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Description of document: AmeriCorps management advisories 2017-2020 and list of management advisories 2010-2016

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AmeriCorps
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May 5, 2020

Subject: Freedom of Information Act Request No. 2020-21

This letter is in response to your March 22, 2020, Freedom of Information Act (FOIA) request sent via U.S. Mail to the FOIA Officer for the Corporation for National and Community Service (CNCS). You requested:

1. A copy of each Management Advisory, Management Advisory Memorandum, and Management Advisory Report produced by the CNCS Office of Inspector General since January 1, 2017.
2. A printout of the listing of Management Advisories, Management Advisory Memoranda, and Management Advisory Reports issued by CNCS OIG since January 1, 2010.

The FOIA Office referred your request to this office for processing on March 23, 2020, as the matter relates to records under CNCS Office of Inspector General (CNCS-OIG) jurisdiction and control. We recognize that this response is made beyond the 20-day statutory response date and appreciate your understanding given the COVID-19 national emergency.

As requested, please find the attached .PDF containing each Management Advisory, Management Advisory Memorandum, and Management Advisory Report produced by the CNCS-OIG since January 1, 2017. We have also attached a .PDF list of Management Advisories, Management Advisory Memoranda, and Management Advisory Reports issued by CNCS OIG between January 1, 2010 and December 31, 2016.

Page 2

If you have any questions regarding this response, please feel free to contact me at s.ravas@cncsoig.gov.

Sincerely,

STEPHEN RAVAS

Digitally signed by STEPHEN
RAVAS
Date: 2020.05.05 16:48:27 -04'00'

Stephen Ravas
Counsel to the Inspector General
Office of Inspector General
Corporation for National and Community Service

Management Alert No Senior Accountable Official: CNCS has not appointed a Senior Accountable Office for Audit Follow-UP
04-29-2016

Senior Council Management Alert: *Weaknesses in Senior Council's Management Practices Warrant Immediate Action.*
07-11-2016

Missed Opportunity: *Special Review: Prohibited Activities: Missed Opportunities, Red Flags Ignored and Next Steps to Improve Grants Management at CNCS* (Identified as a "Special Review")
11-03-2016

Management Alert: Weakness in Financial Monitoring of social Innovation Fund (SIF) Grant
11-18-2016

Fraud and Waste Risks of Teleservice: An Emerging Issue
12-08-2016



April 7, 2017

TO: Jennifer Bastress Tahmasebi,
Acting Director of AmeriCorps

FROM: Stuart Axenfeld
Assistant Inspector General for Audit

SUBJECT: Fixed Award Grants to Teach for America;
Funds Could Be Put to Better Use

Background

Teach for America (TFA) is community-based non-profit organization that is headquartered in New York, New York. TFA is dedicated to building a national corps of recent college graduates of all academic majors, who commit to two years to teach in under-resourced public schools. The organization recruits and selects graduates who meet high standards, trains them in an intensive summer program, places them in urban and rural school districts, and coordinates a support network for them during the two years they commit to teach. The table below presents the Corporation's fixed awards (Professional Corps Grants) that have been awarded to TFA since 2010.

Agreement	Member Service Years	Cost per Member	Total Award
07NDHNY003	16,137	\$652	\$ 10,520,070
10EDHNY002	17,827	\$1,722	\$ 30,698,094
13EDHNY003	14,598	\$800	\$ 11,302,800
16EDHNY002	3,447	\$500	\$ 1,723,500
Totals	52,009		\$ 54,244,464

Observation: TFA Does Not Appear to Have Financial Need or Substantial Challenges to Raising Non-CNCS Resources

According to the 2016 NOFO¹, the criteria for Professional Corps grants include “significant organizational financial need and substantial challenges to raising non-CNCS resources.” At page 20, the NOFO states: “CNCS will consider requests for operating funds of up to \$1,000 per MSY if an applicant is able to demonstrate in its narrative and supporting budget materials significant organizational financial need and substantial challenges to raising non-CNCS resources.”

Our review of the grant documentation for TFA and our meeting with Corporation staff provided no evidence or analysis to demonstrate that TFA had or has “significant organizational financial need” or “substantial challenges to raising non-CNCS resources” for its program in recent years. Public information demonstrates that TFA is well resourced. According to its financial statements, TFA has an endowment that approaches \$200 million.

Fiscal Year End	Endowment Amount	Total Expend on Federal Awards	Total Revenue
FYE 2011	\$117,494,011	\$30,489,626	\$270,067,562
FYE 2012	\$160,800,743	\$51,987,748	\$319,400,413
FYE 2013	\$199,348,112	\$27,821,222	\$210,437,430
FYE 2014	\$162,329,225	\$41,894,192	\$360,573,112
FYE 2015	\$179,896,330	\$32,306,543	\$318,017,875
FYE 2016	\$176,617,046	\$16,416,058	\$291,931,899

This endowment generates substantial income for TFA. For example, the FY 2016 Single Audit shows that as of the end of FY 2016 the Organization had investments exceeding \$266 million. The table above also shows the total revenue for TFA often exceeded \$300 million with federal expenditures being a decreasingly smaller part of the total.

Given TFA's financial strength, the size of its income-generating endowment and its history of fundraising success, we see no basis to conclude that TFA's narrative, budget or other grant application materials demonstrate either organizational financial need or challenges to fundraising from other sources, within the meaning of the NOFO. Accordingly, you may wish to consider whether it would be appropriate to continue to award fixed-amount operating funds to TFA, or whether another less-resourced non-profit organization could put those funds to better use.

In addition, we understand that the pre-award financial review performed by the Office of Grants Management (OGM) focuses on whether the grantee has sufficient resources to provide adequate assurance that CNCS funds will not be wasted. OGM does not assess whether the grant application demonstrates significant organizational financial need or substantial fundraising challenges to support an award of fixed-amount operating funds, as contemplated by the NOFO. We have found no evidence that anyone at CNCS performs an analysis pursuant to this provision of the NOFO.

¹Notice of Funding Opportunity (NOFO), “AmeriCorps State and National Grants FY 2016” - CFDA Number: 94.006

If you have any questions pertaining to this letter, please contact James Berry Schneck, Audit Manager, at (202) 606-9357 or j.schneck@cncsoig.gov; or me at (202) 606-9360 or s.axenfeld@cncsoig.gov.

Cc: Kim Mansaray, Acting Chief Executive Officer
Dana Bourne, Chief Grants Officer
Angela Williams, Acting General Counsel
Lori Giblin, Chief Risk Officer
Monica Kitlas, Agency Audits and Investigations Coordinator



July 24, 2017

TO: Robert McCarty
Chief Financial Officer

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

SUBJECT: Management Alert: CNCS Continues to Pay Invoices Without Adequate Oversight of Labor Charges, in Violation of Federal Acquisition Regulations and CNCS's Response to Audit Report No. 14-09.

Background

Agencies are required per the Federal Acquisition Regulation (FAR) to scrutinize and validate labor charges by contractors and subcontractors, which reduces the risk of fraud, waste and improper expenditures. These safeguards are especially important for time-and-materials (T&M) contracts, because the contractor may have a financial incentive to charge excessive labor. To control the government's costs and to prevent contractors from overbilling, agencies must obtain documentation from its contractors or subcontractors to support the hours billed. This includes evidence of actual payment to employees and individual daily time-keeping records as required by FAR 16.601(b)(1) *Time and Materials Contracts*.

An audit report issued June 20, 2014, Audit Report No. 14-09, *Audit of Blanket Purchase Agreements for Professional Consulting Services*, found that CNCS was not complying with these and other requirements applicable to procurements. This is not a new issue; CNCS-OIG reported a similar finding in Audit Report No. 06-40, *Audit of Corporation for National and Community Service Office of Procurement Services*, issued in June 2006. CNCS agreed in 2014 to require that all contractors provide approved timesheets to support labor charges. More broadly, CNCS promised to scrutinize labor charges appropriately and to institute a variety of corrective actions, including requiring Contracting Officers to conduct a second-level review of documentation submitted prior to approving payment.

Observations:

1. CNCS is not validating labor charges as required and as promised.

In its response to Audit Report 14-09, CNCS represented that it "now requires all contractors to submit detailed timesheets to validate labor charges on invoices and directs Contracting Officers to conduct a second-level review of documentation submitted prior to approving payment." See Appendix A to Audit Report 14-09.

A random selection of invoices from three reimbursable contracts, listed below, found no timesheets to substantiate the labor for which CNCS paid.

Invoice Number	Contractor	Contract Number	Amount
034634	ICF Invoice	CNSHQ16F0045	\$39,885
1089288	GMMB	CNS15A0010-0006	\$55,494
160247R	DESA, Inc.	CNS13A0001	\$121,609
160224			\$14,135
150249			\$31,152

None of the three Contracting Officers' Representatives (CORs) we interviewed understood their responsibility to obtain and review timesheets before approving payment of labor charges. None was aware of the FAR requirements, the CNCS-OIG Audit Report, or CNCS's agreement that CORs must obtain approved timesheets to validate labor charges. Instead, the CORs believed that they were merely to review the general reasonableness of the invoices and that their primary role was to ensure the receipt of deliverables.

We also found no evidence that the responsible Contracting Officers provided the promised second-level documentation review.

In the course of our review, we discovered that one of the three CORs did not obtain documentation to verify the "Other Direct Costs" (ODCs) for which CNCS paid. For example, the COR did not verify a \$38,000 charge for a conference lunch and did not obtain receipts for travel costs. The COR deemed the cost "reasonable" per an unstated standard and relied on the contractor's representation regarding the actual expense, instead of obtaining supporting documentation to validate the costs.

2. The CORs were not properly trained to oversee labor charges.

As part of our COR interviews, we requested copies of any guidance that they had received for approving invoices. The most recent guidance provided — "*Federal Acquisition Certification for Contracting Officers' Representative (FAC-COR) Program Handbook*", dated January 2016 — focused primarily on obtaining and maintaining a COR certification. The CORs also mentioned the Office of Procurement Services' (OPS) monthly optional COR meetings. None of the three CORs recalled any training related to verifying labor charges on invoices.

While we are pleased that CNCS immediately scheduled a training session after being informed of our findings at the exit conference, CNCS is responsible for ensuring that staff understand and fulfill their critical oversight responsibilities. CNCS should have checked to ensure that proper scrutiny was taking place and provided periodic training on this subject, without CNCS-OIG's prompting. Given the strong promises and assurances that CNCS gave regarding reform of contract oversight, we were disappointed in the results of this follow-up.

3. Failure to substantiate labor charges exposes CNCS to waste and/or fraud.

The FAR requires a Federal agency to ensure that it pays only actual costs on its reimbursable contracts. Without requiring and reviewing supporting documentation of those costs, CNCS may unknowingly pay excessive charges. It is concerning that CORs do not understand the professional skepticism that they are expected to bring to their jobs.

Recommendations

Based on the information shared above, we recommend that the Corporation:

- 1) Require the OPS to inform all CORs of the need to obtain certified contractor timesheets to support labor and receipts for Other Direct Charges (ODCs) charged to CNCS on reimbursable invoices.
- 2) Incorporate this requirement into the OPS' COR Handbook and the COR Appointment letter.
- 3) Require the OPS to conduct a mandatory training session for all CORs to emphasize the responsibility of a COR to provide detailed oversight of all charges and contract requirements. This must include the requirement to obtain sufficient evidence (*i.e.* approved timesheets, hotel receipts, etc....) to support labor and ODC charges invoiced.
- 4) Retrain all Contracting Officers concerning their obligation to scrutinize the supporting documentation of contract expenses.
- 5) Require the OPS to develop a written procedure that requires it to
 - i. Perform periodic testing of reimbursable invoices; and
 - ii. Remove the COR responsibilities from those who do not comply with the written policy.
- 6) Review Audit Report 14-09 and CNCS's response thereto, determine whether CNCS is fulfilling the other commitments that it undertook, and advise CNCS-OIG of any other corrective actions being taken.

Please provide us your response to this Management Alert as soon as possible, but not later than August 19, 2017. If you have any questions about this Management Alert, please contact James Schneck, Audit Manager, at (202) 606-9357 or j.schneck@cncsoig.gov; or me at (202) 606-9360 or s.axenfeld@cncsoig.gov.

Cc: Jeffrey Page, Chief Operating Officer
Kim Mansaray, Acting Chief Executive Officer
Tim Noelker, General Counsel
Lori Giblin, Chief Risk Officer
Jennifer Bastress Tahmasebi, Acting Director of AmeriCorps



June 26, 2018

TO: Gina Cross
Acting Director, AmeriCorps NCCC

Robert McCarty
Chief Financial Officer

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

SUBJECT: Final Management Alert: Serious Weaknesses in National Civilian Community Corps Recruiting Contract May Jeopardize Program Success

Attached is the Office of Inspector General Final Management Alert, entitled Serious Weaknesses in National Civilian Community Corps Recruiting Contract May Jeopardize Program Success.

Under the Corporation's audit resolution policy, a final management decision on the findings and recommendations in this report is due by December 26, 2018. Notice of final action is due by June 26, 2019.

If you have questions about this letter, please contact Carol Bates, Audit Manager, at (202) 579-7900 or c.bates@cncsoig.gov.

cc: Barbara Stewart, Chief Executive Officer
Desiree Tucker-Sorini, Chief of Staff
Kim Mansaray, Chief of Program Operations
Edward Davis, Jr., Deputy Chief Information Officer
Lori Giblin, Chief Risk Officer
Jacob Sgambati, Director of Operations, NCCC
Rachelle Vaughan, Director, Office of Procurement Services

MANAGEMENT ALERT: Serious Weaknesses in National Civilian Community Corps Recruiting Contract May Jeopardize Program Success

Executive Summary

Successful, cost-effective operation of the AmeriCorps National Civilian Community Corps (NCCC) requires full enrollment and strong retention of members: 1,200 for Traditional NCCC and 1,000 for Federal Emergency Management Agency (FEMA) Corps. In addition to standard eligibility criteria, NCCC is required by law to recruit 50 percent of its members from disadvantaged backgrounds. Because NCCC has been unable to meet these crucial goals, it eliminated its internal recruitment operation and outsourced recruiting, awarding a \$2.6 million five-year fixed-price contract to Drannek Consulting (Drannek).

Why We Did This Review

We conducted our review to determine whether the \$2.6 million NCCC recruitment contract is structured to meet the crucial goal of annually filling the 1,200 Traditional NCCC and 1,000 FEMA Corps vacancies with members likely to successfully complete their terms of service.

What We Found

1. The NCCC recruitment contract places up to \$2.6 million at risk because the contract rewards level of effort and outputs and does not compensate the contractors based upon enrollment and retention of successful members.
2. Although the contract requires Drannek to create and maintain a database of prospective applicants that complies with the Corporation for National and Community Service (CNCS) cybersecurity and privacy policies and procedures, there is no assurance that the database in fact meets Federal and CNCS standards. NCCC did not provide the cybersecurity and privacy requirements the vendor must meet to safeguard applicants' Personally Identifiable Information (PII). NCCC did not engage CNCS's Chief Information Security Officer (CISO) in the procurement, and the database and the transmission of its contents are not subject to review, acceptance and oversight by the CISO.
3. Drannek failed to demonstrate that it possesses the experience and proof of success specified in the solicitation and necessary for satisfactory performance.
4. The CNCS Contracting Officer's Representative (COR) lacks the requisite recruiting experience and is not exercising sufficient oversight to ensure the contractor's compliance with the contract requirements.

Recommendations

Based upon our findings, we recommend that NCCC take the following actions:

1. Decline to exercise the recruitment contract options;
2. Promptly undertake a new procurement, with clear objectives, statement of work, experience and professional attributes and deliverables which is structured as a performance-based contract, with metrics tied to recruitment of applicants who meet the program criteria, meet the diversity requirements and successfully complete their terms;
3. Assign a COR who has strong recruitment knowledge and experience to effectively manage and oversee this contract;
4. Ensure that the selected contractor demonstrates the requisite past performance, meets all the technically acceptable evaluation criteria and has qualified personnel who all meet the Statement of Work (SOW) requirements; and
5. Provide bidders with the CNCS detailed cybersecurity requirements, policies and procedures, and have the CNCS CISO review the bidder's cybersecurity safeguards to ensure that it has the systems in place to maintain secure databases that meet applicable cybersecurity mandates and protect PII.

CNCS Response

In response to our draft management alert, CNCS and NCCC advised that they would not extend the current recruiting contract and would undertake a new procurement, perhaps including a performance-based element. We continue to believe that such a contract should include among the metrics selection, enrollment, completion of service and progress in meeting diversity goals. A recruiting contract that fails to improve NCCC's performance in these metrics would add little value. The contract should be structured to align the contractor's success with NCCC's success, which is an important advantage of a performance-based award.

We agree that NCCC will benefit from greater procurement support, to help ensure that the Statement of Work is complete and correctly drafted and the bids properly evaluated. Further, we are pleased that CNCS's in-house information security professionals will play a significant role in ensuring that any database created or maintained by the contractor will meet Federal requirements.

The positive response to many of our recommendations should eliminate many of the significant risks identified by CNCS-OIG and strengthen NCCC's operations. This decision will help to ensure that Federal funds are used to their maximum benefit. The full response submitted by NCCC is attached.

Background

For years, NCCC has struggled to recruit and retain members in both the traditional NCCC program and the newer FEMA Corps.¹ NCCC acknowledges that full enrollment is critical to its success, but under-enrollment and high attrition have impeded efficient operations.² The requirement that NCCC recruit 50 percent of its members from disadvantaged backgrounds, 42 U.S.C. § 12613(c) *Diverse backgrounds of participants*, has increased the enrollment and retention challenges. Because NCCC recruitment personnel were unable to meet these crucial goals, NCCC decided to outsource the recruiting function and eliminate the internal positions.

In July 2017, CNCS's Office of Procurement Services (OPS) awarded a fixed-price contract (Recruitment Contract) to Drannek. Its stated goal is to recruit sufficient members to fill the 1,200 traditional NCCC and 1,000 FEMA Corps vacancies. The contract is for an initial period of one year at \$475,000, followed by four one-year options at escalating prices. Because the Recruitment Contract rewards effort and outputs, rather than outcomes, and because the selected contractor did not meet key requirements in the SOW and/or Technical Acceptability Evaluation Criteria, continued reliance on this contract may jeopardize successful operation of NCCC and waste millions of dollars without meeting enrollment and retention goals.

Findings

- 1. The Recruitment Contract does not measure or reward critical outcomes, such as the recruitment, selection and enrollment of superior applicants or the successful completion of their service terms.**

The purpose of the NCCC Recruitment Contract is to recruit acceptable members to fill the 2,200 NCCC member slots per year.³ The SOW⁴ specifies the tasks that the contractor is to complete, such as working with NCCC to develop recruiting plans, presentations and marketing materials, interviewing and evaluating applicants, conducting outreach to schools and other organizations where potential applicants may be found, creating a database of potential applicants and providing regular progress reports to NCCC.⁵ Contract staff are to travel 42

¹ AmeriCorps Traditional NCCC partners with local and federal organizations to complete hands-on service projects throughout the United States. Projects address natural and other disasters, infrastructure improvement, environmental stewardship and conservation, energy conservation, and urban and rural development. In an effort to strengthen the federal government's disaster preparedness and response, AmeriCorps NCCC and the Federal Emergency Management Agency (FEMA) partnered to create FEMA Corps.

² CNCS OIG Report No. 17-05, *Evaluation of the National Civilian Community Corps (NCCC) Program*, available at <https://www.cncsoig.gov/news-entry/17-05>. Although this report focused on traditional NCCC, FEMA Corps has also faced enrollment challenges.

³ Statement of Work, Member Recruitment System (SOW), Section 3.0, *Scope of Work*, at 3.

⁴ The Statement of Work was included in the solicitation documents and is incorporated into the resulting contract.

⁵ See generally SOW, Section 2.0, *Objective*, and Section 3.0, *Scope of Work*, at 1-4.

weeks per year to places identified in the annual recruitment plan and to conduct at least 16 program presentations per week.⁶

The SOW requires the contractor to work with NCCC to develop an annual plan that includes performance goals for each type of recruitment activity. However, payment under this contract is not based on success in attaining full enrollment and high retention of members. Rather than including outcomes to evaluate the contractor's success, payments are based on hours worked by the contractor. The contract includes no outcome-based incentive payments to align the contractor's interests with those of NCCC. The contractor's compensation is not tied to whether:

- Drannek recruits highly qualified applicants;
- NCCC actually selects Drannek's recruits;
- The selectees enroll in NCCC;
- Enrollment of disadvantaged members increases;
- Drannek-recruited members pose disciplinary problems; or
- Members recruited by Drannek successfully complete their ten months of service.

As long as it registers enough acceptable applicants⁷ to fill the class, Drannek can be indifferent to the quality of those applicants and their ultimate success in NCCC. The contract provides Drannek no financial incentive to invest the effort necessary to produce program success. Given the challenges that NCCC has experienced with disciplinary problems and high attrition, a recruitment contract should be structured to address and minimize those problems. Indeed, the contract does not specify the attributes of an acceptable member, to inform Drannek's recruiting efforts.

The Office of Management and Budget has long encouraged agencies that contract for professional services to use performance-based (sometimes called "outcome-based") contracting, a results-oriented procurement approach that focuses on outputs, quality or outcomes and ties at least a portion of a contractor's payment, contract extensions or renewals to meeting specific, measurable performance standards and requirements. Successful use of performance-based contracts involves:

- Describing the requirements in terms of results rather than methods of performance;
- Including in the contract carefully determined measurable performance standards addressing quality, quantity and timeliness;

⁶ *Id.*, Section 2.0.

⁷ *Id.*, Section 2.0, at 3. Although the SOW refers to "acceptable applicants," *id.*, it does not define the term; it is not clear whether this is intended to signify some quality in addition to the eligibility criteria. The SOW does not identify the eligibility criteria for Traditional NCCC or the more restrictive admission criteria for FEMA Corps. NCCC eligibility requirements are at 42 U.S.C. § 12613(b), (c) and the Joint NCCC-FEMA Corps Implementation Plan, Annex A, IV B 7 requires that FEMA Corps members be U.S. Citizens.

- Establishing as part of the contract a quality assurance plan for measuring the contractor's performance; and
- Specifying appropriate positive and/or negative incentives.⁸

Federal Acquisition Regulation (FAR) Subpart 37.6 contains the rules for performance-based service contracts. Other Federal agencies have amassed toolkits for these contracts.⁹ CNCS's own acquisition policy directs the staff to consider performance-based contracts for service contracts totaling \$1 million or more.¹⁰ It directs that "Contracting Officers should incorporate PBA [performance-based acquisition] methods when appropriate to encourage contractor innovation and efficiency, and to help ensure that contractors provide timely, cost-effective, and quality performance with measurable outcomes."¹¹

Instead of performance-based contracting, NCCC's Recruitment Contract specifies the effort to be expended rather than the outcomes to be achieved. The SOW prescribes actions that will, NCCC hopes, reach the desired results—number of trips, number of presentations and relationships developed, outreach materials and efforts—rather than recruitment of a specified number of successful members.

Whether performance-based or otherwise, sound management principles require that CNCS have a plan for evaluating contract performance. The CNCS Acquisition Policy specifically requires that service-based contracts include a quality assurance plan to monitor contractor performance.¹² Neither the COR nor NCCC's Director of Operations could explain how NCCC will determine or measure the success of this contract, beyond citing the required number of site visits and the number of potential recruits identified. Although the contract is more than halfway through its first year, NCCC has yet to decide how and when to evaluate it. Moreover, neither the COR nor the Director of Operations could describe a fallback plan in the event that Drannek's recruiting is inadequate.¹³

Ensuring that NCCC gets full value for its money will also be difficult because certain of the tasks required by the contract are not included among the deliverables. For example:

- *Employment and career opportunities:* Multiple items among the contract's Objectives relate to identifying employment opportunities for program alumni. These include:

⁸ See GAO-02-1049 (2002), *Guidance Needed for Using Performance-Based Service Contracting*.

⁹ See, e.g., <https://www.energy.gov/management/office-management/operational-management/procurement-and-acquisition/guidance-procurement-2>.

¹⁰ CNCS Policy 350, *Acquisition*, Section 4.1.

¹¹ *Id.*

¹² CNCS Policy 350, 4.404, *Control*, (2).

¹³ NCCC stated that it has other recruitment avenues, such as word of mouth, but could not quantify, even approximately, the percentage of applicants it will enroll from those sources. The Recruitment Contract itself contemplates that Drannek will supply all of NCCC's enrollment.

- Meeting with service organizations about career opportunities for program graduates;
- Building relationships with potential employers;
- Identifying the skillsets and experiences that would make alumni attractive to employers; and
- Identifying program candidates with the skills sought by employers who could enhance their attractiveness by means of NCCC participation.¹⁴

The only deliverable associated with these tasks is a monthly report that includes potential job opportunities.¹⁵ There is no requirement to quantify the referrals of alumni, the interviews granted or the number of program graduates hired as a result.

- *Interests of potential members:* The Objectives section of the contract tasks Drannek to examine how NCCC meets the career goals, skills improvement and personal interests of target members.¹⁶ However, the contract contains no further specifications or requirements for this examination, and no report on the results appears as a deliverable.¹⁷
- *Success algorithm:* The contract tasks Drannek with “develop[ing] an algorithm of the characteristics of successful members,” to be used to identify candidates from online sources.¹⁸ Surely it is for the longtime leadership of NCCC, and not the new contractor, to define what constitutes a successful member. No such definition of success appears in the contract, and Drannek cannot develop its algorithm without it. The algorithm itself is not shown as a deliverable.

The absence of deliverables associated with these required tasks will make it difficult for NCCC to know whether Drannek is fulfilling the contract requirements and to hold the contractor accountable if it fails to do so.

In sum, the structure of the NCCC recruitment contract leaves CNCS vulnerable to paying out \$2.6 million dollars to a contractor for effort, even if the contractor fails to achieve the crucial recruitment purpose and goals of the program.

2. NCCC did not require the contractor to demonstrate that the database that stores recruits’ Personally Identifiable Information complies with applicable cybersecurity and privacy requirements.

The Recruitment Contract requires Drannek to develop and maintain a database of potential NCCC applicants that includes such PII as their contact information (names, addresses, phone

¹⁴ SOW, Section 2.0, at 2.

¹⁵ SOW, Section 5.0 (*Deliverables*), at 6.

¹⁶ SOW, Section 2.0, at 2.

¹⁷ SOW, Section 5.0, at 6.

¹⁸ SOW, Section 3.0, at 4.

numbers and email addresses), as well as their demographic and educational information. The SOW requires that this data be maintained in compliance with various government-wide standards and CNCS cybersecurity and privacy policies and procedures, but describes them inconsistently:

- The Objective section mandates that the contractor will “[e]stablish[] and maintain[] a contractor-provided electronic portfolio that complies with CNCS cybersecurity and privacy policies.”¹⁹
- The Scope of Work provisions reiterate the point, albeit somewhat differently: “The contractor will provide and maintain a secure recruitment tracking and data management database that meets the CNCS FISMA standards.”²⁰
- The deliverables include “an electronic portfolio for AmeriCorps NCCC that complies with CNCS cybersecurity and privacy policies.”²¹

Despite CNCS’s obligation to oversee its contractors’ information security and privacy practices, neither the SOW nor the Request for Proposal included the “CNCS FISMA standards,” applicable Federal requirements or the specific cybersecurity policies and procedures that NCCC expected the contractor to follow. The authorities governing information security are multi-sourced and multilayered,²² and they change frequently. A contractor with limited exposure to them cannot be expected to identify or understand them without meaningful guidance. Drannek’s proposal included only general information on its information technology security (physical security, access security and virus protection), but did not explain how it intended to manage a database full of PII in a manner that would comply with the intricacies of Federal standards and CNCS policies.

Neither the CISO nor anyone else with a background or expertise in cybersecurity and privacy helped to develop the procurement requirements in this area or assisted in reviewing the proposals. Thus, the determination that Drannek’s proposal met the Technical Acceptability Evaluation Criteria related to cybersecurity and privacy was made by individuals who lacked expertise in those highly technical areas.

After we questioned Drannek’s capability to protect PII, the COR wrote to Drannek, seeking information about its safeguards. Again, Drannek responded with general descriptions of its network and physical security, without addressing the Federal standards or the CNCS requirements for PII applicable to the NCCC database. As result, to date, Drannek has not

¹⁹ SOW, Section 2.0, at 2.

²⁰ SOW, Section 3.0, at 4.

²¹ SOW, Section 5.0, at 6.

²² Federal Information Security Modernization Act of 2014 (Public Law 113-283; December 18, 2014). The original FISMA was the Federal Information Security Management Act of 2002 (Public Law 107-347 (Title III); December 17, 2002), in the E-Government Act of 2002. The National Institute of Standards and Technology is charged with developing and maintaining standards, guidelines, recommendations and research on the security and privacy of information and information systems.

provided evidence that it has the resources, capacity and management support infrastructure in place to protect PII contained in the database consistent with Federal standards and CNCS's requirements.

CNCS's Office of Inspector General (OIG) annual evaluations of information security at CNCS have repeatedly found deficiencies in the Corporation's oversight of its contractor-managed systems and databases.²³ To meet Federal information security requirements, as well as its own policies, the Office of Information Technology and the CISO should be involved from the inception whenever CNCS or one of its programs proposes to engage a contractor to develop and maintain information technology systems and databases, particularly those containing PII. This includes not only the initial development but also ongoing monitoring of information security and privacy.

Without oversight by the CISO, neither CNCS nor the thousands of potential applicants from whom Drannek is collecting PII have assurance that their information is secure. The seriousness of incursions into such information, in the public and in the private sector, can hardly be overstated. Should a breach occur, the costs of remedial action may be prohibitive. Until the CISO or another competent expert can review the security and privacy protections for the Drannek database, NCCC applicants and CNCS remain unnecessarily at risk.

3. NCCC's irregular proposal evaluation resulted in selection of an unqualified contractor; CNCS awarded the contract without any information about Drannek's past performance.

The solicitation for the Recruitment Contract set forth criteria for the evaluation of proposals. These criteria fell into three categories (referred to in the evaluation documents as "factors"): (1) the experience and skill of staff members performing similar tasks for other service programs, including an explanation of the contractor's technical approach and how those staff would fulfill the tasks in the SOW; (2) a promise that key staff would remain available for at least six months; and (3) the quality and extent of the bidder's past performance of similar tasks. To be deemed technically acceptable, a proposal would have to satisfy each of the stated criteria.²⁴

Only two companies responded to the solicitation for the Recruitment Contract, Drannek and a second bidder. The Contracting Officer's Representative (COR), an NCCC employee, determined

²³ See, e.g., [Report 18-03](#), p. 17 (need for consistent enterprise-wide information security, including for external systems); [Report 17-03](#), Exhibit 5 (controls over contractor systems ineffective in FYs 2015, 2016).

²⁴ The Technical Evaluation Memorandum states:

To be determined technically acceptable, all factors must be acceptable to obtain a passing rating for the technical quote. Any technical quote that does not receive acceptable assessment for all factors will receive a failing rating for the technical quote. Award will be made to the lowest-priced, technically acceptable, responsible quoter, with satisfactory past performance.

June 22, 2017 COR Technical Evaluation Memoranda addressed to the Contract Specialist.

that the second bidder met the technical criteria, but its bid exceeded NCCC's budget for the contract. Drannek, the COR determined, met none of the criteria; it submitted only a single resume and a Talent Recruiter & Diversity Specialist job description, which was insufficient. Drannek's submission did not describe its technical approach or how its personnel would perform the required tasks, and it contained no promise regarding the availability of staff and no past performance information. The COR therefore determined that Drannek's proposal was unacceptable.

At NCCC's request, however, OPS agreed to open "clarification" discussions with Drannek, relaying questions on May 25, 2017. Essentially, this gave Drannek a second opportunity to describe how it would perform the SOW requirements and its proposed staffing.²⁵ By June 5, the Contracting Officer expressed concerns about the extent of the discussions and suggested rebidding the contract.²⁶ Despite that inquiry, Drannek, the previously unacceptable bidder, was allowed to submit a revised proposal.

The COR rated the revised proposal as acceptable, although on its face it failed to satisfy the technical evaluation criteria in important respects:

- *No description of Drannek's technical approach:* The criteria required "a description of the vendor's technical approach to meet the objectives outlined in the SOW,"²⁷ and to break out "how staff members will perform the individual tasks." The revised proposal, however, did little more than restate the information in CNCS's SOW.
- *Proposed staff lacked relevant experience:* The criteria specify nine kinds of experience or capabilities required of the key personnel assigned to the project. These included "at least three years of experience in identifying, interviewing and evaluating applicants for a service program," as well as other specific skills and qualifications.²⁸ Drannek's revised proposal attached five resumes and a job description. None of the five resumes met all nine requirements, and some met none of them. ***None of the resumes reflected experience recruiting for a service program, as required in the solicitation.***²⁹ Instead, they included recruiting airline and defense professionals, senior business leadership, engineers and other highly educated/skilled technical staff. The proposal did not identify which of these

²⁵ Email dated May 25, 2017, from OPS to Drannek, transmitting/repeating the SOW requirements and requesting Drannek's response. OPS also entered into discussions with the other bidder to refine its pricing, but those discussions were unsuccessful.

²⁶ See email dated June 5, 2017, from Contracting Officer, OPS, to COR, NCCC, asking, "What are we asking the vendors to do? Why is there so much back-and-forth? Is this a requirement that needs to be cancelled and re-solicited?"

²⁷ Technical Acceptability Evaluation Criteria, Factor 1, Items A.a-b, attached as Exhibit A (hereafter TAEC).

²⁸ TAEC, Item B.a-h, plus unnumbered item on next page.

²⁹ See attachment B, comparison of resumes submitted by Drannek with personnel qualifications established by NCCC for Recruitment Contract.

were “key personnel.”

- *No assurance of staff availability:* The solicitation required each bidder to submit a “statement of understanding” that the key employees would remain available for at least six months.³⁰ Drannek’s proposal did not include any such assurance. When CNCS OIG requested the assurance statement, the COR, who signed the rating of the evaluation criteria, responded that he “assumed” the Contract Specialist had this information.³¹
 - *Contract awarded without any references or quality assessment of Drannek’s prior work.* The solicitation stated that bidders would be rated on their past performance of similar projects, based on (a) information in the government’s Past Performance Information Retrieval System database or (b) references from past or current clients. Drannek submitted no past performance information, and the COR accordingly found insufficient evidence to assure that Drannek’s past performance was of high or acceptable quality.³² When supplementing its proposal, Drannek submitted no additional past performance information. Yet the COR inexplicably found Drannek’s supplemental proposal to reflect acceptable past performance.
- 4. Experienced NCCC recruiting staff did not participate in the contract award or the ongoing contract oversight.**

Two key NCCC employees, the Director of Outreach and the Assistant Director for Recruitment and Partnerships, who had extensive member recruitment experience, had limited roles in developing the SOW for the contract. Instead, the SOW was formulated by a former CNCS budget employee, now an NCCC contractor, without recruiting experience. CNCS-OIG confirmed with former NCCC recruiting staff that they were aware of the solicitation, but they neither reviewed the final SOW before its publication, nor did they review the incoming proposals. Instead, the NCCC contractor and an NCCC program manager with no recruiting experience evaluated the proposals. Assigning staff without recruitment experience to evaluate the technical and past performance aspects of bidders’ capabilities may have contributed to the defects that we have identified.

³⁰ TAEC, Factor 2 (“Vendor must provide a statement of understanding and agreement that employee(s) selected to support the work requirements of the SOW will be expected to be dedicated to the requirement for a period of no less than six months. At such time when a replacement employee is necessary, the personnel change will be approved by the COR prior to commencement of work.”)

³¹ In fact, Drannek substituted personnel within weeks of winning the award.

³² The criteria mandate a rating of “neutral,” rather than “pass,” if no recent or relevant information past performance information is available “or that the offeror’s performance record is so sparse that no meaningful confidence assessment rating can be reasonably assigned.” TAEC, Factor 3, Past Performance (definitions of “pass,” “fail” and “neutral”).

The COR likewise has no experience with recruitment and was assigned to oversee this contract only because no other NCCC employee was certified to act in this capacity.³³ Moreover, the COR has since been detailed to another CNCS department, which further erodes oversight.

5. Drannek was allowed to change its staffing without COR approval.

The Recruitment Contract required that Drannek maintain its original staffing for six months, with any changes subject to advance approval by the COR.³⁴ One month after receiving the award, Drannek unilaterally changed two of the employees devoted to this project, without seeking approval from NCCC. On August 9, 2017, Drannek identified for the COR four employees who would need laptops to work on the contract. Two of these individuals had not been included in Drannek's proposal.

The COR never approved the substitution or the qualifications/resumes of the two replacements. Our review of their resumes indicates that neither meets the Technical Acceptability Evaluation Criteria for experience. Yet these individuals, who lack the experience prescribed by the SOW, continue to work on the contract, and CNCS is paying for their services.

Recommendations

To address the weaknesses identified, CNCS-OIG makes the recommendations set forth at the conclusion of the Executive Summary.

³³ The combination of an inexperienced contractor, a poorly structured contract and a COR without experience in the underlying purpose of the contract heighten the risks associated with this undertaking.

³⁴ TAEC, Factor 2

Attachment A: Technical Acceptability Evaluation Criteria

Factor 1. Experience

- A. Evidence that the vendor has the resources, capacity and management support infrastructure to ensure the delivery of the service outlined in the statement of work.
 - a. A description of the vendor's technical approach to meet the objectives and tasks outlined in the SOW.
 - b. Provide a break-out of how staff members will perform the individual tasks listed in the SOW.
- B. The resumes of the vendor's key personnel who will support the statement of work.
 - a. Resumes must document at least three years of experience in identifying interviewing and evaluating applicants for a service program.
 - b. Resumes must document performing follow-up activities after initial meetings with potential applicants including providing additional information or providing support during the application process.
 - c. Resumes must document experience in creating, entering and maintaining electronic applicant portfolios containing contact demographic and personal interest information.
 - d. Resumes must document experience in developing and presenting presentations to different types of audiences, collecting contact information from attendees, and providing follow-up information.
 - e. Resumes must document experience in building relationships with different organizations, agencies, programs and their alumni and stakeholders to generate applicants.
 - f. Resumes must document developing and presenting program status reports accompanied by statistical analysis, charts and graphs.
 - g. Resumes must document the vendor's experience in developing a marketing program to a targeted audience.
 - h. Resumes must document the vendor's experience in identifying potential applicants via social media, electronic job boards, search engines and

traditional media and determining the best way to interest them in participating in a program. Resumes must document the vendor's experience in developing marketing materials and distributing them in hard copy, electronically or posted on social [sic].

Factor 2. Statement of understanding

Vendor must provide a statement of understanding and agreement that employee(s) selected to support the work requirements of the SOW will be expected to be dedicated to the requirement for a period of no less than six months. At such time when a replacement employee is necessary, the personnel change will be approved by the COR prior to commencement of work.

Factor 3. Past performance

Past performance: Quoters' past performance information will be evaluated based on information obtained from the Government database called Past Performance Information Retrieval System (PPIRS). Vendors can provide references from past or current clients.

PASS (P): Based on the offeror's recent/relevant performance record, the Government has a high expectation that the offeror will successfully perform the required effort.

FAIL (F): Based on the offeror's recent/relevant performance record, the Government has no expectation that the offeror will be able to successfully perform the required effort.

NEUTRAL (N): No recent/relevant performance record is available or the offeror's performance record is so sparse that no meaningful confidence assessment rating can be reasonably assigned.

Factor 4. Price

The contractors' price quotations will be evaluated by CLIN level and award will go to the contractor whose technically acceptable quote has the lowest price.

Attachment B: Review of Proposal Resumes to TAEC Requirements

Requirements from Technical Acceptability Evaluation Criteria	Resume 1	Resume 2	Resume 3	Resume 4	Resume 5
Resumes must document at least three years of experience in identifying interviewing and evaluating applicants for a service program.	Yes for a summer youth program.	Yes but not for a service program.	Yes but not for a service program.	Yes but not for a service program.	No
Resumes must document performing follow-up activities after initial meetings with potential applicants including providing additional information or providing support during the application process.	No	Yes	No	No	No
Resumes must document experience in creating, entering and maintaining electronic applicant portfolios containing contact demographic and personal interest information.	No	No	No	No	No
Resumes must document experience in developing and presenting presentations to different types of audiences, collecting contact information from attendees, and providing follow-up information.	No	No	No	No	No
Resumes must document experience in building relationships with different organizations, agencies, programs and their alumni and stakeholders to generate applicants.	No	No	Yes	No	No
Resumes must document developing and presenting program status reports accompanied by statistical analysis, charts and graphs.	No	No	Yes	No	No
Resumes must document the vendor's experience in developing a marketing program to a targeted audience.	Yes, not clear but gave credit	Yes, credit for "extensive recruiting"	Yes	Yes	No
Resumes must document the vendor's experience in identifying potential applicants via social media, electronic job boards, search engines and traditional media and determining the best way to interest them in participating in a program.	No	No	No	No	No
Resumes must document the vendor's experience in developing marketing materials and distributing them in hard copy, electronically or posted on social	No	No	Yes	Yes	No



September 28, 2018

MEMORANDUM TO: Deborah Cox-Roush, Director
Senior Corps

Erin McGrath, Deputy Director
Senior Corps

FROM: Carol Bates, Acting AIGA /s/
Office of Inspector General

SUBJECT: Management Alert: Senior Corps Proposed Regulatory Changes
Likely to Reduce Service to Communities and Requires Further Analysis

In April 2018, the Corporation for National and Community Service, Office of Inspector General (CNCS-OIG) submitted two different documents concerning the proposed regulatory changes to Senior Corps: the Management Alert dated April 12, 2018, outlining potential negative impacts of the proposed changes, and *Federal Register* comments dated April 13, 2018, as part of the notice and comment phase of rulemaking. The Corporation for National and Community Service (CNCS) has declined to respond to the Management Alert pending the conclusion of the *Federal Register* notice and comment process. CNCS-OIG has waited five months without substantive engagement from CNCS. We look forward to a response that is not limited to the *Federal Register*, just as the Management Alert was not limited to the *Federal Register*.

In a memorandum dated August 30, 2018, the General Counsel suggests that “a Management Alert is not the proper means to discuss policy concerns,” citing language from CNCS-OIG’s website. Section 4(a) of the Inspector General Act of 1978, as amended, charges the Inspector General with reviewing proposed regulations and making recommendations regarding their impact. Nothing in the statute precludes the use of a Management Alert to convey such recommendations to the agency.

Management Alerts are intended to be flexible tools for communicating concerns to agency leaders. Like many Offices of Inspector General, CNCS-OIG uses them for multiple purposes, including (1) to report preliminary findings that require immediate action, pending completion of a full audit or evaluation; and (2) to advise CNCS's leadership of an unattended risk.¹ We have

¹ CNCS-OIG has outlined these uses in prior communications with CNCS leadership. See Memorandum dated January 13, 2017, from Deborah J. Jeffrey to Kim Mansaray, included in https://www.cncsoig.gov/sites/default/files/management_alert_teleworkfull.pdf (explaining use of Management Alerts for, among other purposes, informing leadership of unattended risks).

modified the description of Management Alerts on our website, but do not rule out using them in other appropriate circumstances within our professional discretion.

CC:

Barbara Stewart, Chief Executive Officer
Desiree Tucker-Sorini, Chief of Staff
Timothy Noelker, General Counsel
Robert McCarty, Chief Financial Officer
Joseph Liciardello, Acting Chief Grants Officer
Tom Bryant, Associate General Counsel
Andrea Grill, Associate General Counsel
Robert McCarty, Chief Financial Officer
Lora Pollari-Welbes, Audits and Investigations Program Manager

**MANAGEMENT ALERT: SENIOR CORPS PROPOSED REGULATORY CHANGES LIKELY
TO REDUCE SERVICE TO COMMUNITIES AND REQUIRE FURTHER ANALYSIS**

BACKGROUND

The Senior Corps Program has proposed certain changes to its regulations for the Foster Grandparent and the Senior Companion Programs (FGP and SCP). Two related proposed changes are:

- Reducing the minimum number of volunteer service hours per week from 15 to five (revising 45 C.F.R. 2551.51 and 2552.51);
- Eliminating the Direct Benefit Ratio (the “80/20 rule”), which requires that at least 80 percent of the Federal share of the grant be expended for benefits provided directly to volunteers, such as stipend payments, transportation reimbursements, meals and recognition (removing 45 C.F.R. 2551.92(e) and 2552.92(e)).

STATED PURPOSE OF PROPOSED REGULATORY CHANGES

Senior Corps proposed these changes in response to longstanding feedback from the grantee community, confirmed through focus groups. The stated purposes of these changes are to:

- Reduce administrative burdens and relieve budgetary pressures associated with rising administrative costs, without increasing the funding for direct volunteer costs, such as stipends;
- Offer the grantees greater flexibility in service schedules for volunteers (particularly important for reduced-time summer education-based programs); and
- Increase opportunities for project innovation while maintaining a level of service recognized as beneficial to volunteer health outcomes.

CONSTRAINTS

1. The Senior Corps program does not plan to increase the total amount of these grant awards to offset grantees’ increased costs of administering the program.
2. Reducing the minimum required hours contemplates that more individuals will serve fewer hours each. However, the requirements for FGP and SCP impose certain costs per volunteer:
 - National Service Criminal History Check;
 - Insurance (CIMA, Accident, Liability, plus Excess Auto);
 - Minimum training requirements: 20 hours at outset and 4 hours per month;
 - Transportation costs, and
 - Recognition

QUESTIONS

1. What, if any, effect will these changes have on the overall cost of providing volunteer services to the community?
2. What, if any, impact will these changes have on the number of hours delivered in community service?

ANALYSIS

Our analysis shows that:

- Eliminating the Direct Benefit Ratio will authorize grantees to spend a smaller share of their grants on volunteer personnel costs. Redirecting those funds to program administration **will reduce the service hours devoted to the community.**
- Removing entirely the limit on administrative spending will reduce Senior Corps' ability to hold accountable a grantee who incurs excessive administrative costs, relative to the services that it provides.
- Reducing the minimum required hours could **triple certain per-volunteer personnel costs** and **reduce the service hours delivered to communities by 19 percent.**¹

REQUIREMENTS	ONE NEW VOLUNTEER AT 15 HOURS	THREE NEW VOLUNTEERS AT FIVE HOURS EACH
HOURS/YEAR	780	780
STIPEND COSTS/YEAR	\$2,067	\$2,067
ORIENTATION TRAINING ²	20 HOURS	60 HOURS
IN-SERVICE HOURS/MONTH	4 HOURS ³	12 HOURS
IN-SERVICE HOURS/YEAR	48 HOURS	144 HOURS
DIRECT SERVICE HOURS DELIVERED TO COMMUNITY /YEAR	712 HOURS	576 HOURS ⁴
CRIMINAL HISTORY CHECK	\$60-\$75 ⁵	\$180 - \$225
RECOGNITION	\$25.36 ⁶	\$76.08

¹ This percentage may vary depending on individual grantee policies for sick leave and annual leave.

² Each new volunteer must undergo 20 hours of mandatory orientation training. Current Foster Grandparents are encouraged to and do participate in these pre-service orientations as mentors, so the effect on service hours may not be limited to a volunteer's first year.

³ The four-hour/month in-service training requirement is described on the CNCS website:

<https://www.nationalservice.gov/.../senior.../senior-companion-training-requirements>

<https://www.nationalservice.gov/.../planning-annual-foster-grandparent-service-training-requirements>

⁴ This represents a 19 percent reduction in actual hours delivered directly to the community beneficiaries.

⁵ Per discussion with CNCS Chief Risk Officer

⁶ Based upon review of budget narratives under the FGP and SCP grant applications

Senior Corps has proposed these changes without a pilot program or testing to inform projections about their impact or to identify and address potential unintended consequences. By relying on anecdotal evidence and focus groups, the program has limited evidence that these critical changes are necessary, that they will achieve desired ends or that the benefits outweigh the potential costs and impacts on communities. Neither a cost-benefit analysis nor a risk assessment and mitigation plan have been prepared.

Changes to Senior Corps regulations deserve particular scrutiny because the geographic entitlements built into the program limit grantee turnover and competition. Thus, if the Direct Benefit Ratio is eliminated (rather than adjusted), Senior Corps may have limited recourse against a grantee whose administrative spending becomes excessive, to the detriment of the community.

CONCLUSION AND RECOMMENDATION

Reducing the minimum number of hours per week required for each volunteer and simultaneously eliminating the Direct Benefit Ratio have the potential to increase certain per-volunteer costs, while decreasing the number of service hours delivered to program beneficiaries in the community. We recommend further study before taking these measures.

➤ Specifically, we recommend that CNCS:

1. Analyze the cost-effectiveness of the proposed changes (singly and in combination), including a cost-benefit analysis that considers the potential impact on the levels of community service delivered;
2. Conduct research to determine the extent to which the existing requirement of 15 service hours/week prevents grantees from filling volunteer slots or retaining volunteers; and
3. Initiate a pilot program
 - a. To determine how the proposed changes will impact direct service to the community and the total administrative costs associated with the program; and
 - b. To test alternative approaches, such as modifying, rather than eliminating the Direct Benefit Ratio or permitting calendar-based variation in minimum-hour requirements, allowing volunteer commitments to fluctuate with the school year.



April 18, 2019

MEMORANDUM

TO: Barbara Stewart, Chief Executive Officer

FROM: Deborah J. Jeffrey, Inspector General /s/
Fara Damelin, Deputy Inspector General /s/

SUBJECT: Draft Management Alert: Unrealistic Transformation Plan Unnecessarily
Jeopardizes CNCS Mission

As we mentioned in mid-March, congressional staff asked us to set forth in writing our concerns about the Transformation and Sustainability Plan, independent of the Comments to the President's FY 2020 proposed budget. A draft of that memorandum is attached for CNCS's review. If CNCS wishes to respond, please provide the response by noon on Thursday, May 2, 2019. We intend to publish the memorandum promptly and will include CNCS's response if timely received.

Enclosure (1)

cc: Desiree Tucker-Sorini, Chief of Staff
Tim Noelker, General Counsel
Lori Giblin, Chief Risk Officer
Robert McCarty, Chief Financial Officer
Dana Bourne, Acting Chief Operating Officer
Erin Dahlin, Acting Chief of Program Operations
Lora Pollari-Welbes, Audits and Investigations Program Manager



April 18, 2019 (rev. May 14, 2019)

Management Alert: Unrealistic Transformation Plan Unnecessarily Jeopardizes CNCS Mission

Executive Summary

The Corporation for National and Community Service (CNCS or the Corporation) has begun to implement a plan to restructure the Corporation and alter its core grantmaking and grant management business practices. While CNCS's Office of Inspector General (CNCS-OIG) strongly supports a re-examination of the Corporation's structure, our experience indicates CNCS does not have the capacity to carry out its complex transformation plan at the rapid pace envisioned.

CNCS has scheduled the reorganization, with its many risks, to occur at the same time as critically needed improvements to CNCS's core business functions – developing information technology sufficient to support grant management; preparing and testing an effective grant risk model and aligned cost-effective monitoring activities; achieving reliable financial management, accounting and reporting; and establishing effective cybersecurity. Despite efforts, CNCS has been unable to achieve these improvements over the last several years, without the added stress of a major structural overhaul. The plan to accomplish these critical infrastructure upgrades while simultaneously reorganizing grantmaking, grant management and grant administration is unrealistic, exceeds the Corporation's capabilities and creates a substantial risk that CNCS will not be able to achieve its mission of supporting national service.

Instead, we strongly recommend that CNCS sequence the reforms, concentrating first on standing up the infrastructure to support informed, risk-based grantmaking and grant monitoring. Also imperative is completing and validating the corrective actions for financial management, accounting and reporting, so that CNCS can accurately track expenditures and provide strong stewardship of taxpayer funds. We further recommend that CNCS delay the reorganization to a regional structure until such time as it implements these critical upgrades. We are not suggesting an abandonment of the reorganization, but rather a slower-paced and risk-based, tiered approach to appropriately prioritize goals and promote the ultimate success of CNCS's comprehensive plan.

Introduction

CNCS has embarked on an ambitious Transformation and Sustainability Plan that touches on virtually every aspect of the Corporation's business.¹ CNCS's executive leaders have stated repeatedly that the future of national service depends on the successful implementation of this Plan, which includes:

1. Reorganizing the financial and program management of grants into eight regional hubs by June 2020, and creating a separate headquarters unit to perform compliance monitoring;
2. Improving core business functions, including mission-critical information technology for grants management and accounting, and financial management practices and systems; and
3. Simplifying the grant application form and process.

CNCS-OIG strongly supports a re-examination of the Corporation's structure, consolidating and standardizing programmatic operations and bringing the programs into closer alignment, insofar as permitted by law.² We are encouraged that the CEO and her leadership team are engaging these issues after years of inaction by their predecessors.

However, the expectation that CNCS can reorganize while simultaneously reforming its core business infrastructure overestimates the Corporation's capacities, in light of its resource limitations and history. In the last several years, CNCS has tried and failed to achieve each of these required improvements, without the additional demands of major structural changes. CNCS-OIG's informed appraisal is that undertaking all of these changes at the same time is unnecessarily risky, beyond CNCS's capabilities and jeopardizes accomplishment of its mission.

Moreover, given the risks associated with the reorganization, it is particularly important that the staff undertake their new duties armed with the tools that they will need to perform them effectively and efficiently. Prioritizing the core business infrastructure improvements and deferring the reorganization will increase the new structure's capabilities and likelihood of success.

We outline below the grounds for CNCS-OIG's significant reservations about the feasibility of successfully completing the transformation effort in the next 13 months and the serious risks of attempting to do so. The discussion begins by explaining the nature of the risks associated with the proposed restructuring. Thereafter, we turn to the legacy issues, why they should be

¹ CNCS's outline of the Plan, including its six goals, is available at <https://www.nationalservice.gov/about-cnscs/transformation-and-sustainability-plan>.

² Indeed, we recommended just such a review in the Management Challenges report that we issued in December 2016. See https://www.cnscsoig.gov/sites/default/files/cnscs_management_challenges.pdf

resolved before any reorganization and how they illustrate limitations in the organizational capacities of CNCS.

I. The changes associated with reorganization carry high risks.

The planned restructuring will significantly change the way in which CNCS manages its grants. Approximately 200 CNCS staff members—nearly all the Corporation’s program officers and grant officers—have been told to expect reduction-in-force (RIF) notices. If they wish to continue to work for CNCS under the new structure, they were required to apply for jobs this past month (with the benefit of a hiring preference).

Reorganization of grant management will involve:

1. ***Consolidation of program and grant management.*** The plan calls for CNCS to consolidate into eight regional hubs: (a) 46 State Offices, which house the program officers for Senior Corps and VISTA; (b) program officers for AmeriCorps State and National (ASN), located at CNCS headquarters; (c) grant officers for ASN, now at CNCS headquarters; and (d) grant officers for Senior Corps and VISTA, located in Philadelphia, PA. CNCS will not pay relocation costs. This will likely lead to turnover in staff and career leaders and consequent loss of institutional knowledge about CNCS program operations, risks, requirements and grantees;
2. ***Dramatic expansion in the responsibilities of regional staff.*** Under the current division of labor, staff members focus exclusively on programmatic issues *or* financial issues, and they service either ASN *or* Senior Corps/VISTA. Under the restructuring, regional staff members will be responsible for assisting grantees with programmatic *and* financial operations, across *all* CNCS grant programs.³ Even rehired seasoned staff members will need to learn the requirements of programs new to them and a new financial or programmatic skill set;
3. ***Critical training not yet developed.*** The Government Accountability Office’s (GAO’s) 2017 evaluation of grant monitoring at CNCS identified inadequacies in the training offered to program officers.⁴ Nevertheless, training to acquaint the regional staff with their new responsibilities has not yet been developed or tested for adequacy, and planning has just begun. At our suggestion, CNCS has agreed in principle to pilot-test the not-yet-

³ Per CNCS’s description, the regional staff will develop projects, assess grant applications, manage the grants programmatic and financial performance and assist grantees in all of the programs.

⁴ See GAO-17-90, *Monitoring Efforts by Corporation for National and Community Service Could Be Improved*, published Mar 21, 2017, at pp. 31-34 (GAO Monitoring Report) (emphasizing the need for improved training of program staff and recommending that CNCS executives update critical competencies for grant monitoring and establish a training planning process linked with agency goals and competencies).

developed training plan, but no details as to the nature and extent of the testing are yet available.⁵ Reportedly, CNCS intends to rely heavily on the creation of comprehensive reference guides to fill gaps in knowledge. Agency leaders concede that staff will not be fully trained when the regional offices are established;

4. ***Centralized compliance monitoring.*** Monitoring of a portfolio of more than 3,300 active grants per year will be performed by a new Monitoring unit based at headquarters, whose responsibilities, staffing (currently contemplated at 12-18 individuals) and strategies have not yet been determined. At present, monitoring is performed by the program and grant officers who have the greatest contact with and most knowledge of grantees. It is not clear how this small workforce will be able to handle the full grant monitoring portfolio and expand subrecipient monitoring, one of the key recommendations of GAO's 2017 report;⁶
5. ***Incomplete grant risk model.*** Grant monitoring will be based either on (a) modification of the existing grant risk model, known by CNCS to be inadequate and to omit known fraud risks; or (b) a new, more sophisticated grant risk model that is not yet complete or validated and which does not have individual monitoring activities aligned to specific risks. GAO's 2017 report found numerous inadequacies in the existing grant risk model, including, for example, requiring monitoring visits every six years without regard to the presence of risks, grouping multiple potentially serious risks under a single under-weighted factor, treating a grantee's lack of financial competency (including bankruptcy) as a low risk that would not trigger close monitoring, risk indicators that are too frequently applicable to distinguish relative risk among grants, and the lack of validation.⁷ CNCS-OIG has also identified the omission of significant known fraud risks, such as related-party transactions;
6. ***Reduction in onsite and related grant monitoring in FY 2019.*** Travel budgets for onsite monitoring have been reduced, limiting grant monitoring.⁸ In FY 2018, the programs conducted 309 onsite monitoring visits to grantees. In FY 2019, we are told that only 117 site visits will occur. The change was made as an interim measure, in part to redirect funds to the transformation plan and in part because the program heads feared that a large staff exodus would preclude the usual onsite monitoring. CNCS accomplished the

⁵ For example, it is unclear whether the pilot will be limited to current staff who will need training to prepare them for expanded responsibilities, or whether it will include staff entirely new to CNCS, who will need even more extensive training.

⁶ GAO Monitoring Report at pp. 22-25, 36.

⁷ *Id.* at pp. 15-19.

⁸ CNCS has been slow to respond to our requests for information about the reduction in travel funds, and the data provided to date have been incomplete, internally inconsistent or not consistent with information provided by leadership.

reduction in two ways. First, it eliminated the requirement of a monitoring visit every six years, but it did not reassess what score should be considered “high” risk, did not recalibrate the model or reweight the risk factors, did not consult with GAO and did not make other changes recommended by GAO or by CNCS-OIG that might have increased risk scores.⁹ Second, CNCS decided not to conduct site visits for certain grants scheduled to end in FY 2019, because, according to the Chief Program Officer, it considered the agency’s *prospective* risk to be low. (CNCS originally briefed us that 34 grants fell into this category, but later corrected the number to eight.) Certain fraud risks, however, increase substantially towards the end of a grant, especially where the grantee is not constrained by an ongoing relationship with the grantor.

In addition to travel limitations, half of ASN’s program officer slots are vacant, increasing substantially the workload of the remaining ASN staff, who assist and monitor CNCS’s largest grant program. CNCS’s executive leadership did not anticipate this eventuality, have not acknowledged the program staff deficit and assert that ASN program leaders have not told them that lack of personnel or resources will impede oversight of the grant portfolio.

The reduction in onsite monitoring is significant, because CNCS has historically relied upon site visits for comprehensive monitoring of at-risk grants. While some programs have previously monitored individual compliance aspects via desk reviews, *i.e.*, offsite review of documents furnished by a grantee, they do not have the tools to conduct comprehensive monitoring remotely. Although CNCS’s risk assessments and onsite monitoring are far from perfect, it is difficult to understand the move to an improvised monitoring strategy developed on short notice, while CNCS was preparing to hire a Director of Monitoring whose responsibilities would include developing a new risk-based monitoring approach.

7. ***Extended periods of full-time telework for field staff during the transition.*** The 46 State Offices are slated to close during May-July 2019. Since the last regional offices are not scheduled to open until June 2020, some field staff may be required to telework for more than one year. As we understand it, CNCS has not developed any additional internal controls to avoid time and attendance fraud or to fill the gaps upon staff departures. Nor has CNCS prepared measures to compensate for the loss of motivation and focus that CNCS employees may exhibit due to job insecurities and searches for other employment -- creating a real risk that they will not provide the oversight and assistance needed to protect CNCS programs and beneficiaries;

⁹ We believe that CNCS misapplied GAO’s findings. The report noted that an interval of six years since the last monitoring visit does not, *standing alone*, indicate high risk and should not, *without more*, dictate a site visit. GAO did not, however, say that elapsed time is irrelevant or recommend eliminating it entirely from consideration. .

8. ***Planned simplification of the grant application substance and process***, with content to be determined. Per Federal requirements, risk assessment and mitigation plans should play a substantial role in grant award decisions. An accurate understanding of the specific risks that each grantee poses is indispensable to prudent grantmaking and should precede and be incorporated into revisions to the grant application; and
9. ***Pressure to implement these changes by the end of FY 2020***, limiting planning, issue spotting and risk mitigation.

The net result is that, after the reorganization, the regional staff that administers \$755 million of grants will be incompletely trained for their duties and unfamiliar with some of the grant programs for which they are responsible. Many will likely be entirely new to CNCS. These staff will play integral roles in recommending which grants should be funded and will have primary responsibility for assisting grantees in understanding and complying with program rules and requirements. This condition poses a high risk of serious errors.

These changes will leave CNCS especially vulnerable to fraud and waste and less able to prevent, mitigate or promptly detect abuses. To date, CNCS has not offered any strategies or plans to mitigate these risks. The goals, processes, techniques and priorities for grant monitoring remain undetermined and will likely be untested when the reorganization begins. Due to existing limitations, CNCS's internal controls, grant risk management and grant management information technology cannot compensate for the added risks because they too are flawed and underdeveloped.

II. Unless they are resolved first, legacy core business deficiencies will hinder the reorganization.

To support effective grant management, CNCS must correct legacy weaknesses in its infrastructure and core business processes. We summarize below unresolved issues that are likely to impede the effectiveness of the proposed restructuring.

- A. CNCS's IT infrastructure for grant management has long been inadequate and remains incapable of supporting CNCS's core mission.

The Corporation's information technology (IT) infrastructure for grant management is outdated and unable to meet current business needs or support robust oversight. An evaluation of CNCS's eGrants system performed by MITRE Corporation in 2014 confirmed that the IT infrastructure does not meet the current or future needs of the Corporation's programs and does not provide reliable data to inform management's key decisions. Among the highlights of the MITRE findings:

- There is a substantial and widening gap between the services that the Office of Information Technology (OIT) can currently provide and the increasing business needs of CNCS's expanding mission, greater regulatory and reporting demands and faster operational tempo;
- Current IT assets do not support evidence-based decision-making by CNCS management;
- The IT system does not reliably produce consistent and valid information; assembling basic information requires staff to spend considerable time looking for, compiling and validating information from many sources; and
- The IT system cannot provide data analytics, an increasingly important management tool for comparing performance, benchmarking, identifying patterns and trends and reducing fraud and waste.

In response to these initial findings, CNCS invested \$30.5 million to replace eGrants with a modern, risk-based IT system capable of data analytics and automated monitoring procedures. This effort was unsuccessful, and CNCS ended the project and terminated the contract in late 2017. It is not clear how much of the work was or can be salvaged. Despite the expenditures to date, CNCS thus continues to rely on an obsolete platform that lacks the analytical tools required for cost-effective administration and monitoring of its grant portfolio.

The Corporation's current leadership team has now committed an additional \$3.9 million to develop a new grant management IT system and hired a different contractor to create a "minimum viable product" (MVP). The project is essentially a proof of concept, based on the VISTA program's small number of simple grants, and CNCS will not have an operable grant management system at the end of this contract in October 2019. Considerable work would be necessary to enhance the MVP to meet the complex requirements of ASN, which includes State Commissions, national direct grantees and subrecipients. In addition, the MVP does not incorporate grant risk features, a necessary component of modern grant management.

Effective IT support for grant administration is a mission-critical system. In its absence, staff lack the timely, accurate and complete information and tools needed to perform their responsibilities efficiently and to protect CNCS grantees and program funds. The current outdated system inhibits real-time, continuous monitoring and wastes the time of skilled personnel. Under the existing structure, the experience and institutional memories of CNCS's program staff have counterbalanced this weakness to some degree. The planned change in staffing and responsibilities, with limited training, will remove that counterbalance, increasing the need for an effective and user-friendly grant management IT infrastructure.

B. Regional and monitoring staff need a complete, validated grant risk model to inform risk-based grant decisions.

Federal requirements demand that agencies effectively identify, assess and respond to the important risks that impact their mission. Before awarding Federal funds, grantmaking agencies

must evaluate a variety of applicant risks and may impose special requirements to manage or mitigate those risks.¹⁰ By understanding and evaluating the risks presented by grants, an agency can target its technical assistance and monitoring resources where they are most needed to help grantees and to protect public funds. Disciplined risk management can help CNCS make intelligent grant decisions and maximize the positive impact of its programs.

CNCS has not yet completed and tested a grant risk model that can inform its core business throughout the grant lifecycle, from grantmaking, through grant administration and monitoring, to grant closeout.¹¹ Both CNCS-OIG and GAO have found severe inadequacies in CNCS's grant risk assessments,¹² leading to imprudent grant awards, misdirection of assistance and monitoring resources and failure to timely detect and correct fraud and mismanagement. CNCS has worked intermittently on this project since 2014, but that work has been repeatedly halted or interrupted by other priorities.¹³

An accurate grant risk model should be integral to CNCS's core grantmaking business and should drive key grant decisions. We believe that CNCS should concentrate efforts and resources on completing and piloting the grant risk model and developing risk-aligned assistance and monitoring activities before reorganizing. CNCS-OIG has suggested implementing a portion of the contemplated model immediately to capture risk-related information before the disruption that will accompany reorganization. (Indeed, better information about portfolio risk may improve decisions about the optimal reorganization strategy and hiring strategy.) Because the new grant risk model may not be ready for use in FY 2020, CNCS also needs to be ready with an alternative that remedies the most substantial weaknesses in the current model. Attempting to complete these fundamental tasks simultaneously with the loss of institutional knowledge, disruption of substantial turnover and staff relocations, a new division of labor and responsibilities, and experimenting with a new monitoring staff and structure is unrealistic and unnecessarily risky.

¹⁰ 2 C.F.R. sections 200.205(b), 200.207.

¹¹ The risk model should inform: (1) grant competition, by identifying the information that CNS should solicit in its grant application and obtain from third-parties; (2) including in grant award decisions a realistic assessment of CNCS's ability to manage risks and creating a plan for managing the risks associated with each grant; (3) identifying technical assistance and monitoring priorities; (4) developing targeted, cost-effective monitoring activities that align to specific risks; (5) design and development of the grant management IT infrastructure, including data analytics capabilities; and (6) routine and automatic identification of outliers, anomalies and trends.

¹² See GAO Monitoring Report, pp. 15-37 (finding weaknesses in CNCS's grant risk assessments and monitoring activities); see *Management Challenge No. 1: Strengthening Grant Oversight*, CNCS-OIG FY 2017 Management Challenges, pp. 4-8 (same).

¹³ For example, in response to Questions for the Record (QFRs) following a March 28, 2017, oversight hearing before the House Committee on Education and the Workforce, Subcommittee on Higher Education and Workforce Development, the Chief Risk Officer (CRO) twice stated that new grant risk assessment criteria would be developed by the end of 2017 and would be tested for accuracy and effectiveness by the end of 2018. Lori Giblin QFRs dated June 12, 2017, Nos. 1 and 6. CNCS did not meet either of those dates. Halfway through FY 2019, the risk model remains incomplete and unvalidated.

C. Extraordinary efforts are needed to repair financial management, accounting and reporting from the current unauditible state.

CNCS has been unable to produce auditable financial statements for the last two years. Independent financial statement auditors have twice issued a “disclaimer of opinion,” the worst possible outcome of a financial statement audit. The auditors found a substantial likelihood of material misstatements in the financial information published by CNCS for FYs 2017 and 2018. They determined that CNCS could not support some of the largest line items on its books.

Further, the auditors identified “pervasive material weaknesses” in CNCS’s critical internal controls. Financial management and reporting at CNCS deteriorated from four material weaknesses and one significant deficiency in FY 2017, to ten material weaknesses and two significant deficiencies in FY 2018, all of which CNCS failed to prevent or detect. Troublingly, the Corporation made no progress in correcting the FY 2017 findings, which carried over to the FY 2018 report. The description of these serious defects occupies 25 pages of the auditors’ report on CNCS’s most recent financial statements.¹⁴

The material weaknesses found by the auditors touch on multiple aspects of CNCS’s operations and activities and had substantial real-world effects. These included:

- CNCS’s internal controls did not detect numerous and pervasive weaknesses in accounting and financial reporting that affected material items on the Corporation’s financial statements.
- CNCS overstated the amounts needed to pay current and future Education Awards earned by AmeriCorps members. As a result, CNCS’s appropriations requests understated to Congress the amount available to pay future awards by as much as \$100 million.
- The model used to establish CNCS’s largest single liability—the Education Awards payable and to be payable—included calculation errors, was methodologically unsound and lacked quality controls, resulting in significant errors. For example, CNCS continued to show on its books as a liability approximately \$50 million in long-expired Education Awards, which could never be redeemed.
- There were unexplained disparities between CNCS’s grant records and its financial management systems with respect to grant awards and expenditures.
- CNCS did not validate or properly document the basis for its required estimate of Grant Accruals Payable and Advances; it could not show that the reported figures were accurate or correctly derived.

¹⁴ OIG Report No. 19-01, *Audit of the Corporation for National and Community Service’s Fiscal Year 2018 Consolidated Financial Statements*, pp. 5-29. https://www.cn csoig.gov/sites/default/files/OIG_Report_19-01_0.pdf

- CNCS lacked adequate controls to ensure that funds were properly obligated to defray procurement costs or that it de-obligated funds for stale or invalid purchase orders.
- CNCS could produce no documentation to support \$14 million of the \$20 million balance of Other Liabilities at June 30, 2018.

During FY 2018, no one at CNCS was qualified by training, experience or expertise to remedy these serious weaknesses in financial management and accounting. Instead, CNCS relied on two senior officials, neither one an accountant, to understand and address complex accounting issues identified by the auditors. Inexplicably, CNCS allowed the position of Director of Accounting and Financial Management Services (AFMS) – the Corporation’s principal accounting officer -- to remain vacant for nearly all of FY 2018. The current Director of AFMS now bears all of the responsibility for correcting CNCS’s accounting in general, as well as correcting the serious weaknesses identified in the financial statement audits. Positions in AFMS are still vacant, and that department has lacked the resources necessary to make progress on the significant issues that need to be addressed.

In addition to the many open audit issues, CNCS has recently acknowledged that limitations in its existing accounting system impede efficient operations. Consequently, the Corporation is exploring a shared services arrangement with the Department of Treasury for accounting support, with implementation to take place next year.¹⁵ The Chief Financial Officer (CFO) has acknowledged that, in view of the challenges of the current accounting system, preparing for the transition to a shared services environment will place heavy demands on AFMS and the entire CFO function, followed by an interval of training for all users.

In other words, CNCS intends to *simultaneously*:

- Undertake the substantial effort to prepare for transition to shared services;
- Correct the ten material weaknesses and two significant deficiencies from FY 2018;
- Participate in testing of internal controls for each material weakness to be performed by the Chief Risk Officer;¹⁶
- Respond to auditors’ information requests for the FY 2019 financial statement audit;
- Conduct the routine operations need to support the daily functioning of CNCS; and
- Meet the additional demands associated with reorganization.

¹⁵ CNCS may also contract for shared services for Human Capital, Procurement and Travel services, each of which will require its own preparation.

¹⁶ CNCS’s Chief Risk Officer advises that, as a result of the FY 2018 audit findings, CNCS now considers each of these material weaknesses to be high-risk and will therefore subject them to extensive testing in the next six months.

CNCS has not demonstrated that it has the resources or the capacity to accomplish all of these priorities at the same time.

D. Efforts to improve cybersecurity have stagnated.

Despite investment and effort, CNCS's cybersecurity and privacy protections remain ineffective. The Corporation has made little progress since last year and does not have a comprehensive strategy to achieve effective IT security. This jeopardizes not only CNCS's operations but also the personally identifiable information of more than 1 million AmeriCorps alumni.

In the FY 2018 evaluation of information security and privacy, CNCS-OIG offered 25 recommendations to help the Corporation move forward on each cybersecurity element. CNCS has recently hired a new Chief Information Officer, and we hope that he will bring some stability and focus to improving cybersecurity. However, CNCS's IT department will face competing priorities in supporting the development and implementation of a new grant management IT infrastructure and in servicing the new regional offices that CNCS plans to roll out over the next 13 months. Even with contractors taking the lead on the grant management project, these simultaneous efforts will tax the capabilities of CNCS's Office of Information Technology and potentially leave CNCS's private data at risk.

Conclusion

It is our strong recommendation that CNCS delay the reorganization to a regional structure until it resolves its core infrastructure deficiencies and can provide a suitable platform for effective, risk-based grant management and reliable financial management and reporting. If the future of national service depends on the successful implementation of the leadership's Transformation and Sustainability Plan, then it is worth avoiding unnecessary risks and taking reasonable steps to maximize the likelihood of success. Doing that requires adequate and thorough planning, risk management, pilot-testing proposed approaches and ensuring that the Corporation implements the infrastructure necessary to support the contemplated organizational changes, both geographical and in the functions and responsibilities of CNCS's staff.

To date, CNCS has not demonstrated that it can successfully (a) implement and test a valid grant risk model with aligned monitoring activities; (b) develop a grant management IT infrastructure adequate to support efficient risk-based grant administration; (c) repair its financial management to an acceptable level and successfully transition to shared services; and (d) mature its cybersecurity to protect private and confidential information. Given the lack of success to date, it is unrealistic to expect that CNCS can accomplish these demanding objectives while *simultaneously* executing the challenging reorganization developed by Corporation leadership.