March 2024

GRANTS

AmeriCorps Should Take Multiple Actions to Better Manage Fraud Risks

GRANTS

AmeriCorps Should Take Multiple Actions to Better Manage Fraud Risks

Why GAO Did This Study

AmeriCorps' grant programs address various community needs, including disaster relief, educational support, and environmental stewardship. In fiscal year 2023, the agency received over $900 million to fund these grant programs.

However, AmeriCorps has faced financial management challenges. In fiscal year 2023, AmeriCorps' Inspector General identified improving financial management and prioritizing fraud prevention and detection as major management challenges.

GAO was asked to review issues related to AmeriCorps' management of fraud risks in its grant programs. This report examines the extent to which AmeriCorps' (1) fraud risk management activities for major grant programs and (2) antifraud data analytics align with selected leading practices from GAO's Fraud Risk Framework. GAO reviewed relevant policies and documentation, analyzed data, and interviewed agency officials and compared this information with selected leading practices.

What GAO Recommends

GAO is making 10 recommendations, including that AmeriCorps plan and conduct regular program-level fraud risk assessments that align with leading practices and include data completeness and quality challenges as it explores the feasibility of antifraud data analytics. AmeriCorps agreed with our recommendations and described plans to address them.

What GAO Found

AmeriCorps—also known as the Corporation for National and Community Service—administers a variety of grant programs that support service opportunities aimed at addressing community needs. The agency has taken some steps to manage fraud risks in its major grant programs. For example, as part of ongoing efforts to formalize its fraud risk management program, in September 2023 AmeriCorps developed a draft standard operating procedure that documents key roles of those leading fraud risk management activities.

Nevertheless, many of the agency's efforts to manage fraud risks do not fully align with selected leading practices in GAO's Fraud Risk Framework. For instance, AmeriCorps has not established a process to conduct regular fraud risk assessments in its major grant programs. The agency's current fraud risk assessment was conducted at the agency level and was not tailored to identify or address program-specific risks. The agency's programs vary in size and scope. For example, one program funded over 7,000 volunteers, while another program funded over 115,000 volunteers. The agency-level assessment may not result in the information necessary to effectively manage program-level fraud risks.

Furthermore, AmeriCorps' current agency-level fraud risk assessment does not fully align with leading practices in GAO's Fraud Risk Framework. Specifically:

- **Identifying fraud risks.** The fraud risk assessment did not fully identify specific risks or differences across its major grant programs—such as size and scope—that may warrant separate consideration.

- **Assessing inherent fraud risks.** AmeriCorps did not assess the likelihood or impact of the inherent fraud risks it identified.

- **Setting risk tolerance.** AmeriCorps set a fraud risk tolerance that does not align with guidance on the level of risk the agency is willing to accept. Specifically, AmeriCorps' guidance calls for a low fraud risk tolerance. However, the agency's fraud risk assessment set a higher risk tolerance, accepting more risk than called for by the agency's guidance.

- **Considering existing controls.** AmeriCorps did not fully consider the effect of existing controls because it had not assessed its inherent fraud risks.

Conducting fraud risk assessments that fully align with leading practices can help ensure that AmeriCorps produces the program-level information necessary to strategically manage fraud risks across its major grant programs.

AmeriCorps plans to explore and implement feasible antifraud data analytics, as called for by leading practices. However, the agency faces challenges that may hinder these efforts. For example, AmeriCorps does not collect any information on individual volunteers in certain programs, which may limit potential analytics. AmeriCorps has system modernization efforts currently underway that may improve data quality and allow for additional antifraud analytics. However, its plans do not explain whether its analysis will include the benefits and costs of collecting additional information or the anticipated benefits of its modernization efforts. Including these factors will help ensure that AmeriCorps fully explores the feasibility of antifraud data analytics in its major grant programs.

United States Government Accountability Office

Contents

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

March 13, 2024

The Honorable Virginia Foxx
Chairwoman
Committee on Education and the Workforce
House of Representatives

Dear Madam Chairwoman:

AmeriCorps, also known as the Corporation for National and Community Service, administers volunteer and national service programs to strengthen communities and foster civic engagement. In fiscal year 2023, AmeriCorps received appropriations totaling over $1.3 billion, of which over $900 million funded various grant programs. These programs fund service opportunities aimed at addressing a range of community needs, such as disaster recovery, educational support, and environmental stewardship. According to the agency, more than 200,000 members and volunteers participate in AmeriCorps programs each year.[1]

For several years, AmeriCorps' Office of the Inspector General (OIG) has reported on the agency's significant financial management issues.[2] In fiscal year 2023, AmeriCorps' OIG identified improving financial management and prioritizing fraud prevention and detection as major management challenges for the agency.[3] Furthermore, settlements of alleged program violations highlight fraud risks associated with AmeriCorps' grant programs.[4] For example, in May 2020, one

---

[1]AmeriCorps refers to program participants as either members or volunteers, depending on the program in which they participate.

[2]For example, see AmeriCorps OIG, *Audit of AmeriCorps' Fiscal Year 2022 Consolidated Financial Statements*, OIG Report 23-01 (Washington, D.C.: Nov. 19, 2022).

[3]AmeriCorps OIG, *Management* Challenges (Washington, D.C.: Nov. 15, 2023).

[4]Fraud involves obtaining something of value through willful misrepresentation. Willful misrepresentation can be characterized by making materially false statements of fact based on actual knowledge, deliberate ignorance, or reckless disregard of falsity. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond management's professional responsibility for assessing risk. Fraud risk (which is a function of likelihood and impact) exists when people have an opportunity to engage in fraudulent activity, have an incentive or are under pressure to commit fraud, or are able to rationalize committing fraud. Although the occurrence of fraud indicates there is a fraud risk, a fraud risk can exist even if fraud has not yet occurred or been identified.

GAO-24-106564 AmeriCorps Fraud Risks

organization agreed to pay over $2.5 million to settle claims that the organization falsified over 1,500 timesheets and 61 education awards under AmeriCorps grants.

Managers of federal programs—like AmeriCorps' grant programs—are responsible for managing fraud risks and implementing practices for combating those risks. Effectively managing fraud risk helps to ensure that federal programs' services fulfill their intended purpose, that funds are spent effectively, and that assets are safeguarded. In July 2015, we issued the Fraud Risk Framework, which provides a comprehensive set of key components and leading practices that serve as a guide for agency managers to use when developing efforts to combat fraud in a strategic, risk-based way.[5]

You asked us to review issues related to AmeriCorps' management of fraud in its grant programs. This report examines the extent to which AmeriCorps' (1) fraud risk management activities for major grant programs and (2) antifraud data analytics align with selected leading practices.

To address both objectives, we reviewed relevant policies and documentation of fraud risk management activities. These documents included the agency's fraud risk assessment, a fraud risk mitigation plan outlining the agency's plans for future efforts, and training for grantees on fraud awareness. We interviewed agency officials about AmeriCorps' fraud risk management activities. We also reviewed AmeriCorps' policies and documentation related to other risk assessment processes, including enterprise risk management and the agency's grant portfolio risk tool.

To better understand fraud risks in AmeriCorps' grant programs, we reviewed information on cases of fraud and settlements identified in releases from the Department of Justice and AmeriCorps' OIG. Additionally, we accompanied AmeriCorps monitoring officers on six visits to grantee sites to better understand the agency's grant monitoring processes—a significant antifraud control—and its various grant programs. We selected the site visits based on the agency's on-site monitoring schedule and grant type. Our observations from these site

---

[5]GAO, A Framework for Managing Fraud Risks in Federal Programs, GAO-15-593SP (Washington, D.C.: July 2015).

visits are for illustrative purposes and are not generalizable to all grantees.

To assess AmeriCorps' fraud risk management activities, we compared information from the relevant policies, documentation, and interviews with agency officials with selected leading practices in the Fraud Risk Framework.[6] We selected leading practices from the Commit, Assess, and Design and Implement components of the framework to evaluate AmeriCorps' efforts. We selected leading practices from the Commit and Assess components because establishing an organizational structure and identifying and assessing fraud risks are key initial steps to developing effective fraud risk management activities. Additionally, we selected leading practices from the Design and Implement component because they represent important steps for addressing the fraud risks AmeriCorps identified and assessed.

Additionally, to assess AmeriCorps' plans for antifraud data analytics, we analyzed AmeriCorps' grant and member data.[7] Specifically, we obtained grant and member data for fiscal years 2022 and 2023. We received two sets of data from AmeriCorps; the initial data set is as of May 25, 2023, and the second data set is as of July 19, 2023.[8] We compared the grant and member data sets for fiscal year 2022 to match members to the grants that funded their service. We also used grant information from the AmeriCorps data to match to the General Services Administration's System for Award Management (SAM) to verify that grant recipients were registered in SAM and were not debarred or otherwise excluded from doing business with the government.[9]

---

[6]GAO-15-593SP.

[7]As discussed later, AmeriCorps does not collect data on individual volunteers.

[8]We obtained a second data set to address an issue of duplicate records present in the first data set. Because the data were pulled prior to the end of fiscal year 2023, there may be some grantees that received a grant award after July 19, 2023, and that would not be reflected in our data. Additionally, AmeriCorps officials explained that its data system continually updates as grants are amended, new members are onboarded, or other activities occur. The data that AmeriCorps provided were extracted at a specific moment in time, and our analyses reflect the state of the data at that time.

[9]SAM is the central registration point for entities seeking contracts or financial assistance (including grants) from the federal government. Entities use SAM to register to do business with the federal government, and agencies use SAM to ensure that entities are not excluded from receiving federal contracts or financial assistance prior to award.

We assessed the reliability of the AmeriCorps' grant and member data by reviewing relevant system documentation, interviewing knowledgeable agency officials, and performing electronic testing of specific data elements. We determined that the data elements necessary for the SAM data-matching analysis were sufficiently reliable. However, we determined that the grant and member data we received were not sufficiently reliable for reporting summary statistics, such as the number of members and the funding totals in each fiscal year, as discussed later in the report.

See appendix I for more details on our objectives, scope, and methodology.

We conducted this performance audit from January 2023 to March 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Overview of AmeriCorps' Grant Programs

AmeriCorps was established as the Corporation for National and Community Service by the National and Community Service Trust Act of 1993.[10] This act amended the National and Community Service Act of 1990 to create the AmeriCorps State and National program (ASN). The 1993 act also gave AmeriCorps responsibility for administering certain existing service programs: Volunteers in Service to America (VISTA) and three programs for senior volunteers now called AmeriCorps Seniors.

ASN, VISTA, and AmeriCorps Seniors are the agency's largest grant programs.[11] Funding for these major grant programs totaled nearly $900 million for fiscal year 2023. AmeriCorps grants are typically awarded to fund service programs for a 3-year period, with funds distributed to recipient organizations (grantees) annually. ASN grantees can pass all or

---

[10]Pub. L. No. 103-82, § 202(a), 107 Stat. 785, 873. In October 2020, the agency changed its operating name to AmeriCorps. 45 C.F.R. § 2500.1.

[11]In this report, we refer to ASN, VISTA, and the three AmeriCorps Senior programs as AmeriCorps' major grant programs. The agency administers other smaller grant programs that include Days of Service and the Volunteer Generation Fund. Funding for these other smaller grant programs totaled about $21 million in fiscal year 2023.

some of their awards on to subgrantee organizations to carry out service programs. For example, state service commissions that receive ASN grants fund programs within their states that address local needs by making subgrants.[12] Table 1 below provides a summary of AmeriCorps' major grant programs and their appropriations.

Table 1: Summary of AmeriCorps' Major Grant Programs

Program	Purpose	Fiscal year 2023 appropriations (in millions)
AmeriCorps State and National	Awards grants to organizations to support AmeriCorps members serving in various areas, including disaster services, economic opportunity, education, and environmental stewardship.	$557.1
Volunteers in Service to America (VISTA)	Funds VISTA members that provide service with a sponsoring organization or project that will create or expand programs designed to empower individuals and communities in poverty.	103.3
AmeriCorps Seniors - Foster Grandparent Program	Provides grants to support volunteers ages 55 and older to provide one-on-one mentoring, tutoring, and social-emotional support to children who have special or exceptional needs or who have an academic, social, or economic disadvantage.	125.4
AmeriCorps Seniors - Senior Companion Program	Provides grants to support volunteers ages 55 and older in providing independent living support and companionship to other older adults and adults with disabilities.	56.4
AmeriCorps Seniors - Retired and Senior Volunteer Program	Provides grants to support volunteers ages 55 and older to address a wide range of community needs, including food security, disaster preparedness and mitigation, and job readiness skill development.	55.1
Total	**—**	**$897.3**

Source: AmeriCorps' Fiscal Year 2024 Congressional Budget Justification. | GAO-24-106564

AmeriCorps members and volunteers work with grantee or subgrantee organizations to address community needs.[13] ASN and Senior program grants can address direct service opportunities, such as tutoring children or providing relief to a community affected by a disaster. VISTA projects work to build capacity in grantee organizations to create or expand efforts to alleviate poverty. The three Senior programs serve various needs. Specifically, Foster Grandparent program volunteers support children and teenagers with exceptional needs or other disadvantages, whereas Senior Companion program volunteers provide assistance and

[12]State service commissions are generally governor-appointed public agencies or private nonprofit organizations.

[13]According to AmeriCorps, ASN and VISTA participants are considered members. Participants in the Senior programs are considered volunteers.

companionship to adults who have difficulty with daily living tasks. In contrast, Retired and Senior Volunteer Program participants can address a wider range of community needs.

AmeriCorps members and volunteers may earn various benefits as part of their service. For example, ASN and VISTA members generally receive a living allowance during their service and may be eligible for health care and childcare benefits. Additionally, members who complete their terms of service under ASN and VISTA may receive an education award, which can be used to repay qualified student loans or to pay current eligible educational expenses. Alternatively, VISTA members may choose to receive a smaller cash stipend at the end of their service term rather than an education award. Eligible AmeriCorps Seniors volunteers may receive an hourly stipend and reimbursement for travel expenses, among other things.

Grants Monitoring

AmeriCorps annually monitors a selection of its grants to help ensure that program activities comply with federal regulations and agency policies. In March 2017, we found that AmeriCorps considered organizational, programmatic, financial, and compliance risks when selecting grants for monitoring. However, we also found that AmeriCorps' process did not prioritize the highest-risk grants for review.[14] We recommended that the agency ensure that it took a risk-based approach to monitoring grants, including that its risk scoring model assign the highest scores to the riskiest grants and meaningfully cover all identifiable risks. To address the recommendation, AmeriCorps developed its portfolio risk assessment, which includes over 70 risk factors and leverages real-time data to develop grantee risk scores. AmeriCorps officials explained that while the portfolio risk assessment results guide the selection of grants for monitoring, the agency may also select a portion of low- and medium-risk grants for review.[15]

AmeriCorps' Uniform Monitoring Package provides guidance on how the agency is to assess grantee compliance in various areas. AmeriCorps officials determine which monitoring activities to conduct based on the

[14]GAO, *Grants Management: Monitoring Efforts by Corporation for National and Community Service Could Be Improved*, GAO-17-90 (Washington, D.C.: Mar. 21, 2017).

[15]Agency officials noted that they also use the portfolio risk assessment prior to making grant awards.

grant selected for review.[16] For example, programmatic monitoring focuses on program-specific requirements, whereas financial and operational fitness monitoring includes a review of a sample of costs charged to the grant, among other things. AmeriCorps' monitoring staff are to review documentation and conduct interviews to make determinations on grantee compliance. According to agency officials, the monitoring is conducted either onsite or remotely, following a similar process regardless of location.

Fraud Risk Management

The objective of fraud risk management is to ensure program integrity by continuously and strategically mitigating both the likelihood and effects of fraud. The Fraud Risk Framework provides a comprehensive set of key components and leading practices that serve as a guide for agency managers to use when developing efforts to combat fraud in a strategic, risk-based way.[17] As depicted in figure 1, the framework describes leading practices within four components: (1) Commit, (2) Assess, (3) Design and Implement, and (4) Evaluate and Adapt.

---

[16]According to the Uniform Monitoring Package, the five monitoring activity types are Financial and Operational Fitness Assessment, Subrecipient Oversight, Program Specific, Prohibited Activities, and National Service Criminal History Check.

[17]GAO-15-593SP.

Figure 1: Overview of the Fraud Risk Management Framework

1) Commit to combating fraud by creating an organizational culture and structure conducive to fraud risk management.

- Demonstrate a senior-level commitment to combat fraud, and involve all levels of the program in setting an antifraud tone.
- Designate an entity within the program office to lead fraud risk management activities.
- Ensure the entity has defined responsibilities and the necessary authority to serve its role.

2) Plan regular fraud risk assessments, and assess risks to determine a fraud risk profile.

- Tailor the fraud risk assessment to the program, and involve relevant stakeholders.
- Assess the likelihood and impact of fraud risks, and determine risk tolerance.
- Examine the suitability of existing controls, prioritize residual risks, and document a fraud risk profile.

4) Evaluate outcomes using a risk-based approach, and adapt activities to improve fraud risk management.

- Conduct risk-based monitoring and evaluation of fraud risk management activities, with a focus on outcome measurement.
- Collect and analyze data from reporting mechanisms and instances of detected fraud for real-time monitoring of fraud trends.
- Use the results of monitoring, evaluations, and investigations to improve fraud prevention, detection, and response.

3) Design and implement a strategy with specific control activities to mitigate assessed fraud risks, and collaborate to help ensure effective implementation.

- Develop, document, and communicate an antifraud strategy, focusing on preventive control activities.
- Consider the benefits and costs of controls to prevent and detect potential fraud, and develop a fraud response plan.
- Establish collaborative relationships with stakeholders and create incentives to help ensure effective implementation of the antifraud strategy.

Source: GAO (information and icons). | GAO-24-106564

The Payment Integrity Information Act of 2019 requires that the guidelines for federal agencies established by the Office of Management and Budget (OMB)—which incorporate the leading practices from the Fraud Risk Framework—remain in effect after the Fraud Reduction and Data Analytics Act of 2015 was repealed.[18] In October 2022, OMB issued a

---

[18]Pub. L. No. 116-117, § 2(a), 134 Stat. 113, 131 - 132 (2020), codified at 31 U.S.C. § 3357. The act requires these guidelines to remain in effect, subject to modification by OMB as necessary, and in consultation with GAO. The Fraud Reduction and Data Analytics Act of 2015 required OMB to establish guidelines for federal agencies to create controls to identify and assess fraud risks and to design and implement antifraud control activities. The act further required OMB to incorporate the leading practices from the Fraud Risk Framework in the guidelines. Pub. L. No. 114-186, 130 Stat. 546 (2016).

GAO-24-106564 AmeriCorps Fraud Risks

Controller Alert reminding agencies that they must establish financial and administrative controls to identify and assess fraud risks. In addition, the alert reminded agencies that they should adhere to the leading practices in the Fraud Risk Framework as part of their efforts to effectively design, implement, and operate an internal control system that addresses fraud risks.[19]

AmeriCorps Has Taken Some Steps to Manage Fraud Risks, but Its Efforts Do Not Fully Align with Leading Practices

AmeriCorps has taken some steps to manage fraud risks in its grant programs. For example, the agency developed a draft standard operating procedure (SOP) that outlines responsibilities for leading fraud risk management activities. Additionally, AmeriCorps assessed fraud risks at the agency level in 2023. However, AmeriCorps' efforts do not fully align with leading practices in the Fraud Risk Framework. For example, it has not developed a process to assess program-level fraud risks, and its current agency-level assessment does not fully identify or assess inherent fraud risks, as called for by leading practices. Further, AmeriCorps has not developed an antifraud strategy to address the risks identified in its assessment. Finally, while AmeriCorps requires grantees to report potential fraud, it does not require them to take an existing fraud awareness training to help ensure they fulfill this responsibility.

AmeriCorps is in the Process of Documenting Roles and Responsibilities for Fraud Risk Management

In March 2023, AmeriCorps hired a Program Integrity Managing Director to establish and maintain the agency's fraud risk management program, among other duties. In June 2023, the agency developed a fraud risk mitigation plan that outlines actions taken and planned actions to improve the agency's fraud risk management program. The mitigation plan includes timelines and responsible offices for each planned action.

As part of these efforts, AmeriCorps has begun documenting roles and responsibilities for those involved in fraud risk management. In September 2023, the agency developed a draft SOP for fraud risk management that identifies the Office of the Chief Risk Officer (OCRO) as responsible for designing and implementing a fraud risk management program within the agency.[20] Specifically, the draft SOP notes that the Program Integrity Managing Director, a position within OCRO, will be responsible for the planning and execution of the agency's fraud risk management program. Additionally, the draft SOP states that OCRO will

---

[19]Office of Management and Budget, CA-23-03, *Establishing Financial and Administrative Controls to Identify and Assess Fraud Risk* (Washington, D.C.: Oct. 17, 2022).

[20]According to agency officials, AmeriCorps did not have any policies specific to fraud risk management prior to the development of the draft SOP.

leverage the Risk and Assessment Committee (RAC), which consists of representatives from various AmeriCorps offices, to assess fraud risks and help develop antifraud controls and other mitigation plans.

Leading practices in fraud risk management indicate that agencies should designate an entity with defined responsibilities and necessary authority for overseeing fraud risk management activities (see sidebar). AmeriCorps plans to finalize and implement its SOP in fiscal year 2024. When implemented, AmeriCorps' SOP would align with each of the leading practices related to creating a structure for leading fraud risk management activities. Once AmeriCorps implements its SOP, with its clearly established roles and responsibilities regarding fraud risk management, it will be better positioned to strategically manage fraud risks in its grant programs, particularly as it works to formalize and enhance its fraud risk management program.

AmeriCorps Does Not Have a Process to Conduct Regular Program-Level Fraud Risk Assessments, and Its Current Agency-Level Assessment Does Not Fully Align with Leading Practices

AmeriCorps Has Not Established a Process to Conduct Program-Level Fraud Risk Assessments

AmeriCorps has not established a process to conduct regular fraud risk assessments in its major grant programs, which does not align with leading practices. AmeriCorps assessed fraud risk at the agency level in June 2023 as part of its enterprise risk management (ERM) program, but the assessment was not tailored to individual grant programs and their fraud risks.[21] AmeriCorps' ERM process considers grant operations and financial management, but it does not specifically address the agency's individual grant programs or their fraud risks. AmeriCorps' draft SOP for fraud risk management reaffirms that the agency considers fraud risk management to be a component of its ERM program.

ERM serves an essential function in managing the various risks at the agency level but may not produce information necessary to effectively manage program-level fraud risks. The Fraud Risk Framework acknowledges that agencies may incorporate fraud risk management activities into initiatives like ERM to manage fraud risks. That, however, does not eliminate the need for separate and independent fraud risk-management efforts, in a complementary manner. This is consistent with OMB's October 2022 alert reminding agencies that they should adhere to the leading practices in the Fraud Risk Framework as part of their efforts to effectively design, implement, and operate an internal control system that addresses fraud risks. The alert specifically notes that this includes fraud risks that do not rise to the level of enterprise-wide risks.[22]

---

[21]According to OMB, ERM is an effective agency-wide approach to address the full spectrum of an organization's risks by understanding the combined effect of risks as an interrelated portfolio, rather than addressing risks only within silos. ERM provides an enterprise-wide, strategically aligned portfolio view of organizational challenges that, when brought together, provides better insight about how to most effectively prioritize and manage risks to mission delivery. See Office of Management and Budget, *OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control,* M-16-17 (Washington, D.C.: July 15, 2016).

[22]Office of Management and Budget, *Establishing Financial and Administrative Controls to Identify and Assess Fraud Risk*, CA-23-03 (Washington, D.C.: Oct. 17, 2022).

Leading practices in fraud risk management indicate that agencies should plan regular fraud risk assessments that are tailored to programs (see sidebar). Establishing a process to conduct program-level fraud risk assessments that align with the leading practices in the Fraud Risk Framework would help ensure that AmeriCorps effectively identifies and assesses risks in its various grant programs and carries out related risk mitigation efforts.

AmeriCorps' Fraud Risk Assessment Did Not Fully Identify Inherent Fraud Risks

AmeriCorps did not fully identify inherent fraud risks for its major grant programs in its 2023 fraud risk assessment. This fraud risk assessment considered fraud risks at the agency level and included risks related to grants management and program operations. Because the assessment was performed at the agency level, it did not fully identify specific risks or address differences across the agency's major grant programs.

Differences among programs can create different fraud risks, or different levels of risks, and may warrant separate consideration. For example, we identified the following differences:

- Funding structure may influence the risk of fraud. While members participating in ASN generally receive a living allowance from grantees or subgrantees, VISTA members are generally paid a living allowance directly by AmeriCorps. We have previously reported that payment decisions made outside of the agency may carry a heightened risk of fraud.[23]

- Differences in program requirements can also create different fraud risks. For example, eligible volunteers may receive an hourly stipend for participating in the Foster Grandparent or Senior Companion programs. Volunteers in the Retired and Senior Volunteer Program do not receive such a stipend. Settlements highlight the risk that grantees

---

[23]GAO, *COVID-19: Insights and Actions for Fraud Prevention*, GAO-24-107157 (Washington, D.C.: Nov. 14, 2023).

may falsify records related to such stipends.[24] Similarly, volunteers that receive stipends for their participation in the Foster Grandparent and Senior Companion programs must undergo criminal history checks to be eligible to participate in these programs. Volunteers in the Retired and Senior Volunteer Program are not required to receive such checks. This additional requirement can create opportunities for grantees to falsify criminal history check documentation. AmeriCorps' OIG has identified multiple instances in which grantees altered or forged criminal history check documentation to appear in compliance.

- Differences in program size can create different levels of fraud risks. AmeriCorps reported that the Retired and Senior Volunteer Program funded activities for over 115,000 volunteers in fiscal year 2021, whereas the Foster Grandparent and Senior Companion programs funded over 16,000 and 7,000 volunteers, respectively, for the same period. A larger number of program participants may provide additional opportunities for misuse of funds or other fraudulent activity.

Existing resources can help AmeriCorps identify specific inherent fraud risks. For example, the agency's fraud risk assessment does not mention subrecipients or subawards.[25] However, AmeriCorps' portfolio risk tool—a separate tool used to help identify grants for monitoring—identifies 15 risk factors specific to subgrants or subrecipients, three of which the agency flagged as fraud risks for grants monitoring purposes. AmeriCorps officials explained that they consider grantee-related fraud risks considered in the agency's fraud risk assessment to implicitly include subrecipients. However, oversight of prime grantees and subgrantees varies significantly. AmeriCorps conducts monitoring of prime grantees, whereas prime grantees are responsible for monitoring their subgrantees. Additionally, AmeriCorps' OIG has reported that its audits routinely find that prime grantees do not monitor subgrantees effectively, allowing the potential for fraud, misuse of funds, and other irregularities to go

---

[24]For example, in August 2020, the Department of Justice reported that an AmeriCorps grantee that administered Foster Grandparent and Senior Companion programs paid over $200,000 to resolve allegations that it falsified records related to volunteers' stipends.

[25]According to agency officials, subawards are permitted in ASN, Volunteer Generation Fund, and Days of Service programs. These programs received $571.8 million for fiscal year 2023, which is over 60 percent of the funds that the agency received for grant programs.

uncorrected (see sidebar).[26] Information from these available sources could help AmeriCorps identify, and therefore assess, specific fraud risks in its major grant programs.

Leading practices state that the first step in conducting an effective fraud risk assessment is identifying the risks of fraud affecting the program.[27] This step is particularly important because it serves as the basis for the fraud risk assessment. AmeriCorps' draft SOP for fraud risk management notes that future assessments will consider grantee fraud, but it does not direct staff to identify program-specific risks. Identifying specific fraud risks can help ensure that AmeriCorps fully identifies, and ultimately assesses and mitigates, fraud risks in its major grant programs.

AmeriCorps Did Not Assess the Likelihood and Impact of Inherent Fraud Risks

AmeriCorps did not consider the likelihood and impact of inherent fraud risks (i.e., the risks that exist prior to considering antifraud controls) as part of its 2023 fraud risk assessment, as called for by leading practices. Instead, AmeriCorps assessed the likelihood and impact of residual fraud risks, the risk that remains after considering existing antifraud controls.

According to agency officials, AmeriCorps leveraged the RAC to score each residual fraud risk against established scales for likelihood and impact. The likelihood scale included frequency and probability estimates for each possible score, and the impact scale included financial loss figures and nonfinancial effects for each possible score. AmeriCorps officials told us that RAC members discussed the residual fraud risks and

---

[26]For example, see AmeriCorps OIG, *Audit of the Corporation for National and Community Service Grants Awarded to Youthprise*, OIG-AR-20-07 (Washington, D.C.: Sept. 30, 2020); and *Agreed-Upon Procedures of Corporation for National and Community Service Grants Awarded to the North Carolina Commission on Volunteerism and Community Service*, OIG Report 19-05 (Washington, D.C.: Mar. 12, 2019).

[27]GAO-15-593SP.

reached a consensus on risk scores based on their knowledge and experience in different areas.

According to the Fraud Risk Framework, a leading practice is to assess the likelihood and impact of inherent fraud risks.[28] Neither AmeriCorps' policy for ERM nor its draft SOP for fraud risk management requires an assessment of inherent fraud risks as part of the fraud risk assessment process. Assessing inherent fraud risks is a key step in the fraud risk assessment process because it establishes a baseline against which the agency can determine its fraud risk tolerance and the effects of existing antifraud controls.

AmeriCorps' Fraud Risk Tolerance Does Not Align with Agency Guidance

AmeriCorps set a fraud risk tolerance as part of its 2023 fraud risk assessment, which is consistent with leading practices. However, the tolerance level set does not align with the agency's risk appetite—existing guidance that outlines the amount and type of risk that AmeriCorps is willing to accept in its programs. According to the Fraud Risk Framework, fraud risk tolerance is a manager's willingness to accept a higher level of fraud risks, and risk appetite is the amount and type of risk that an organization is willing to accept in pursuit of its objectives.

AmeriCorps' risk appetite statement provides broad guidance regarding the amount of risk that the agency is willing to accept in various areas, such as fraud, workforce development, and innovation. The guidance explains that AmeriCorps has a low risk appetite for fraud risks. As such, it directs staff to set tight risk tolerance limits and seek to minimize fraud risk to the extent possible.

We determined that AmeriCorps did not set a tight fraud risk tolerance as part of its 2023 fraud risk assessment, in conflict with agency guidance. Specifically, over half of possible risk scores fell within the tolerance level set in the 2023 fraud risk assessment (see fig. 2). To establish its fraud risk tolerance, AmeriCorps measured likelihood and impact along five-point scales, with a score of five assigned to risks with the most frequent likelihood or significant impact. AmeriCorps created a total risk score by multiplying the respective likelihood and impact scores. Total risk scores fell into one of three categories established by AmeriCorps: Accept, May Mitigate, or Must Mitigate.

---

[28]GAO-15-593SP.

Figure 2: AmeriCorps' Fraud Risk Tolerance Level, 2023 Fraud Risk Assessment
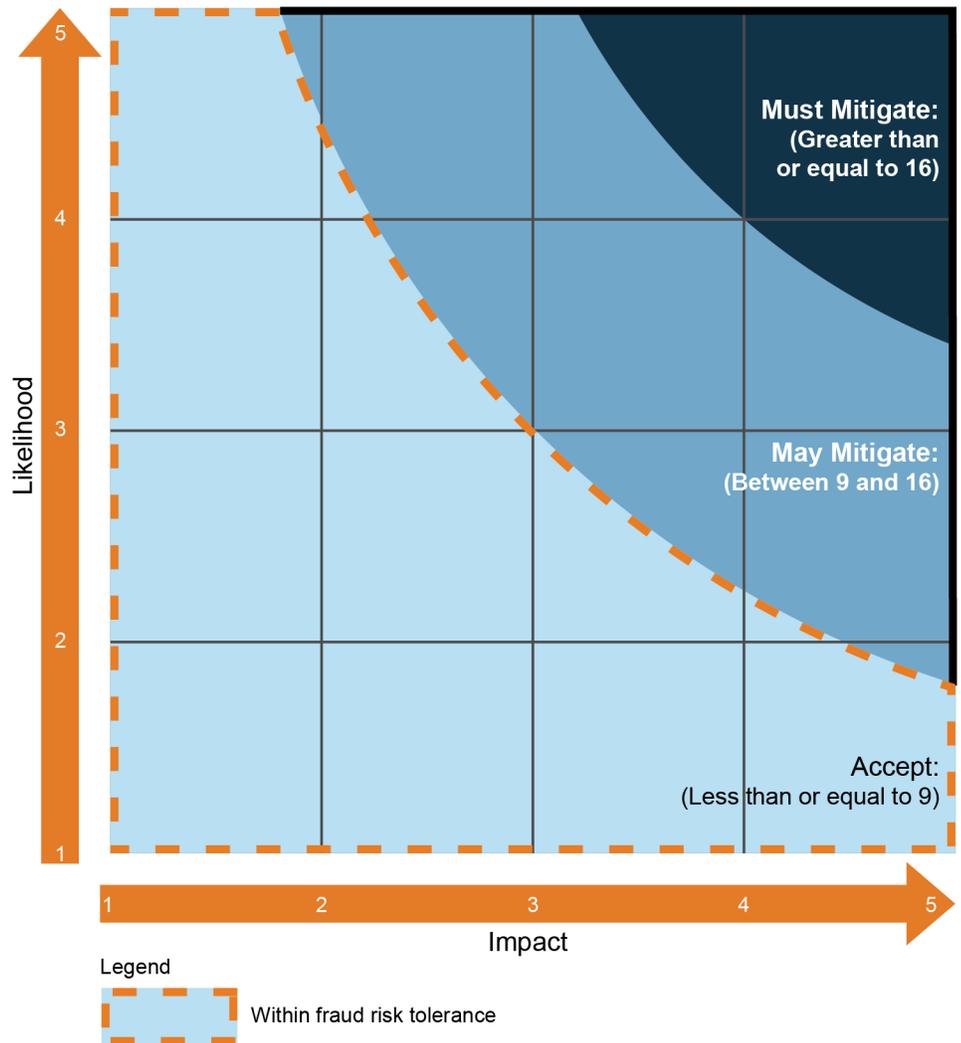
Source: GAO analysis of AmeriCorps information. | GAO-24-106564

Leading practices in fraud risk management indicate that agencies should determine fraud risk tolerance. AmeriCorps' draft SOP for fraud risk management references the agency's risk appetite statement, but it does not require that fraud risk assessments set a risk tolerance that aligns with this guidance. Aligning fraud risk tolerance with the agency's established appetite for fraud risks can help ensure that AmeriCorps consistently and effectively assesses fraud risks and mitigates those that exceed its tolerance.

GAO-24-106564 AmeriCorps Fraud Risks

AmeriCorps Did Not Fully Consider the Effect of Existing Antifraud Controls

AmeriCorps did not fully consider the impact of existing antifraud controls as part of its 2023 fraud risk assessment. Leading practices call for agencies to examine the suitability of existing antifraud controls and prioritize residual risks.[29] This involves considering the extent to which these controls mitigate the likelihood and impact of inherent risks and whether the remaining risks exceed tolerance. In part because AmeriCorps did not assess inherent fraud risks, it did not separately consider the effect of existing controls in mitigating these risks.

Additionally, while the fraud risk assessment listed controls for each risk, it did not include relevant information, including limitations, that may be important in considering the effect of the controls. For example, multiple fraud risks reference a control through which AmeriCorps ensures that prospective grant awardees have adequate financial systems in place to manage the funds. However, this information as presented in the assessment does not describe any limitations of the control that may reduce its effectiveness in mitigating fraud risks. AmeriCorps considers risks related to financial management systems, among other risks, when considering potential grant awards. However, in some instances, the agency may award a grant even when it has evidence that the grantee does not have adequate financial systems in place to manage the funds. In another example, AmeriCorps' OIG reported in August 2023 that the financial management systems of selected grantees in the agency's Senior programs did not comply with federal requirements, resulting in unallowable costs.[30]

AmeriCorps' draft SOP for fraud risk management does not direct staff to consider the impact of existing controls in mitigating inherent fraud risks or provide guidance on how this process should be done. Agency officials told us that they plan to follow an approach similar to 2023 for future fraud risk assessments. This approach relied on RAC members' knowledge and expertise to perform the assessment. That approach, however, was not consistent with leading practices. Fully considering the effect of existing antifraud controls—including their limitations—can help ensure that the agency effectively identifies the impact of its controls and prioritizes risks that remain above tolerance.

---

[29]GAO-15-593SP.

[30]AmeriCorps OIG, *Performance Audit of AmeriCorps Seniors Grantees' Financial Management Systems*, OIG-AR-23-06 (Washington, D.C.: Aug. 1, 2023).

AmeriCorps Has a Fraud Risk Profile, but Its Usefulness May Be Limited

AmeriCorps compiled a fraud risk profile as part of its June 2023 assessment. However, its usefulness in managing fraud risks in the agency's grant programs may be limited. As described in the Fraud Risk Framework, a profile documents the agency's assessment and includes a list of the identified fraud risks, related risk scores, and relevant antifraud controls. As discussed above, AmeriCorps' 2023 efforts to identify and score fraud risks, determine fraud risk tolerance, and examine the suitability of existing controls do not fully align with leading practices. Leading practices in fraud risk management indicate that the agency should document the elements of the fraud risk assessment in the program's fraud risk profile. Documenting a fraud risk profile with information from risk assessment elements that align with leading practices would provide AmeriCorps with an essential antifraud tool to inform the design and implementation of effective fraud controls.

AmeriCorps Has Not Developed an Antifraud Strategy

AmeriCorps has not developed an antifraud strategy based on its 2023 fraud risk assessment. According to the Fraud Risk Framework, a leading practice includes developing, documenting, and communicating an antifraud strategy that describes the program's approach for addressing the prioritized fraud risks identified during the fraud risk assessment process.

AmeriCorps has some of the elements necessary to develop an antifraud strategy. For example, the agency's fraud risk assessment identifies certain antifraud controls, and the agency has begun taking steps to identify roles and responsibilities of those leading fraud risk management activities. However, this information itself does not constitute an antifraud strategy as outlined in the Fraud Risk Framework. Specifically, key elements of an antifraud strategy also include demonstrating links between fraud risk management activities and the highest internal and external residual fraud risks outline in the fraud risk profile (see fig. 3).

Figure 3: Key Elements of an Antifraud Strategy

Who is responsible for fraud risk management activities?	Establish roles and responsibilities of those involved in fraud risk management activities, such as the antifraud entity and external parties responsible for fraud controls, and communicate the role of the Office of Inspector General to investigate potential fraud.
What is the program doing to manage fraud risks?	Describe the program's activities for preventing, detecting, and responding to fraud, as well as monitoring and evaluation.
When is the program implementing fraud risk management activities?	Create timelines for implementing fraud risk management activities, as appropriate, including monitoring and evaluations.
Where is the program focusing its fraud risk management activities?	Demonstrate links to the highest internal and external residual fraud risks outlined in the fraud risk profile.
Why is fraud risk management important?	Communicate the antifraud strategy to employees and other stakeholders, and link antifraud efforts to other risk management activities, if any.

Source: GAO-15-593SP. | GAO-24-106564

AmeriCorps plans to develop a fraud risk mitigation strategy as part of broader efforts to formalize its fraud risk management program. Specifically, the agency's fraud mitigation plan explains that the strategy will include roles and responsibilities related to fraud risk management, prioritize residual fraud risks, and be incorporated into ongoing activities. The plan also notes that the agency will develop and share its strategy with stakeholders in mid-fiscal year 2024 after the agency updates its fraud risk profile.

However, as discussed earlier in this report, we determined that the usefulness of the agency's current fraud risk profile may be limited because its fraud risk assessment did not align with leading practices. As discussed in the Fraud Risk Framework, an antifraud strategy is built on the risks identified and assessed in an agency's fraud risk profile. AmeriCorps' draft SOP does not address the issues we identified with the agency's fraud risk assessment process, so an updated fraud risk profile is likely to face similar issues. Developing, documenting, and communicating an antifraud strategy based on a fraud risk assessment and risk profile that align with leading practices would help ensure that AmeriCorps strategically manages the fraud risks identified in its various grant programs in a prioritized manner.

AmeriCorps Has a Policy for Reporting Potential Fraud but Does Not Require Grantees to Take Fraud Awareness Training

AmeriCorps has a policy that directs agency personnel to report fraud, waste, and abuse to the OIG without delay, cooperate with OIG inquiries, and protect whistleblowers.[31] The policy also encourages grantee staff to report potential fraud directly to the OIG but notes that grantee staff may choose to have their AmeriCorps' point of contact do so on their behalf. Further, AmeriCorps' grant award terms include provisions on reporting suspected fraud, waste, and abuse to the OIG.

AmeriCorps offers fraud awareness training to grantees. According to AmeriCorps, 151 grantee staff took the fraud awareness training between April 2022 and November 2023. The agency, however, does not require that grantees take such training. This interactive, on-demand training gives an overview of what fraud may look like in an AmeriCorps grant program and how grantees should respond to suspected instances of fraud, waste, and abuse. Such information is important to ensure that grantees are able to identify potential fraud.[32] However, the agency does not require grantees to take this training. When asked, agency officials did not provide a reason for this decision.

Leading practices in fraud risks management direct agencies to develop a plan for how they will respond to identified instances of fraud and to refer instances of potential fraud to the OIG or other appropriate party. Additionally, the Fraud Risk Framework notes that fraud-awareness initiatives may include providing training to stakeholders with responsibility for implementing aspects of the program, including entities responsible for fraud controls. Requiring grantees to take AmeriCorps' existing fraud awareness training can help ensure that grantees understand what fraud may look like in their programs and better position them to report such instances to the OIG.

---

[31]AmeriCorps policy refers to a whistleblower as an individual who discloses information that they reasonably believe to show a violation of law, rule, or regulation; gross mismanagement; gross waste of funds; abuse of authority; or a substantial and specific danger to public health and safety.

[32]AmeriCorps' OIG has also reported that fraud awareness training helps inform grantees and subgrantees of their requirements related to fraud detection and prevention before funds are spent. See AmeriCorps OIG, *Anti-Fraud Advisory*, vol. 1 (Washington. D.C.: Nov. 2023).

Data-Related Challenges May Hinder AmeriCorps' Consideration of Antifraud Data Analytics

As part of the agency's efforts to formalize its fraud risk management program, AmeriCorps plans to explore and implement data analytics to identify potential fraud. Specifically, the agency's fraud mitigation plan indicates that in mid-fiscal year 2024 it will consider whether data analytics can be used as fraud detection measures, as called for in leading practices. However, according to our analyses, AmeriCorps faces challenges related to data completeness and quality that may hinder program oversight and its consideration of future antifraud data analytics.

First, AmeriCorps' data are incomplete. AmeriCorps requires grantees and subgrantees to submit information on members, but it does not require grantees to submit information on volunteers.[33] AmeriCorps estimates that the Retired and Senior Volunteer Program, one of AmeriCorps' programs with volunteers, will have over 120,000 volunteers in fiscal year 2024. Data on volunteers may be useful in identifying instances where a volunteer does not meet program requirements or where an AmeriCorps grantee may not have active volunteers as expected (see sidebar). Similarly, AmeriCorps collects subgrantee information from state commissions that receive grants through ASN but does not require reporting of similar information on subgrantees for national grants through this program.

Data completeness issues are, in part, the result of agency decisions on data collection. According to agency officials, AmeriCorps does not collect information on volunteers because the agency does not provide them with any direct benefits, like an education award or end-of-year stipend. Similarly, agency officials told us that AmeriCorps does not collect information on subgrantees on national grants because it does not have a direct relationship with them. However, these arrangements do not preclude the agencies from collecting such information, which can help the agency consider additional antifraud data analytics.

Second, we identified data quality issues in the grant and member data that AmeriCorps provided. Specifically, these issues include missing data elements and challenges related to linking prime grants, subgrants, and members. Additionally, AmeriCorps' OIG staff informed us that they had also identified similar concerns with AmeriCorps' data in the course of

---

[33]AmeriCorps members participate in ASN and VISTA, whereas volunteers participate in AmeriCorps' Senior programs. According to agency officials, AmeriCorps collects aggregate data on volunteers, such as the number of volunteers actively contributing to a project.

their work.[34] Missing data elements and disconnects between data sets can limit the application and effectiveness of antifraud data analytics that leverage those data. Examples of the issues we identified include the following.

- **Missing or inaccurate grant data elements.** We identified over 40 AmeriCorps grant records corresponding to fiscal years 2022 and 2023 grants that were missing a Unique Entity ID (UEI).[35] Federal regulations require grantees, including AmeriCorps grantees, to be registered in the General Services Administration's SAM before receiving an award.[36] UEI is the unique identifier generated by SAM for all registrations.[37] AmeriCorps informed us that AmeriCorps staff are to verify UEI for all prime and subawards, and SAM registrations are verified before each award (new, renewed, continued, or amended). Additionally, we identified an additional eight records where grantee information—including the provided UEI—was not found in SAM registration records.

- **Disconnects between prime grants and subgrants.** In certain AmeriCorps programs, such as ASN, the prime grant recipient can pass all or some of the grant award on to subgrantees. In these cases, Grant IDs link prime grantees to subgrantees. However, in our analysis of the data AmeriCorps provided, we identified instances where data on fiscal year 2022 prime grants and subgrants did not reconcile. For example, we identified 149 subgrants—with awards totaling over $79 million—that did not correspond to a Grant ID for a prime grant in our data.[38] Additionally, we identified 44 instances where funding for a prime grant did not reconcile to the funding for its

---

[34]In November 2023, AmeriCorps' OIG reported that data challenges hinder efforts to oversee subgrantees. See AmeriCorps OIG, *Management Challenges* (Washington, D.C.: Nov. 2023).

[35]The data that AmeriCorps provided us included records for more than 5,300 grantees and subgrantees. However, we determined that the grant and member data AmeriCorps provided to us were not sufficiently reliable to report summary statistics, such as the total number of active grants in fiscal years 2022 and 2023. For additional information on data reliability, see app. I.

[36]2 C.F.R. § 25.200(b)(1).

[37]As of April 2022, UEI replaced the Data Universal Numbering System (DUNS) number to uniquely identify entities. Any entity with an active SAM registration as of April 2022, or who registered after April 2022, has a UEI.

[38]We also matched prime grants and subgrants using grant number. We identified 228 subgrants where the grant number did not match a prime grant. Twenty-four subgrants matched neither Grant ID nor grant number to a prime grant.

related subgrants. This includes two instances in which total subgrant funding exceeded the related prime grant's funding.

- **Disconnects between grantees and members.** AmeriCorps members participate in projects associated with specific grants. We identified instances where data on grantees and members did not reconcile. Specifically, in our analysis of the data that AmeriCorps provided, we identified over 900 members associated with Grant IDs that were not present in our grant data.[39] Additionally, at one grantee we visited, we met with three members who were not present in the AmeriCorps member data.[40]

AmeriCorps has a modernization initiative underway that will replace its legacy systems that support grantmaking and member and volunteer management. The agency expects that the new systems will improve its ability to make data-driven decisions. AmeriCorps currently anticipates a soft launch and interoperability testing of the new systems in fiscal year 2024. As part of these efforts, AmeriCorps has the opportunity to address data quality issues and, in doing so, may enable AmeriCorps to consider additional antifraud data analytics that could benefit the agency.

Leading practices in fraud risk management call for agencies to design and implement control activities to prevent and detect fraud, including data analytics.[41] The Fraud Risk Framework further notes that, among other things, agencies may identify information requirements, consider costs and benefits, and obtain relevant data from reliable internal and external sources to carry out data analytics. Although AmeriCorps plans to consider the feasibility of antifraud data analytics, the agency's plans do not explain whether its analysis will include the costs and benefits of obtaining additional information—such as information on volunteers and national subgrantees—or the anticipated benefits of its ongoing systems modernization efforts. Including these factors will help ensure that

---

[39]According to AmeriCorps, some VISTA members who served in fiscal years 2022 and 2023 are tied to grants awarded in prior fiscal years, with no grant award in 2022 or 2023. As a result, these grants were not included in the grant data set. However, the members we identified include over 400 members associated with fiscal year 2022 grants, which should be included in the grant data.

[40]According to AmeriCorps officials, a member's service may be enrolled under a grant year that is different than the fiscal year in which their service occurs.

[41]GAO-15-593SP.

AmeriCorps fully explores the feasibility of antifraud data analytics in its grant programs.

Conclusions

AmeriCorps' major grant programs fund service opportunities that address a wide variety of local needs, strengthen communities, and foster civic engagement. Effective fraud risk management is critical to help ensure that these programs meet their intended purposes and safeguard federal funds. AmeriCorps is currently updating its fraud risk management program and formalizing roles and responsibilities of those involved in these activities, which can help ensure their success. However, AmeriCorps' efforts do not fully align with leading practices for fraud risk management. Specifically, planning regular fraud risk assessments that produce program-level information and align with the leading practices of the Fraud Risk Framework can better position AmeriCorps to identify specific risks of fraud in its programs and develop an effective antifraud strategy. Additionally, requiring grantees to take existing fraud awareness training can help ensure that they effectively carry out their responsibilities for reporting potential fraud. Finally, including the effect of data completeness and quality challenges can help the agency fully explore the feasibility of data analytics to support antifraud efforts. Implemented in an integrated manner, these actions can help AmeriCorps more strategically manage fraud risks in its grant programs and achieve program goals.

Recommendations for Executive Action

We are making the following 10 recommendations to AmeriCorps:

The Chief Executive Officer of AmeriCorps should establish a process to plan regular fraud risk assessments in its grant programs that align with leading practices in the Fraud Risk Framework. (Recommendation 1)

The Chief Executive Officer of AmeriCorps should require future fraud risk assessments in its grant programs to identify specific inherent fraud risks. (Recommendation 2)

The Chief Executive Officer of AmeriCorps should assess the likelihood and impact of inherent fraud risks as part of future fraud risk assessments. (Recommendation 3)

The Chief Executive Officer of AmeriCorps should align the fraud risk tolerance in future fraud risk assessments with the agency's risk appetite statement. (Recommendation 4)

The Chief Executive Officer of AmeriCorps should fully consider the effect of existing antifraud controls in mitigating the likelihood and impact of inherent fraud risks as part of future fraud risk assessments. (Recommendation 5)

The Chief Executive Officer of AmeriCorps should update the agency's fraud risk profile with information from elements of a fraud risk assessment process that align with the leading practices in the Fraud Risk Framework. (Recommendation 6)

The Chief Executive Officer of AmeriCorps should develop, document, and communicate an antifraud strategy for its grant programs based on a fraud risk profile that aligns with leading practices for fraud risk management. (Recommendation 7)

The Chief Executive Officer of AmeriCorps should require grantees to take its fraud awareness training. (Recommendation 8)

The Chief Executive Officer of AmeriCorps should include the benefits and costs of collecting data on volunteers and all subgrants as it explores the feasibility of antifraud data analytics. (Recommendation 9)

The Chief Executive Officer of AmeriCorps should include the anticipated effects of its systems modernization efforts as it explores the feasibility of antifraud data analytics. (Recommendation 10)

Agency Comments

We provided a draft of this report to AmeriCorps for review and comment. In its written comments, reproduced in appendix II, AmeriCorps agreed with our recommendations and described plans to address them. AmeriCorps also provided technical comments, which we incorporated as appropriate. Additionally, we provided relevant report sections to the General Services Administration for technical comments. The General Services Administration indicated that it did not have comments.

We are sending copies of this report to appropriate congressional committees and the Chief Executive Officer of AmeriCorps. In addition, the report will be available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-6722 or BagdoyanS@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on

the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Sincerely yours,
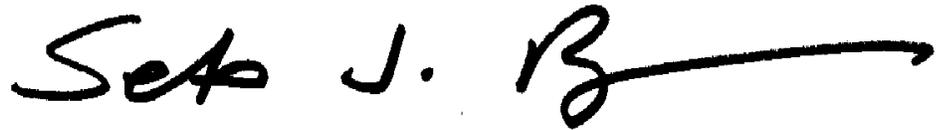
Seto J. Bagdoyan
Director of Audits, Forensic Audits and Investigative Service

Appendix I: Objectives, Scope, and Methodology

This report examines the extent to which AmeriCorps' (1) fraud risk management activities for major grant programs and (2) antifraud data analytics align with selected leading practices.[1]

To address both objectives, we reviewed relevant policies and documentation of fraud risk management activities. These documents included the agency's fraud risk assessment, a fraud risk mitigation plan outlining the agency's plans for future efforts, and training for grantees on fraud awareness. We interviewed agency officials about AmeriCorps' fraud risk management activities. We also reviewed AmeriCorps policies and documentation related to other risk assessment processes, including enterprise risk management and the agency's grant portfolio risk tool. To better understand fraud risks in AmeriCorps' grant programs, we reviewed information on cases of fraud and settlements identified in releases from the Department of Justice and AmeriCorps' Office of the Inspector General. Additionally, we accompanied AmeriCorps monitoring officers on six visits to grantee sites to better understand the agency's grant monitoring processes—a significant antifraud control—and its various grant programs. We selected the site visits based on the agency's on-site monitoring schedule and grant type. Our observations from these site visits are for illustrative purposes and are not generalizable to all grantees.

To assess AmeriCorps' fraud risk management activities, we compared information from the relevant policies, documentation, and interviews of agency officials with selected leading practices in the Fraud Risk Framework.[2] We selected leading practices from the Commit, Assess, and Design and Implement components of the framework to evaluate AmeriCorps' efforts. We selected leading practices from the Commit and Assess components because establishing an organizational structure and

---

[1]In this report, we refer to AmeriCorps' State and National, Volunteers in Service to America, and the three AmeriCorps Senior programs as AmeriCorps' major grant programs. The agency administers other smaller grant programs that include Days of Service and the Volunteer Generation Fund.

[2]GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 2015). One analyst reviewed documentation to assess the extent to which the activities aligned with the selected leading practices, and a second analyst reviewed their work. Any differences were resolved through discussion. We used three categories for our analysis: (1) aligns with the leading practice, (2) does not fully align with the leading practice, and (3) does not align with the leading practice. We determined that the agency did not fully align with a leading practice if its actions addressed some, but not all, of the leading practice. For example, as discussed earlier in the report, AmeriCorps identified some agency-level fraud risks. However, its assessment did not fully identify specific risks or address differences across the agency's major grant programs.

identifying and assessing fraud risks are key initial steps to developing effective fraud risk management activities. Additionally, we selected leading practices from the Design and Implement component because they represent important steps for addressing the fraud risks AmeriCorps identified and assessed. Table 2 shows the selected leading practices from the Fraud Risk Framework that we used in this review.

Table 2: Selected Leading Practices for Fraud Risk Management

Component	Leading practice
Commit	Designate an entity to design and oversee fraud risk management activities that • understands the program and its operations, as well as the fraud risks and controls throughout the program; • has defined responsibilities and the necessary authority across the program; • has a direct reporting line to senior-level managers within the agency; and • is located within the agency and not the Office of the Inspector General (OIG), so the latter can retain its independence to serve its oversight role.
	In carrying out its role, the antifraud entity, among other things • serves as the repository of knowledge on fraud risks and controls, • manages the fraud-risk assessment process, • leads or assists with trainings and other fraud-awareness activities, and • coordinates antifraud initiations across the program.
Assess	Tailor the fraud risk assessment to the program.
	Plan to conduct fraud risk assessments at regular intervals and when there are changes to the program or operating environment, as assessing fraud risks is an iterative process.
	Identify specific tools, methods, and sources for gathering information about fraud risks, including data on fraud schemes and trends from monitoring and detection activities.
	Involve relevant stakeholders in the assessment process, including individuals responsible for the design and implementation of fraud controls.
	Identify inherent fraud risks affecting the program.
	Assess the likelihood and impact of inherent fraud risks.
	Determine fraud risk tolerance.
	Examine the suitability of existing fraud controls, and prioritize residual fraud risks.
	Document the program's fraud risk profile.
Design and Implement	Develop, document, and communicate an antifraud strategy to employees and stakeholders that describes the program's activities for preventing, detecting, and responding to fraud, as well as monitoring and evaluation.
	Design and implement control activities to prevent and detect fraud. • Data-analytics activities
	Develop a plan outlining how the program will respond to identified instances of fraud, and ensure that the response is prompt and consistently applied.
	Refer instances of potential fraud to the OIG or other appropriate parties, such as law-enforcing entities or the Department of Justice, for further investigation.

Source: GAO. | GAO-24-106564

Additionally, to assess AmeriCorps' plans for antifraud data analytics, we
analyzed AmeriCorps' grant and member data.[3] Specifically, we obtained
grant and member data for fiscal years 2022 and 2023. We received two
sets of data from AmeriCorps; the initial data set is as of May 25, 2023,
and the second data set is as of July 19, 2023.[4] We compared the grant
and member data sets for fiscal year 2022 to match members to the
grants that funded their service. We also analyzed the grant data to
reconcile fiscal year 2022 prime grants to the subgrants that they funded.

We used grant information from the AmeriCorps data to match to the
General Services Administration's System for Award Management (SAM)
to verify that grant recipients were registered in SAM and were not
debarred or otherwise excluded from doing business with the
government.[5] We used grantee business identifiers, grantee name, and
address from the AmeriCorps data to match to SAM registration data.
Additionally, we used grant data from the second data set provided by
AmeriCorps to ensure that we used the most up-to-date records.

We assessed the reliability of the AmeriCorps' grant and member data by
reviewing relevant system documentation, interviewing knowledgeable
agency officials, and performing electronic testing of specific data
elements. We determined that the data elements necessary for the SAM
data-matching analysis were sufficiently reliable. However, we
determined that the grant and member data we received were not
sufficiently reliable for reporting summary statistics, such as number of
members and funding totals in each fiscal year.

We conducted this performance audit from January 2023 to March 2024
in accordance with generally accepted government auditing standards.
Those standards require that we plan and perform the audit to obtain

---

[3]According to agency officials, AmeriCorps does not collect data on individual volunteers.

[4]We obtained a second data set to address an issue of duplicate records present in the
first data set. Because the data were pulled prior to the end of fiscal year 2023, there may
be some grantees that received a grant award after July 19, 2023, and that would not be
reflected in our data. Additionally, AmeriCorps officials explained that its data system
continually updates as grants are amended, new members are onboarded, or other
activities occur. The data that AmeriCorps provided were extracted at a specific moment
in time, and our analyses reflect the state of the data at that time.

[5]SAM is the central registration point for entities seeking contracts or financial assistance
(including grants) from the federal government. Entities use SAM to register to do
business with the federal government, and agencies use SAM to ensure that entities are
not excluded from receiving federal contracts or financial assistance prior to award.

sufficient, appropriate evidence to provide a reasonable basis for our
findings and conclusions based on our audit objectives. We believe that
the evidence obtained provides a reasonable basis for our findings and
conclusions based on our audit objectives.

AmeriCorps

February 26, 2024

Seto J. Bagdoyan
Director of Audits, Forensic Audits and Investigative Service
Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. Bagdoyan,

Re: GAO-24-106564

Thank you for the opportunity to review GAO's draft report, "AmeriCorps Should Take Multiple Actions to Better Manage Fraud Risks." AmeriCorps is committed both to responsible stewardship of federal dollars and continuous improvement, and we appreciate your review and recommendations to enhance AmeriCorps' fraud risk management practices to better align with GAO's leading practices. This response provides a brief overview of AmeriCorps' current fraud risk management practices as well as responses to and timelines for remediation of GAO's recommendations.

The agency's current fraud risk framework includes the below:

- Agency Risk Register and Risk Profile. This product is generated and maintained in accordance with OMB Circular No. A-123 and updated throughout the year as the agency identifies enterprise-wide, process, and program risks, including fraud risks.
- Agency Fraud Risk Profile. The agency uses confirmed fraud identified by the Office of Inspector General, fraud trends across government, and inquiries within the agency to identify potential fraud schemes and assesses potential impact and likelihood at AmeriCorps. This product is updated annually and includes fraud risk both internal and external to the agency.
- Portfolio Risk Assessment. This tool allows the agency to assess applicants and grantees for risk, including fraud risk. The assessment uses internal (drawdown rate, staff turnover, etc.) and external information (such as the IRS 990, FAC, PMS data, etc.) to populate real-time risk as sources are updated. The agency uses a continuous improvement model for this tool and updates it on an ongoing basis as information regarding risk trends and emerging risks is available.
- Internal Controls Risk Assessment and Risk and Control Matrices. These tools assess risks in agency processes such as payroll and government charge cards and include an assessment of fraud risk and subsequent testing of identified fraud controls as part of annual internal controls testing.
- Payment Integrity Information Act Risk Assessments. The agency conducts these assessments on internal agency functions and grant programs at least once every three years. The assessed factors include fraud risk.

AmeriCorps.gov

1

AmeriCorps

The agency maintains a fraud risk governance structure with a Risk and Assessment Committee—which serves as the agency's Fraud Risk Subcommittee and includes representation across the agency—and the Risk Management Council.

As noted above, AmeriCorps is committed to continuous improvement and provides the following responses to GAO's recommendations.

Recommendation 1: The Chief Executive Officer of AmeriCorps should establish a process to plan regular fraud risk assessments in its grant programs that align with leading practices in the Fraud Risk Framework.

> **AmeriCorps' Response:** Concur. Implementation of this recommendation is in progress, as AmeriCorps has enhanced the agency's fraud risk process to include a fraud risk assessment in its grant programs as part of the standard cycle for fraud risk assessment that will supplement the agency Fraud Risk Profile and the Portfolio Risk Assessment. The agency completed this assessment between December 2023 and February 2024.

Recommendation 2: The Chief Executive Officer of AmeriCorps should require future fraud risk assessments in its grant programs to identify specific inherent fraud risks.

> **AmeriCorps' Response:** Concur. Implementation of this recommendation is in progress. AmeriCorps conducted a fraud risk assessment in its grant programs from December 2023 through February 2024 that included assessment of inherent risk and will include both the program-level assessment and assessment of inherent risk as part of its standard annual cycle for fraud risk assessment.

Recommendation 3: The Chief Executive Officer of AmeriCorps should assess the likelihood and impact of inherent fraud risks as part of future fraud risk assessments.

> **AmeriCorps' Response:** Concur. Implementation of this recommendation is in progress, as AmeriCorps has already initiated inclusion of inherent fraud risk in its annual Fraud Risk Profile update cycle. The annual Fraud Risk Profile update will be complete in spring of FY 2024.

Recommendation 4: The Chief Executive Officer of AmeriCorps should align the fraud risk tolerance in future fraud risk assessments with the agency's risk appetite statement.

> **AmeriCorps' Response:** Concur. Implementation of this recommendation is in progress, as AmeriCorps initiated updates of its documentation and practices in FY 2023 and will continue to update to reflect its fraud risk tolerance more clearly.

Recommendation 5: The Chief Executive Officer of AmeriCorps should fully consider the effect of existing antifraud controls in mitigating the likelihood and impact of inherent fraud risks as part of future fraud risk assessments.

> **AmeriCorps' Response:** Concur. Implementation of this recommendation is in progress, as AmeriCorps has already initiated inclusion of inherent fraud risk in its annual Fraud Risk Profile update cycle that will more fully enable the agency to

AmeriCorps.gov

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

2

AmeriCorps

consider the effect of existing antifraud controls. As noted above, the annual update of the Fraud Risk Profile will be complete in spring of FY 2024.

Recommendation 6: The Chief Executive Officer of AmeriCorps should update the agency's fraud risk profile with information from elements of a fraud risk assessment process that align with the leading practices in the Fraud Risk Framework.

> **AmeriCorps' Response:** Concur. Implementation of this recommendation is in progress, as AmeriCorps has begun more clearly documenting the connection between its existing fraud risk processes, detailed above, and GAO's leading practices, and ensuring that it documents how inputs into the Fraud Risk Profile align with these leading practices.

Recommendation 7: The Chief Executive Officer of AmeriCorps should develop, document, and communicate an antifraud strategy for its grant programs based on a fraud risk profile that aligns with leading practices for fraud risk management.

> **AmeriCorps' Response:** Concur. Implementation of this recommendation is in progress, as AmeriCorps has moved to document its strategies and practices in a formal anti-fraud strategy, with completion scheduled for spring of FY 2024.

Recommendation 8: The Chief Executive Officer of AmeriCorps should require grantees to take its fraud awareness training.

> **AmeriCorps' Response:** Concur. While AmeriCorps already requires grantee trainings about financial management and agency requirements that include references to fraud or necessary internal controls, the agency has also developed a Fraud Awareness training that is specifically focused on fraud. Implementation of this recommendation is in progress, as AmeriCorps has determined that it will require grantees to take the Fraud Awareness training and has drafted language to add to program Terms and Conditions. The annual requirement will go into place for all grantees in FY 2025, and AmeriCorps will begin implementing the requirement in new AmeriCorps Seniors and AmeriCorps State and National awards in Quarter 4 of FY 2024.

Recommendation 9: The Chief Executive Officer of AmeriCorps should include the benefits and costs of collecting data on volunteers and all subgrants as it explores the feasibility of antifraud data analytics.

> **AmeriCorps' Response:** Concur. AmeriCorps currently collects data on individuals serving in AmeriCorps State and National, AmeriCorps VISTA, AmeriCorps NCCC, AmeriCorps Seniors Foster Grandparent and AmeriCorps Seniors Senior Companion programs, including through subgrants. Implementation of this recommendation is in progress, as the agency had already planned to collect additional volunteer data as part of its technology modernization efforts. In developing antifraud data analytics, AmeriCorps will explore how best to use the expected information.

AmeriCorps

Recommendation 10: The Chief Executive Officer of AmeriCorps should include the anticipated effects of its systems modernization efforts as it explores the feasibility of antifraud data analytics.

> **AmeriCorps' Response:** Concur. AmeriCorps will take the anticipated effects of systems modernization into account as it develops additional antifraud data analytics.

In service,

Michael D. Smith
Chief Executive Officer, AmeriCorps

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact	Seto J. Bagdoyan, (202) 512-6722 or BagdoyanS@gao.gov
Staff Acknowledgments	In addition to the contact named above, Philip Reiff (Assistant Director), James Healy (Analyst in Charge), Michael Maciag, Brenda Mittelbuscher, Christian Perez, and Marissa Stapley made key contributions to this report. Other contributors include Pamela Davidson, Danielle Giese, Barbara Lewis, James Murphy, and Joseph Rini.