 (8)	Establish controls and training to ensure that each functional office/unit performs an independent assessment of internal controls to inform the CEO’s statement of assurance, even if unfavorable outcomes are expected. This proactive approach will promote the early detection of potential findings and allow for prompt remediation.	Repeat – MW Open Recommendation
Material Weakness	8 (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	Closed

FY 2021 Audit Report Finding Area	FY21 Trust Audit Report Rec. Number (FY21 Consolidated FS Report Rec. Number)	Recommendation Description	Status of FY 2021 Recommendations in FY 2022
Financial System and Reporting		accountability, project management and target dates to complete. It should also include a quality assurance plan to verify effective and timely implementation.	
	9 (10)	Develop and implement audit readiness procedures to ensure that audit information is complete, accurate, has undergone proper quality control procedures, and readily available or can be retrieved timely. The audit readiness procedures should include audit coordination protocol with ARC that clearly define roles and responsibilities of all parties involved in the process.	Repeat – MW Open Recommendation
	10 (11)	<p>Develop comprehensive policies and procedures to document its financial statement preparation process. The policies and procedures should clearly delineate responsibilities among various members of the Accounting and Financial Management Service (AFMS) group and team leads and those performed by AmeriCorps’ shared services provider, clarifying the responsibility of AmeriCorps for the accuracy of the reported information. The policies and procedures should address the following aspects:</p> <ul style="list-style-type: none"> a. The process to determine and document AmeriCorps’ balance fluctuation expectations based on a combination of internal and external operating factors, and program and financial relevant information available. b. Detailed process to research significant balance fluctuations. AmeriCorps should research and explain all significant balance fluctuations at the account and transaction level. Maintain and have the supporting documentation readily available. c. Research and retain supporting documents required for any identified account balance differences derived from its abnormal balance review or the tie point analysis. d. Address fatal and non-fatal Government-wide Treasury Account Symbol edit failures prior to GTAS certification. e. Document resolution for all balance differences and retain supporting documentation of related research. 	Repeat – MW Open Recommendation

FY 2021 Audit Report Finding Area	FY21 Trust Audit Report Rec. Number (FY21 Consolidated FS Report Rec. Number)	Recommendation Description	Status of FY 2021 Recommendations in FY 2022
	11 (12)	Continue working with Administrative Resource Center to review and correct AmeriCorps' balances in detail to ensure they are properly supported and that balances migrated to the ARC platform are complete, accurate, and reliable.	Repeat – MW Open Recommendation
	12 (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.	Repeat – MW Open Recommendation
	13 (14)	Validate and ensure JEs are properly supported, documented, and are readily available for examination.	Repeat – MW Open Recommendation

**G. MANAGEMENT’S RESPONSE TO AUDIT OF NATIONAL SERVICE
TRUST FUNDS FINANCIAL STATEMENTS (UNAUDITED)**

Exhibit IV – Management’s Response



Date: November 18, 2022

To: Deborah Jeffery, Inspector General

From: Malena Brookshire, Chief Financial Officer

MALENA
BROOKSHIRE

Digitally signed by MALENA
BROOKSHIRE
Date: 2022.11.18 16:32:12 -05'00'

Subject: Management’s Response to Audit of Consolidated Financial Statements

AmeriCorps has reviewed the report, and we acknowledge the auditors’ disclaimer of opinion on the financial statements and its review of the agency’s internal control over financial reporting and compliance with laws and regulations. This is a consolidated response to the independent auditors’ report on the consolidated financial statements and the financial statements of the National Service Trust.

The independent audit of the agency’s financial statements and related processes is a core component of AmeriCorps financial management program. We view the audit as an opportunity for continuous improvement as we promote the prudent, effective, and efficient use of funds across the agency to support progress toward goal 4 in our FY 2022-2026 strategic plan: effectively steward federal resources.

AmeriCorps recognizes the independent auditors’ findings and recommendations related to the 12 material weaknesses and 3 significant deficiency. The agency remains focused on implementing improvements to internal controls and audit readiness, including corrective actions to address findings from prior year audits, to demonstrate our commitment to resolving longstanding challenges in agency operations and financial management.

Throughout the fiscal year, the agency worked hard to make progress toward the Office of the Chief Financial Officer’s priority reforms, including strengthening financial management leadership and workforce capacity, streamlining, and improving core financial management operations, improving controls and agency audit readiness, and enhancing internal and external partnerships and communication. We know there is considerable work to be done, but AmeriCorps is on the pathway to sustainable progress.

Looking ahead, AmeriCorps will prioritize and focus its remediation efforts on high-risk audit areas impacting the agency’s federal stewardship and oversight responsibilities. For example, AmeriCorps will move forward in modernizing the systems, processes, and controls necessary to improve the quality of and access to financial data used for decision-making. We will use the audit findings to update and implement robust corrective action plans that address root causes to longstanding issues.



AmeriCorps will also continue to monitor remediation efforts at the highest levels of leadership throughout the agency, which includes regular meetings with agency executives to review progress toward approved corrective and preventive actions. The agency's Risk Management Council continues to play a significant role, and with the reinstatement of AmeriCorps' Board of Directors Oversight, Governance, and Audit Committee the agency has further enhanced internal oversight and accountability to support improved financial stewardship and decision-making. Additionally, AmeriCorps is currently contracting with an individual who is serving as the senior advisor to the CEO for financial reforms, and who has experience leading financial and digital transformations within the federal government.

The independent audit continues to provide the agency with valuable recommendations that directly support our multi-year effort to enhance AmeriCorps' operational controls and financial management functions. We would like to thank your office and the independent auditors at RMA Associates, LLC for providing AmeriCorps with information to improve and sustain a strong internal control environment. We are committed to the continuous improvement of our financial management and look forward to working with you and the auditors, as we know your efforts are directly in support of that commitment. I also want to thank the dedicated AmeriCorps staff for their strong commitment to advancing progress toward critical financial management reforms through our multi-year effort.



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H. NATIONAL SERVICE TRUST FUND FINANCIAL STATEMENTS (UNAUDITED)

AmeriCorps
National Service Trust Fund
Balance Sheets
As of September 30, 2022 and 2021
(in thousands)

	Unaudited 2022	Unaudited 2021
Assets		
Intragovernmental		
Fund Balance with Treasury (Note 2)	\$ 353,063	\$ 145,848
Investment, Net (Note 3)	1,078,367	1,011,223
Total Intragovernmental	1,431,430	1,157,071
Total Assets	\$ 1,431,430	\$ 1,157,071
Liabilities		
With the Public		
Trust Service Award Liability (Note 4)	339,761	355,824
Total With the Public	339,761	355,824
Total Liabilities	\$ 339,761	\$ 355,824
Net Position		
Cumulative Results of Operations	\$ 1,091,669	\$ 801,247
Total Net Position	\$ 1,091,669	\$ 801,247
Total Liabilities and Net Position	\$ 1,431,430	\$ 1,157,071

The accompanying notes are an integral part of these statements.

AmeriCorps
National Service Trust Fund
Statements of Net Cost
For the Years Ended September 30, 2022 and 2021
(in thousands)

	Unaudited 2022	Unaudited 2021
Gross Program Costs:		
VISTA		
Gross Costs	\$ 11,989	\$ 5,543
Less: Earned Revenue	-	-
Net Program Costs	\$ 11,989	\$ 5,543
NCCC		
Gross Costs	\$ 729	\$ 880
Less: Earned Revenue	-	-
Net Program Costs	\$ 729	\$ 880
STATE AND NATIONAL		
Gross Costs	\$ 88,044	\$ 40,710
Less: Earned Revenue	(6,112)	(930)
Net Program Costs	\$ 81,932	\$ 39,780
Net Cost of Operations	\$ 94,650	\$ 46,203

The accompanying notes are an integral part of these statements.

AmeriCorps
National Service Trust Fund
Statements of Changes in Net Position
For the Years Ended September 30, 2022 and 2021
(in thousands)

	Unaudited 2022	Unaudited 2021
Cumulative Results of Operations:		
Beginning Balances	\$ 801,247	\$ 644,070
Donations and Forfeitures of Cash and Cash Equivalents	\$ 23	\$ -0-
Transfers In/Out Without Reimbursement	385,049	203,380
Net Cost of Operations	(94,650)	(46,203)
Net Change in Cumulative Results of Operations	\$ 290,422	\$ 157,177
Cumulative Results of Operations - Ending	\$ 1,091,669	\$ 801,247
Net Position	\$ 1,091,669	\$ 801,247

The accompanying notes are an integral part of these statements.

AmeriCorps
National Service Trust Fund
Statements of Budgetary Resources
For the Years Ended September 30, 2022 and 2021
(in thousands)

	Unaudited 2022	Unaudited 2021
Budgetary Resources:		
Unobligated balance from prior year budget authority, net (Note 6)	\$ 538,713	\$ 365,281
Appropriations	386,504	354,472
Total Budgetary Resources	\$ 925,217	\$ 719,753
Status of Budgetary Resources:		
New obligations and upward adjustments (total)	\$ 272,946	\$ 99,180
Apportioned, unexpired accounts	452,353	140,070
Unapportioned, unexpired accounts	199,918	480,503
Unexpired unobligated balance, end of year	652,271	620,573
Total Budgetary Resources	\$ 925,217	\$ 719,753
Outlays, Net and Disbursements, Net:		
Outlays, net (total)	\$ 116,802	\$ 129,604
Agency outlays, net	\$ 116,802	\$ 129,604

The accompanying notes are an integral part of these statements.

I. NOTES TO NATIONAL SERVICE TRUST FUND FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (UNAUDITED)

A. Reporting Entity

[AmeriCorps](#) provides opportunities for Americans to make an ongoing, intensive commitment to service through the following programs:

- AmeriCorps [State and National](#),
- AmeriCorps [VISTA](#),
- AmeriCorps [NCCC](#),
- AmeriCorps State Service Commission Support Grants ([State Commission Support](#)), and
- AmeriCorps [Seniors](#).

B. Mission of the Reporting Entity

AmeriCorps was created by the National and Community Service Trust Act of 1993 ([Public Law 103-82](#)). AmeriCorps' 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 critical challenges in the areas of education, healthy futures, environmental stewardship, economic opportunity, disaster services, and assisting veterans and military families through volunteer service.

C. 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 net position, which results from changes to Unexpended Appropriations and Cumulative Results of Operations. 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 in accordance with Office of Management and Budget OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, the Accountability of Tax Dollars Act of 2002, and other applicable legislation. They have been prepared from, and are fully supported by, the books and records of AmeriCorps in accordance with the formats prescribed by Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, and with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities as prescribed by the Federal Accounting Standards Advisory

Board (FASAB). The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in thousands of dollars.

D. 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 incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds. The balances and activity of budgetary accounts are used to prepare the Statements of Budgetary Resources.

E. Accounting for Intragovernmental and Transactions With the Public

Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700, provides guidance for reporting and reconciling intragovernmental balances. The Statement of Federal Financial Accounting Standards (SFFAS 1), *Accounting for Selected Assets and Liabilities*, defines recognition, measurement, and disclosure requirements for intragovernmental assets and liabilities.

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

Intragovernmental asset and liability transactions should be reported separately from asset and liability transaction with the public.

F. Fund Balance with Treasury

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

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

For additional information see Note 2, Fund Balance with Treasury.

G. Investment, Net

AmeriCorps has the authority in accordance with the standards and requirements provided in TFM, Volume I, Part 2, 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 interest method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

For additional information see Note 3, Investments, Net.

H. 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.

I. 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.

J. Reclassification

Federal agency financial statements, including AmeriCorps, are included in the Financial Report of the U.S. Government ([Financial Report](#)). The FY 2022 FR will be published by The [Bureau of Fiscal Service](#) upon its release.

Certain FY 2021 and 2022 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

K. 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.

L. 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.

M. 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 (UNAUDITED)

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

Fund Balance with Treasury account balances as of September 30, 2022 and 2021, were as follows (in thousands):

	Unaudited 2022	Unaudited 2021
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 452,352	\$ 140,070
Unavailable	433,875	480,503
Obligated Balance Not Yet Disbursed	540,193	536,145
Net of Unamortized Discount	(1,073,357)	(1,010,870)
Total	\$ 353,063	\$ 145,848

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

The available unobligated fund balances represent the current period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph. The unavailable unobligated fund balances consist primarily of funds that are precluded from obligation by law. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations. The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3. INVESTMENTS, NET (UNAUDITED)

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

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

Investments as of September 30, 2021 consist of the following (in thousands):

Unaudited Intragovernmental:	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments, Net	Market Value Disclosure
Market-based						
Bills	\$ 641,000	Interest	\$ 140	\$ -	\$ 641,140	\$ 641,141
Notes	369,870	Interest	97	116	370,083	369,726
Total	\$ 1,010,870		\$ 237	\$ 116	\$ 1,011,223	\$ 1,010,867

NOTE 4. TRUST SERVICE AWARD LIABILITY (UNAUDITED)

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The education award generally must be used within seven years of completion date of an approved term of national service. If the education award is transferred to an eligible individual or is a Summer of Service award (which was available to youth enrolled in grades 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, 2022 and 2021 is as follows:

(In Thousands)	Unaudited 2022	Unaudited 2021
Cumulative Education Awards Earned	\$ 4,490,202	\$ 4,326,854
Cumulative Interest Forbearance Earned	132,749	132,417
Total Cumulative Awards Earned	4,622,951	4,459,271
Less: Cumulative Awards paid	(3,399,052)	(3,282,989)
Less: Discount for Usage and Statistics	(931,129)	(869,041)
Total Liability for Awards Earned	292,770	307,241
Total Liability for Awards not yet Earned	46,991	48,583
Total	\$ 339,761	\$ 355,824

As of September 30, 2022 and 2021, the National Service Trust received \$190.6 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 (UNAUDITED)

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

AmeriCorps estimates the expense for national service awards based on the increase in its cumulative service award liability during the year. The total service award liability as of September 30, 2021 and 2022 respectively, have been adjusted to reflect the fact that earned awards are not always used.

Estimated Interest Forbearance	5,109	2,351
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NOTE 6. NET ADJUSTMENT TO UNOBLIGATED BALANCES (UNAUDITED)

(In Thousands)	Unaudited 2022	Unaudited 2021
Unobligated Balance Brought Forward From Prior Year, October 1	\$ 620,574	\$ 515,217
Recoveries of Prior Year Obligations	152,096	64
Other Changes in Unobligated Balances	(233,957)	(150,000)
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 538,713	\$ 365,281

III. OTHER INFORMATION (UNAUDITED)

A. SUMMARY OF FINANCIAL STATEMENT AUDIT & MANAGEMENT STATEMENT OF NO ASSURANCE

Table 1. Summary of Financial Statement Audit

Audit Opinion	Disclaimer				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Migration to Shared Services	1				1
Internal Controls Program (FMFIA)	1				1
Trust Obligations and Liability Model	1				1
Recoveries of Prior Year Obligations	1				1
General Ledger Adjustments		1			1
Grant Accruals and Advances	1				1
Financial Systems and Reporting	1				1
Grant Undelivered Orders and Related Grant Expenditures	1				1
Non-Grant Undelivered Orders and Accounts Payable	1				1
Knowledge Gap throughout Financial Management Operations	0	1			1
Advances from Others	0	1			1
Other Liabilities	1				1
Total Material Weaknesses	9	3			12

Table 2. Summary of Management Statement of No Assurance

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			0
Undelivered Orders – Grant	1		1			0

Effectiveness of Internal Control over Financial Reporting (FMFIA §2) (continued)

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Undelivered Orders and Accounts Payable	1					1
Property, Plant, and Equipment	1					1
Fund Balance with Treasury	1					1
Financial Reporting	0	1				1
Accounts Receivable	0	1				1
Complementary User Entity Controls- Migration to Shared Services	0	1				1
<i>Total Material Weaknesses</i>	5	3	2			6
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	No Assurance					
Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of No Assurance	Federal Systems conform					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Grant Operations	1		1			0
<i>Total Material Weaknesses</i>	1					0
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
1. Federal Financial Management System Requirements	No lack of compliance noted, or Lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		
2. Applicable Federal Accounting Standards	No lack of compliance noted, or Lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		
3. USSGL at Transaction Level	No lack of compliance noted, or Lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		

Beginning Balance: The beginning balance must agree with the ending balance from the prior year.

New: The total number of material weaknesses/non-conformances identified during the current year.

Resolved: The total number of material weaknesses/non-conformances that dropped below the level of materiality in the current year.

Consolidated: The combining of two or more findings.

Reassessed: The removal of any finding not attributable to corrective actions (e.g., management has re-evaluated and determined that a finding does not meet the criteria for materiality or is redefined as more correctly classified under another heading).

Ending Balance: The year-end balance that will be the beginning balance next year.

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.

C. CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

The [Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015](#), which amended the Federal Civil Penalties Inflation Adjustment Act of 1990 ([28 U.S.C. §2461](#), note), requires federal agencies to annually adjust the level of civil monetary penalties for inflation to improve their effectiveness and maintain their deterrent effect. The implementation of this law helps deter violations of law; encourages corrective actions for existing violations; and helps prevent fraud, waste, and abuse within the AmeriCorps. The civil monetary penalty adjustments for AmeriCorps are published as final rules in the [Federal Register](#). Additional supporting details about these penalties are available at [Federal Register Volume 87, pages 2728-2729](#).

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	2022	The current range of civil monetary penalties related to Restrictions on Lobbying is from \$22,022 to \$220,212.	AmeriCorps*	87 Fed. Reg. 2728 (Jan. 19, 2022)
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	2022	The upper limit for civil monetary penalties for the Program Fraud Civil Remedies Act of 1986 is \$12,537.	AmeriCorps*	87 Fed. Reg. 2728 (Jan. 19, 2022)

*The Federal Register changes were posted under the Corporation for National and Community Service, which is the legal name of the AmeriCorps agency.

D. NATIONAL SERVICE TRUST FUND STATUS REPORT (UNAUDITED)

National Service Trust Fund Status Report

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 2022, 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 \$6495. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$3247.5. Reduced part-time terms, which provide awards of 365.52 to 2474.29, are also offered. The education award is indexed to the maximum federal Pell grant; 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 1b includes similar data on the prior Program Year for comparative purposes. Member positions (slots) classified as "Certified Not Awarded" have been approved by AmeriCorps' Chief Executive Officer for award to grantees, but for which the final grant award has not been executed. For budgetary purposes these positions are considered commitments in the Trust Fund. Positions classified as Planned not Certified have not yet been approved by the CEO.

Table 1a - AmeriCorps Member Position Award Activity Program Year 2022				
Program	Awarded/ Enrolled	Certified Not Awarded	Planned Not Certified	Total
State & National	21,186	(7,799)	(811)	12,576
VISTA	3,885	2,129	237	6,251
NCCC	711	63	666	1,440
Total	25,782	(5,607)	92	20,267

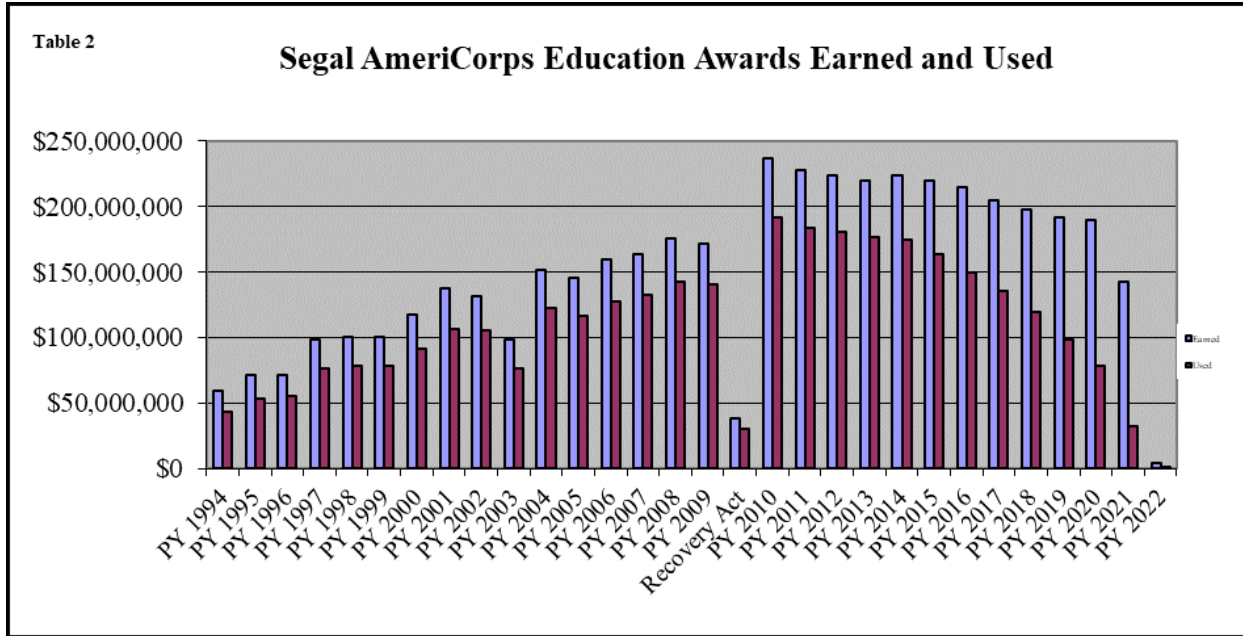
Table 1b - AmeriCorps Member position Award Activity Program Year 2022			
Program	Certified Not Awarded	Planned Not Certified	Total
State & National	326	-	75,095
VISTA	817	-	6,251
NCCC	343	-	1,360
Total	1,486	0	82,706

The 68,750 Trust positions planned for Program Year 2022 do not include an estimated 1,350 AmeriCorps VISTA members (1,150 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 2022, including VISTA members electing a stipend, is 70,050. 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 82,706 Trust positions for Program Year 2021 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 2021, including VISTA members electing a stipend, is 84,206. Of the 6,251 VISTA member positions in the Trust for 2021, 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 \$4.49 billion in Segal AmeriCorps Education Awards and used over \$3.27 billion of that amount to fund their education and repay student loans. In addition, AmeriCorps has made \$132.74 million in interest forbearance payments. Approximately \$628.35 million in education awards earned have expired without being used. The Trust obligation formula has been adjusted to reflect these expired awards.



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.

	Program Years					Fail-safe Trigger
	2018	2019	2020	2021	2022	
Number of Refilled Positions	998	714	624	351	13	N/A
Refills as a Percent of Awarded State & National Positions	1.50%	1.12%	0.99%	0.47%	0.02%	5%
State & National Enrollment as a Percentage of Awarded Positions	86.9%	81.5%	80.4%	63.7%	30.4%	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 fiscal

year 2021 but not fill all positions until fiscal 2022. All positions related to this grant would be considered Program Year 2021 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 Abbreviated Time.

Table 4 - Factors Affecting the National Service Trust Fund					
	Program Year				
	2018	2019	2020	2021	2022
Member enrollments in the Trust	65,574	59,480	58,001	54,266	25,961
Percent of members who earned an education award	80.19%	84.38%	84.05%	79.51%	61.36%
Percent of earned education awards used	60.75%	51.53%	41.48%	22.76%	13.39%
Breakout of enrollment by term type:					
Full-time	48%	49%	47%	45%	58%
Part-time	13%	12%	12%	11%	7%
Reduced Part-time	39%	39%	41%	43%	34%

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 2021:

Enrolled: 54,266
 Still Earning: 8,156
 Completed: 46,110 (Enrolled less Still Earning)
 Awards Earned: 36,662
 % Earned: 79.51% (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 and 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 fiscal 2022, these factors are the ratio of 57.28% between

Other Information (Unaudited)

authorized awards and ultimate payments, a ratio of 63.05% between awards expected for members currently earning and ultimate payments and a ratio of 78.37% between earned awards and ultimate payments. Under the National and Community Service Act, as amended, awards earned by members over age 55 can be transferred to an eligible beneficiary. For budgetary purposes we project that all transferable awards will eventually be used. Obligations are periodically adjusted to reflect current earning and usage projections."

FEMA Corps is a unit of AmeriCorps' National Civilian Community Corps (NCCC) whose members are devoted solely to FEMA disaster response, and recovery efforts. The FEMA-AmeriCorps interagency reimbursable work 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 our budgetary and obligation activity.

Table 5 – Schedule of Budgetary Activities (Unaudited)						
AmeriCorps National Service Trust Schedule of Budgetary Activity For the Year Ended September 30, 2022 (in thousands)						
		Recovery Act	Other	FEMA Corps	General Fund/ARP	Combined
Funds Available, October 1	\$	(1,971)	(3)	(3,430)	(533,287)	(538,691)
Reserve Funds		(3,500)			(46,697)	(50,197)
Total Starting Funds	\$	(5,471)	(3)	(3,430)	(579,984)	(588,888)
Budgetary Resources						
Fiscal Year Appropriation	\$	-	-	-	(191,134)	(191,134)
Less Reserve		3,500	-	-	46,697	50,197
Program Funds Transferred		-	-	-	(46,928)	(46,928)
ARP Funds					(148,000)	(148,000)
Unapportioned Interest					(464)	(464)
Total Budgetary Resources	\$	(1,971)	(3)	(3,430)	(919,813)	(925,217)
Less Payments/Refunds						
Payments	\$			756	116,498	117,255
Payments ARP Admin					785	785
Refunds					1,216	1,216
Net		-	-	756	118,499	116,824
Total Available Funds	\$	(1,971)	(3)	(2,674)	(801,314)	(689,137)
Less			-			-
Recommended Additional Reserve	\$				153,432	153,432
Unapportioned Interest					82,944	82,944
Temporary Rescission					150,000	150,000
Net Available Funds	\$					(422,017)

Other Information (Unaudited)

Table 6 – Schedule of Budgetary Activities (Unaudited) AmeriCorps National Service Trust Schedule of Trust Obligations For the Year Ended September 30, 2022 (in thousands)						
Resources	Recovery Act	Trust Other	Trust FEMA Corps	General Fund/ARP	Combined	
Fund Balance with Treasury	\$ 8,594.15	56	3,649	340,764	353,063	
Investments, Net	-	-	3,973	1,074,211	1,078,184	
Interest Receivable	1	-	(0)	183	183	
Accounts Receivable	-	-	-	-	-	
Subtotal	8,595	56	7,622	1,415,158	1,431,430	
Less:						
Cumulative Trust Reserve	\$ (3,500.00)	-	-	(46,697)	(50,197)	
Receivables Not Available for Obligation	(1)	-	(23)	(4,986)	(5,010)	
Unapportioned	-	-	-	(199,940)	(199,940)	
Total Resources	5,094	56	7,599	1,163,535	1,176,283	
Unliquidated Obligations						
Education Awards	\$ (3,014.85)	-	(4,717)	(510,130)	(517,862)	
Interest Forbearance	(126)	-	(197)	(21,255)	(21,578)	
Total Unliquidated Obligations	(3,141)	-	(4,914)	(531,385)	(539,440)	
Commitments						
Education Awards	-	-	-	(9,984)	(9,984)	
Interest Forbearance	-	-	-	(416)	(416)	
Total Commitments	-	-	-	(10,400)	(10,400)	
Funds Available for Obligation	\$ 1,953	56	2,685	621,750	626,444	

Enrollment Activity

Table 7 presents cumulative data to date on Trust enrollments, education awards earned and used for Program Years 1994 through 2022 as well as Recovery Act positions.

Other Information (Unaudited)

Table 7 - Enrollment Activity						
Trust Enrollment Activity – Program Years 1994 through September 30, 2022						
Program Year	Type	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994	Full Time	8	428,148	95,488	2,046,592,927	1,671,513,280
through	Part-time	7	136,865	61,651	322,112,976	229,644,325
2012	Reduced Part-time	8	267,493	68,080	311,988,871	234,241,773
	Total	23	832,506	225,219	2,680,694,774	2,135,399,378
2013	Full Time	0	32,239	4,805	173,385,567	144,682,847
2013	Part-time	0	6,889	1,894	18,664,779	12,233,375
2013	Reduced Part-time	2	20,517	4,796	27,591,639	19,365,760
	Total	2	59,645	11,495	219,641,985	176,281,982
2014	Full Time	7	32,782	5,180	179,121,004	145,749,509
2014	Part-time	0	6,746	1,916	18,555,164	11,350,649
2014	Reduced Part-time	3	19,343	4,628	26,377,419	17,883,986
	Total	10	58,871	11,724	224,053,586	174,984,143
2015	Full Time	15	31,593	5,576	174,727,451	135,415,533
2015	Part-time	5	7,146	2,022	19,879,307	11,583,842
2015	Reduced Part-time	1	18,492	4,051	25,602,748	16,706,919
	Total	21	57,231	11,649	220,209,506	163,706,294
2016	Full Time	42	29,751	5,720	165,672,342	120,270,714
2016	Part-time	0	7,381	2,196	20,689,179	11,346,882
2016	Reduced Part-time	14	20,228	4,256	28,204,596	18,036,979
	Total	56	57,360	12,172	214,566,116	149,654,576
2017	Full Time	15	28,236	5,858	157,493,228	108,523,580
2017	Part-time	2	6,808	2,572	19,163,264	9,959,230
2017	Reduced Part-time	2	19,905	4,238	28,013,195	17,095,673
2017	Affiliate	1	413	35	135,154	32,542
	Total	20	55,362	12,703	204,804,841	135,611,026
2018	Full Time	36	26,200	5,559	148,114,862	94,127,202
2018	Part-time	1	6,058	2,243	17,289,962	7,907,062
2018	Reduced Part-time	4	20,215	5,175	32,118,015	17,959,540
2018	Affiliate	0	76	7	25,320	7,663
	Total	41	52,549	12,984	197,548,158	120,001,466

Table 7-Trust Enrollment Activity – Program Years 1994 through September 30, 2022 (continued)

Program Year	Type	Members Earning or Not Exited	Earned an Award	Did Not Earn	Amount Earned	Amount Used
2019	Full Time	55	24,494	4,403	141,791,207	76,673,571
2019	Part-time	3	5,739	1,373	16,322,139	6,137,658
2019	Reduced Part-time	39	19,865	3,497	33,800,268	16,081,349
2019	Affiliate	0	12	0	4,116	1,029
	Total	97	50,110	9,273	191,917,730	98,893,608
2020	Full Time	62	23,244	4,004	137,651,378	60,248,805
2020	Part-time	146	5,192	1,456	15,352,426	4,104,653
2020	Reduced Part-time	143	19,948	3,729	36,296,396	14,162,611
2020	Affiliate	0	69	8	24,056	9,216
	Total	351	48,453	9,197	189,324,256	78,525,285
2021	Full Time	2,686	17,325	4,612	104,653,058	25,818,105
2021	Part-time	1,782	3,018	1,289	8,979,121	895,204
2021	Reduced Part-time	3,669	16,171	3,530	29,315,193	5,834,700
2021	Affiliate	19	148	17	52,134	4,999
	Total	8,156	36,662	9,448	142,999,505	32,553,008
2022	Full Time	13,831	432	843	2,560,579	218,573
2022	Part-time	1,835	1	40	1,068	0
2022	Reduced Part-time	7,518	1,241	171	1,702,032	352,193
2022	Affiliate	49	0	0	0	0
	Total	23,233	1,674	1,054	4,263,680	570,766
	Cumulative to Date	32,010	1,310,423	326,918	4,490,024,139	3,266,181,532