



Testimony

Before the Subcommittee on Higher Education and Workforce Development, Committee on Education and the Workforce, House of Representatives

For Release on Delivery
Expected at 10:00 a.m. ET
Tuesday, March 28, 2017

GRANTS MANAGEMENT

Corporation for National and Community Service's Grant Monitoring Process Could Be Improved

Statement of Allison Bawden, Acting Director, Education, Workforce, and Income Security

Chairman Guthrie, Ranking Member Davis, and Members of the Subcommittee:

Thank you for the opportunity to join you today as you examine issues related to grant monitoring by the Corporation for National and Community Service (CNCS). Created in 1993, CNCS administers a variety of volunteer and national service programs for needs ranging from disaster recovery to improving education.¹ CNCS administered grants totaling about \$750 million in fiscal year 2015 to support national service and reported that nearly 350,000 Americans participated in its major grant programs that year (see app. I for additional data by state for fiscal year 2016).² CNCS is the nation's largest federal grantmaker for service and volunteering, and the agency's mission is to improve lives, strengthen communities, and foster civic engagement through service and volunteering.

My testimony today summarizes findings from our report entitled *Grants Management: Monitoring Efforts by Corporation for National and Community Service Could Be Improved*.³ My testimony, like the report, addresses: (1) CNCS's process for grant monitoring; (2) the extent to which CNCS's process for grant monitoring aligns with relevant internal controls for identifying, analyzing and responding to risk; and (3) the extent to which CNCS has the capacity necessary to monitor grantees' compliance with grant program requirements.

To conduct this work, we reviewed agency documents for fiscal years 2015 and 2016 and analyzed fiscal year 2015 assessment and monitoring data (the most recent complete year of data available at the time of our review). We reviewed the internal control principles in the Standards for Internal Control in the Federal Government and selected those we determined to be most relevant to conducting assessment and monitoring activities: principles on risk assessment, control activities, and monitoring. We compared CNCS's current processes—as documented in policies,

¹ National and Community Service Trust Act of 1993, Pub. L. No. 103-82, § 202(a), 107 Stat. 785, 873.

² CNCS's major grant programs are AmeriCorps State and National, Senior Corps, Volunteers in Service to America (VISTA) and Social Innovation Fund.

³ [GAO-17-90](#) (Washington, D.C.: Mar. 21, 2017).

procedures, and plans—against these principles.⁴ We also interviewed agency officials and a nongeneralizable sample of 11 program and grant officers who had experience with grants with negative outcomes, such as greater-than-expected monitoring needs or audit findings. Lastly, we held discussion groups with a nongeneralizable sample of 27 grantees attending two 2016 training conferences. Additional information on our scope and methodology is included in our report. The work on which this statement is based was performed in accordance with generally accepted government auditing standards.

First, we found that CNCS assesses its grants before the beginning of each fiscal year and prioritizes its grant monitoring based on the scoring of 19 indicators, such as potential performance or financial problems and the length of time since the last compliance visit. For fiscal year 2015, CNCS identified a universe of about 2,200 grants for assessment that were expected to be active during fiscal year 2015, and prioritized 16.4 percent for compliance visits and 5.4 percent for other types of visits (such as for training and technical assistance) and for financial reviews. These visits and financial reviews are forms of grant monitoring. In addition, CNCS each year selects a random sample of grant records from each program to review for possible improper payments.

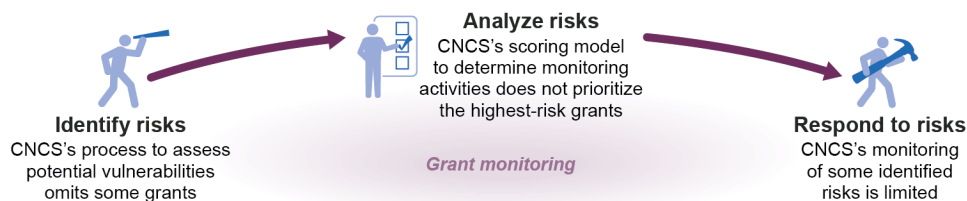
Second, we found that CNCS's current process for grant monitoring is not fully aligned with federal internal controls for identifying, analyzing, and responding to risks (see fig. 1).⁵ Specifically, risks may go unidentified because CNCS's assessment process is conducted only once a year, in August, to guide its monitoring activities for the following fiscal year, while grants may continue to be awarded after the annual assessment is complete. Thus new grants are particularly vulnerable to being omitted from the assessment process, as these grants tend to be finalized just before the beginning of the new fiscal year. One CNCS official noted that an initial visit to a first-time grantee can prevent future problems. In addition, while nearly half of CNCS grant dollars are passed through by grantees to other organizations (referred to as subrecipients) and evidence from prior GAO work indicates that subrecipient oversight is a

⁴ GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014). We compared CNCS's process against these current internal control standards, which became effective October 1, 2015.

⁵ [GAO-14-704G](#).

key risk area,⁶ CNCS’s monitoring of grantees’ oversight of subrecipients is limited, leaving the agency’s response to risk vulnerable in this area. Moreover, CNCS has not systematically evaluated the results of its monitoring activities to use in trend analyses or to evaluate opportunities for improving its monitoring efforts.

Figure 1: Areas for Improvement of Internal Controls in CNCS’s Grant Monitoring Process



Source: GAO analysis of Corporation for National and Community Service (CNCS) monitoring process and GAO Standards for Internal Control in the Federal Government, GAO-14-704G, Principle 7, as shown in GAO-17-90. | GAO-17-528T

Further, we found that limitations in CNCS’ scoring model affect the identification and monitoring of risk in the following ways:

- **Some indicators that are not based on risk are given considerable weight in the rating process, while others that are based on risk are given much less weight.** The highest rated indicator is “time since last visit,” which does not necessarily indicate risk, and this indicator alone can prioritize a grant for a compliance visit. In contrast, indicators for financial risks, including a high potential for improper payments, would not alone result in a grant being prioritized for a monitoring visit.
- **Several potential risk factors were included in a single indicator, “other key concerns and challenges.”** A grant would receive a score for this indicator only once, even if it demonstrated the potential for multiple risks falling within the indicator, including open compliance findings, improper payment findings, the potential for financial management problems, and any findings from the pre-award review. As a result, the indicators may not meaningfully cover all potential risks, such as fraud and improper payments, as the scoring model limits the weight assigned for such risk factors to less than what is required to be prioritized for a monitoring visit.

⁶ GAO, *Federal Grants: Improvements Needed in Oversight and Accountability Processes*, [GAO-11-773T](#) (Washington, D.C.: June 23, 2011).

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- **Some indicators may not be calibrated effectively to capture risk.** For example, CNCS’s scoring model includes an indicator that identifies whether a grantee has problems with volunteer retention—specifically, if retention is below 50 percent for 1 year, or 75 percent for 2 years. But CNCS program office staff we interviewed told us that the retention level measured by the indicator is very low, and they would prefer to intervene before retention dropped to this level.
 - **Several indicators are too frequently applied to be useful in distinguishing relative risk among grants.** For example, 4 of the 19 indicators were applied to more than a quarter of the grants assessed in fiscal year 2015, which could indicate that they have minimal impact in distinguishing among grants to determine their priority status for monitoring. One indicator—“multiple awards”—applied to nearly half the grants assessed.

CNCS has taken some steps to improve the extent to which its process for grant monitoring considers grant risk, but these efforts are in the early stages and their effect is not yet clear. For example, in April 2016 CNCS hired a chief risk officer to oversee and collaborate with agency program and grant offices to develop and implement CNCS policies, procedures, and guidance related to the agency’s risk framework, and to coordinate the development and implementation of documentation and reporting processes, including the improper payment review. In addition, the Office of the Chief Risk Officer is undertaking an effort to benchmark CNCS’s assessment indicators and process against those of other federal agencies and programs with similar grantee profiles (i.e., agencies or programs that fund grantees with varying levels of financial, administrative, and staff capacity). CNCS has also begun a pilot effort to develop additional indicators of risk, based on a review of past performance of 10 grants and analysis of related data. Finally, officials also told us that, in addition to implementing the Enterprise Risk Management (ERM) process under Office of Management and Budget revised Circular A-123, the agency has held listening sessions with senior management and staff to gather their perspectives on key agency risks.⁷ Officials said that they plan to use this information to create an agency-wide risk profile.

⁷ OMB, Management’s Responsibility for Enterprise Risk Management and Internal Control, OMB Circular No. A-123 (revised 2016).

CNCS's efforts to improve its consideration of grant risk are in the early stages and do not fully address our findings. As a result, based on our work, we identified four ways CNCS can move toward a risk based approach for monitoring grants:

1. Establish and implement a policy to ensure that all grants expected to be active in a fiscal year, including those awarded after the annual assessment, are assessed for potential risk.
2. Improve the level of information collected for oversight of subrecipients' activities.
3. Establish activities to systematically evaluate grant monitoring results.
4. Ensure that CNCS completes its efforts to benchmark its assessment criteria and scoring process so that the riskiest grants get the highest scores and assessment indicators meaningfully cover all identifiable risks.

Third, we found that CNCS has not conducted the strategic workforce planning necessary to determine whether it has the people and resources to effectively monitor grantees' compliance with grant program requirements, as key principles for effective strategic workforce planning in prior GAO work suggest.⁸ CNCS's workforce management activities to address vacancies have been largely ad-hoc, including addressing vacancies in a key office responsible for grant monitoring, at senior levels across the agency, and among program and grant officers. Our analysis showed that some of these vacancies reduced the number of fiscal year 2015 monitoring activities conducted. Also, program and grant officers' workloads varied across the agency, and CNCS has not evaluated whether staff have been deployed where they are most needed. Officials said that they had not developed a strategic workforce planning process because of limited resources. Without such a process, however, CNCS's efforts to address workforce challenges may continue to be ad hoc and reactive. We also found that training opportunities vary by CNCS office, and coverage of grant monitoring responsibilities is inconsistent. For example, program officers have been tasked with monitoring grantees' fiscal management practices, but many have not received fiscal monitoring training. This is because CNCS has not established a training

⁸ GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003). In this work, we identified key principles for effective strategic workforce planning by conducting a review of studies by leading workforce planning organizations and federal agency workforce planning practices.

planning process aligned with critical competencies for program and grant officers, such as fiscal monitoring.

Based on our work, we identified two ways CNCS can improve its capacity for monitoring grantee compliance:

1. Develop and document a strategic workforce planning process, and
2. Establish a training planning process linked with critical competencies for grant monitoring.

CNCS did not comment on the report's findings or recommendations, but did provide technical comments, which we incorporated as appropriate.

Chairman Guthrie, Ranking Member Davis, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contact

If you or your staff have any questions about this testimony, please contact Allison Bawden at (202) 512-7215 or at bawdena@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

Staff Acknowledgments

GAO staff who made key contributions to this testimony are: Margie K. Shields, Assistant Director; Dana Z. Hopings; Sarah M. Martin; and Jason S. Palmer.

Appendix I: State-by-State Data on Corporation for National and Community Service (CNCS) Grants

Table 1: Number of CNCS Projects and Volunteers, and Funding by State, Fiscal Year 2016

| State | Number of CNCS grants/projects | Number of volunteers ^a | Total CNCS funding ^b |
|----------------------|--------------------------------|-----------------------------------|---------------------------------|
| Alabama | 82 | 9,635 | \$9,152,881 |
| Alaska | 23 | 633 | \$2,941,445 |
| Arizona | 60 | 3,702 | \$9,211,551 |
| Arkansas | 59 | 4,591 | \$7,229,399 |
| California | 364 | 25,508 | \$73,375,903 |
| Colorado | 113 | 7,659 | \$22,637,068 |
| Connecticut | 51 | 3,348 | \$8,237,050 |
| Delaware | 18 | 1,305 | \$2,523,326 |
| District of Columbia | 113 | 3,671 | \$24,144,397 |
| Florida | 159 | 14,418 | \$29,471,153 |
| Georgia | 96 | 3,992 | \$14,526,254 |
| Hawaii | 35 | 3,166 | \$4,090,080 |
| Idaho | 42 | 2,755 | \$4,261,729 |
| Illinois | 144 | 14,140 | \$22,196,259 |
| Indiana | 86 | 6,421 | \$10,558,532 |
| Iowa | 76 | 6,847 | \$15,728,319 |
| Kansas | 52 | 5,481 | \$6,045,291 |
| Kentucky | 68 | 5,482 | \$12,953,497 |
| Louisiana | 82 | 4,949 | \$12,973,407 |
| Maine | 25 | 2,338 | \$5,027,898 |
| Maryland | 82 | 8,156 | \$18,987,226 |
| Massachusetts | 146 | 9,001 | \$31,675,544 |
| Michigan | 151 | 10,166 | \$21,126,893 |
| Minnesota | 96 | 15,653 | \$35,121,147 |
| Mississippi | 55 | 3,118 | \$13,159,659 |
| Missouri | 88 | 6,136 | \$11,132,714 |
| Montana | 41 | 4,849 | \$7,502,090 |
| Nebraska | 43 | 3,070 | \$6,663,263 |
| Nevada | 36 | 2,414 | \$4,370,247 |
| New Hampshire | 27 | 2,941 | \$5,825,741 |
| New Jersey | 78 | 6,081 | \$11,910,101 |
| New Mexico | 88 | 4,566 | \$5,724,313 |
| New York | 254 | 26,229 | \$67,198,074 |
| North Carolina | 108 | 7,688 | \$15,836,148 |
| North Dakota | 17 | 3,330 | \$2,349,296 |

**Appendix I: State-by-State Data on Corporation
for National and Community Service (CNCS)
Grants**

| State | Number of CNCS grants/projects | Number of volunteers^a | Total CNCS funding^b |
|--------------------|---------------------------------------|---|---------------------------------------|
| Ohio | 108 | 10,119 | \$19,159,789 |
| Oklahoma | 53 | 7,439 | \$9,457,780 |
| Oregon | 78 | 5,850 | \$12,352,922 |
| Pennsylvania | 129 | 15,765 | \$25,664,442 |
| Rhode Island | 34 | 4,220 | \$4,938,865 |
| South Carolina | 71 | 4,073 | \$10,083,018 |
| South Dakota | 32 | 3,457 | \$3,692,401 |
| Tennessee | 83 | 6,193 | \$11,144,660 |
| Texas ^c | 232 | 33,667 | \$32,563,990 |
| Utah | 63 | 5,187 | \$11,728,511 |
| Vermont | 26 | 2,403 | \$4,476,522 |
| Virginia | 95 | 5,724 | \$10,324,809 |
| Washington | 102 | 8,745 | \$23,991,442 |
| West Virginia | 47 | 3,798 | \$9,552,979 |
| Wisconsin | 88 | 9,728 | \$14,618,993 |
| Wyoming | 22 | 1,165 | \$2,479,091 |

Source: GAO analysis of Corporation for National and Community Service (CNCS) State Profiles (data as of February 22, 2016), as shown in [GAO-17-90](#) | GAO-17-528T

a Number of volunteers represents number of awarded positions for the program year.

b Total funding amount does not include education awards. Funding amounts to grantees in territories are not included.

c Data for Texas are as of April 13, 2016.

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