July 17, 2015

To: Federal Co-Chair
ARC Executive Director
ARC General Council
ARC Program Director
From: Hubert Sparks, Inspector General

Subject: OIG Report 15-27 - Notification Management Reports Summary

Purpose: To perform a survey of the "Notification Management Reports Summary" and related information to determine its usefulness as an operating document and as a management tool.

Background:

ARC issues a monthly summary report that identifies the status of grant progress and final reports. The open projects used in the Summary Reports are restricted to those that involve an obligation of ARC funds and excludes Basic Agency projects and ARC working account grants. No project numbers are provided with the Summary Reports. The reports provide a summary of the total and percentages of open projects that are either current, due, past due, delinquent, or in the closeout process. An initial notice is automatically provided to applicable grantees. These reports also summarize the number and percentage of reports that the project coordinator opts-in or opts- out with respect to providing additional notices to grantees.

Summary:

The grant notification summary report is not being used as a management tool and needs extensive revision, or consideration of incorporating this information into other reports and controls currently being established for use as an effective management control and operating process. Discussion with ARC staff and review of recent summary reports disclosed many issues needing attention and are outlined below.

Policies and Procedures

Although instructions pertaining to input for the Summary Report are available on ARC.Net in the SQL data base computer program basic policies and procedures with respect to purpose, use and follow-up of the report were not available.

Key Issues

- The distribution of the computer generated report is limited and does not include some Division Directors or the Project Coordinators responsible for grant administration. Staff noted they did not receive the report and did not believe it was serving a beneficial purpose.

- After the grantee is notified automatically that its progress and financial reports are coming due subsequent notices become the responsibility of the project coordinators using the opt-in/opt-out method and the use of the provision varies considerably based on the project coordinators current knowledge of the grantee.

- The extent of follow-up, including notification to grantees, varied including the timing of report notifications to grantees and that report notices to grantees were discontinued prior to the next scheduled reporting period.

- Grants with significant reporting delays were not identified which reduces the report value as a tool for facilitating follow-up with grantees.

- Staff follow-up actions on significantly overdue progress and final reports was generally not identified on ARC.Net or in grant files.

- There is no identification of actions such as penalties for repetitive significant reporting delays.

- ARC State Program Managers were not always included in the process with respect to significantly delayed reports.

Analysis of Monthly Summary Reports

Although grant numbers are not provided with each monthly summary report we requested the grants numbers for the May 1 and June 1 report when they were issued. For the May 1 report we requested grant numbers for the columns that identified the Progress Delinquent (61plus days) and the Final Delinquent (61 plus Days). For the June I report we also requested the grant numbers for the Grants in closeout process.
An analysis of these summary reports follows. Specific grant details were not available for earlier summary reports.

We determined that 33 of the 68 grantees identified as being delinquent 61 plus days on the May 1 report were also reported on the June 1 report over 61 days. Therefore these 33 grants were at least 90 days past due. In addition, we determined that of the grants reported on the two reports for both delinquent progress and final reports only four resulted in grant closures.

The Summary Report format did not provide for reporting the number of grants closed by the project coordinators. However, we also determined, based on a list of closed grants for the reporting period, the project coordinators had closed an additional 56 grants that were not identified on the reports as being delinquent.

ARC should consider eliminating the opt-out/opt-in process as it creates an additional burden on the project coordinators and is used sporadically and did not appear to improve grantee reporting. Providing automated monthly notices for coordinators, Division Directors and State Program Managers until required reports are received would emphasize this issue, and provide a more detailed record of timely reports and grantee compliance. This history could be valuable information when deciding on future awards to these grantees. The grantee could be told to disregard the notice if the report(s) have been provided.

Recommendations

Significant action should be initiated to assure the intended purpose of the monthly summary report as an important grant monitoring tool is accomplished. Recommended actions include:

- Identification and clarification of report requirements including procedures and timing of notifications to grantees.

- Elimination of the opt-in, opt-out procedure.

- Distribution of the report to all parties, including the State Program Manager, with the responsibility for grants with delinquent reports noted on the summary report and identification of the specific grants needing follow-up.

- Encourage State Program Managers to become involved in following up when grantees are delinquent in submitting progress and final reports.

- Documentation of follow-up actions, including focus on grants with repetitive and lengthy report delinquencies, and reasons for delayed reporting.

- Identification and establishment of actions appropriate for repetitive significant late reporting.

- If the current reporting format is continued add a column for grants closed for the reporting period to provide for a more complete picture of the grantee reporting activities.

ARC Comments

ARC Program staff have discussed ways to create a more useful reporting tool to track the status of grant progress and final reports. Staff will work with the ARC.Net Users Group to design and implement a more robust report.