

Investigative Case Summary

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AmeriCorps Updated Procedures Following Unannounced Organizational Restructuring at a Large Grantee

The AmeriCorps Office of Inspector General (OIG) investigated allegations that Public Allies mismanaged its AmeriCorps members (members) in relation to its July 2022 restructuring, which included the closure of some local offices and service sites. Following the restructuring, AmeriCorps OIG received multiple complaints from members citing a lack of transparency and widespread confusion regarding the operational status of local Public Allies offices. Some members reported being unsupervised and unsure of reporting structures in the immediate aftermath of the announcement. AmeriCorps OIG initiated an investigation into the alleged member mismanagement and to assess the financial responsibility of Public Allies in its use of AmeriCorps funds, specifically examining the causes and events leading up to the restructuring.

The investigation did not find evidence to substantiate any fraudulent use of funds by Public Allies. The evidence collected through the investigation, however, supported the finding of member mismanagement—Public Allies failed to provide its members with sufficient guidance about how the restructuring would affect their day-to-day service. The investigation identified financial concerns that existed at Public Allies that contributed to the need to restructure. Lastly, the investigation found that Public Allies did not provide AmeriCorps with the required notice of its intent to restructure.

AmeriCorps OIG provided AmeriCorps with the results of this investigation and recommendations through a Report of Investigation. AmeriCorps concurred with two of the three recommendations.

Recommendation 1: Update the General Terms and Conditions to require grantees to notify AmeriCorps at least 30 days in advance of the proposed closure of a service site.

- AmeriCorps did not concur, stating that the specific language was not necessary given that 2 C.F.R. §200.308(f) requires certain relevant revisions to be approved by AmeriCorps staff through a grant amendment.

Recommendation 2: Develop standard operating procedures to identify grantees that are in significant financial distress.

- AmeriCorps concurred and noted that it implemented the recommendation.

Recommendation 3: Incorporate a financial capability assessment before making new awards or continuation of funding on existing awards, to ensure taxpayer funds are not placed at risk by awarding funds to grantees in financial distress.

- AmeriCorps concurred and noted that it implemented the recommendation.

Case ID 2022-0095

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