Investigation Found Subgrantee Made Misrepresentations in its Grant Application and Progress Reports

Closed 10/28/24

The AmeriCorps Office of Inspector General (AmeriCorps OIG) conducted an investigation that found evidence that the Axiom Education and Training Center (AETC) in Machias, ME, included false information in its AmeriCorps grant application to Serve Maine, and that AETC mismanaged its AmeriCorps Digital Inclusion Initiative program.

AmeriCorps OIG found evidence that AETC misrepresented the status of a grant application AETC had submitted to the United States Economic Development Administration (EDA). AETC's AmeriCorps grant application indicated that the EDA grant was pending, but AETC did not submit its EDA grant application until almost a year after AETC received its AmeriCorps funding. Since AETC did not have the EDA funding in place, it was unable to perform some necessary functions of its AmeriCorps program, including hiring staff to supervise members and purchasing laptops for members to perform their service. AETC later reported in three of its five quarterly progress reports to Serve Maine that its EDA grant was delayed even though it had not yet submitted its grant application to the EDA.

AmeriCorps OIG also found that AETC's AmeriCorps budget narrative stated that two specific AETC employees would spend 100% of their time on the AmeriCorps project as grantee match. However, time records indicated that the two employees spent significant time working on non-AmeriCorps related tasks. AETC also claimed $82,188.02 as match for uncompensated overtime hours staff worked on the AmeriCorps program.

AmeriCorps OIG submitted a Report of Investigation (ROI) to AmeriCorps recommending that it (1) disallow all of the grant funds it had awarded to AETC; (2) direct Serve Maine to review its pre-award training materials to ensure new grantees understand their responsibilities; (3) require that AmeriCorps' Office of Grants Administration and state commissions conduct risk assessments of prospective grantees to ensure they have the capacity and resources to administer an AmeriCorps grant; (4) conduct monitoring visits of new grantees within 120 days of the grant start date; and (5) create an AmeriCorps Program Manager's Handbook to provide grantees with a centralized resource and best practices for operating an AmeriCorps program.

Agency/Administrative Actions

In AmeriCorps' response to the ROI, it acknowledged that AETC's application was not accurate regarding the EDA funding but stated that it would not disallow all of the funds paid to AETC since costs incurred were for allowable member costs. AmeriCorps disallowed the $82,188.02 for the unallowable match claimed by AETC for personnel overtime. AETC still met the minimum match requirements, so the disallowances of the overtime costs did not result in an actual recovery of funds.

OIG responded to AmeriCorps to clarify that not all members appeared to have engaged in allowable service activities. Specifically, multiple members served minimal hours but collected living allowance payments. AmeriCorps reviewed the additional information provided by OIG and disallowed $4,494.09 in living allowance payments for one member who received those payments without recording any service hours.

AmeriCorps' ROI response also relayed that Serve Maine would conduct greater scrutiny of sub-grantee applications and their financial resources. Additionally, AmeriCorps State and National was in the process of developing a Program Manager's Handbook to be used as a centralized resource.

AmeriCorps did not concur with the recommendation to conduct compliance monitoring visits of all new grantees because it believes that it already has a well-established process that accounts for an organization's level of experience in the risk assessment used to select organizations for monitoring.

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