# OPEN BASIC AGENCY GRANTS WITH LIMITED ACTIVITY AND FUND BALANCES

OIG Report 11-5

July 15, 2011

## BACKGROUND

ARC initiated an assessment of open grants, including Basic Agency grants, in order to identify and follow-up on the status of these grants and identify grants subject to closing and potential de-obligations that would permit better use of funds. We support this initiative and this report highlights grants approved prior to 2009 for which ARC records reflect unused balances and limited activity over a substantial time period.

ARC approves grants for economic development projects in the Appalachian Region and, by law, relies on other Federal Agencies (Basic Agencies) with construction expertise, to administer, manage, and monitor construction related grants, and projects. Cooperation and coordination between ARC and Basic Agencies is an important program element and the Basic Agencies are responsible for providing ARC with project status reports, including information for grant close out when projects are completed.

## RESULTS

Our review of information available on the ARC Net as of June 16, 2011, confirmed timely ARC monitoring and follow-up on ARC administered grants to identify grants subject to closing, including de-obligations and grants requiring performance extensions. For basic agency grants, 129 open grants with fund balances totaling $27,275,326 that were approved prior to 2009 were identified.

This included 50 grants with reported funds balances of $16,419,910 where no approved funds were noted as expended and 79 grants with partial expenditures, for which balances totaled $10,855,419, including 19 instances where less than 50% of funds were expended.

ARC Net also noted that in most cases, especially as respects grants for which no expenditures were noted, that lengthy periods had elapsed since the last transaction date. The age of the grants and the elapsed transaction dates provide indicators of the potential for grant closings based on the applicable projects being completed or the projects not being started, and related de-obligations.

Thus, primary emphasis should be placed on older grants with reported balances. Additionally, increased emphasis should be placed on timely ARC follow-up actions with respect to basic agency grants to determine the status of grants and applicable actions. Program guidance specifying project manager responsibilities and controls such as periodic follow-up should be implemented and automatic requests for status reports when lengthy transaction lapses or late Basic Agency reporting reach specified time limits should be considered.

Basic agency grants do not identify estimated expiration or completion dates for the projects. We recognize that time frames for construction related projects can vary substantially but believe that

estimated expiration/completion dates, which can be extended, based on reasonable justifications, are a good management tool, and would provide a basis for follow-up when estimated dates pass without significant project activity. Thus, ARC should coordinate with Basic Agency contacts about inclusion of estimated end dates in grant agreements.

The attachments summarize and identify the information noted. We recognize that ongoing ARC follow-up may have resulted in actions on some of the grants noted. We will also provide the attached listings to the applicable Basic Agency and our recommendations for coordination and cooperation in connection with ARC's assessment of open grants.

Hubert Sparks
ARC Inspector General

Attachment 1 – Summary of Open Basic Agency Grants
Approved prior to 2009 with reported current balances
Attachments 2 – 6 - Grants included in Attachment 1
Attachment 7 - Summary of last transaction dates with reported current balances
Includes grants noted in tables 2-6.

Attachment 1

Open Basic Agency Grants Approved Prior to 2009
With Current Balances per ARC Net 6/17/11

| | | Current Balances | | | | |
|---|---|---|---|---|---|---|
| Basic Agency | Number of Grants | 100% of ARC Funds | No. | Less than 100% of ARC Funds | No.[1] | Balance Total |
| RDS | 52 | $11,238,725 | 31 | $ 2,177,953 | 21 | $13,416,678 |
| HUD | 42 | $ 1,970,272 | 6 | $ 5,344,593 | 36 | $ 7,314,865 |
| EPA | 8 | $ 578,358 | 4 | $ 461,627 | 4 | $ 1,039,985 |
| TVA | 24 | $ 2,632,555 | 9 | $ 1,829,498 | 15 | $ 4,462,053 |
| CORPS | 3 | - | - | $1,041,745 | 3 | $ 1,041,754 |
| Total | 129 | $16,419,910 | 50 | $10,855,416 | 79 | $27,275,326 |

[1] Number of grants with some expenditures but balances of more than 50% of ARC funds
RDS - 4
HUD - 6
EDA - 1
TVA - 4
CORPS – 1

# RDS OPEN GRANTS
## Approved Prior to 2009
## (with noted current balances)

| Grant No. | Approved Date | ARC Funds | Reported Balance 100% | Reported Balance Less than 100%[1] |
|---|---|---|---|---|
| GA-14525 | 8/20/2003 | $ 285,400.00 | | $ 20,055.00 |
| GA-15599 | 9/3/2007 | $ 300,000.00 | $ 300,000.00 | |
| GA-15649 | 8/30/2007 | $ 300,000.00 | $ 300,000.00 | |
| GA-15748 | 9/25/2007 | $ 300,000.00 | $ 300,000.00 | |
| GA-15919 | 9/22/2008 | $ 300,000.00 | $ 300,000.00 | |
| GA-15920 | 9/23/2008 | $ 248,500.00 | | $ 190,357.00 |
| GA-15963 | 9/29/2008 | $ 149,725.00 | $ 149,725.00 | |
| KY-151184 | 9/7/2005 | $ 500,000.00 | | $ 76,022.00 |
| KY-15461 | 9/25/2006 | $ 400,000.00 | $ 600,000.00 | |
| KY-15461 R1 | 9/25/2007 | $ 200,000.00 | | |
| KY-15657 | 9/17/2007 | $ 500,000.00 | $ 500,000.00 | |
| KY-15699 | 9/11/2002 | $ 500,000.00 | | $ 100,000.00 |
| KY-16105 | 9/18/2008 | $ 500,000.00 | $ 500,000.00 | |
| KY-14349 | 9/12/2003 | $ 1,000,000.00 | | |
| KY-14349 R1 | 9/19/2003 | $ 210,000.00 | | $ 110,839.00 |
| MD-14350 | 9/4/2004 | $ 250,000.00 | $ 250,000.00 | |
| MS-15395 | 9/17/2007 | $ 200,000.00 | | $ 59,119.00 |
| MS-15879 | 9/8/2008 | $ 240,000.00 | | $ 82,766.00 |
| NC-15691 | 9/17/2007 | $ 200,000.00 | $ 200,000.00 | |
| NC-15692 | 8/7/2007 | $ 45,000.00 | $ 45,000.00 | |
| NC-15693 | 3/27/2008 | $ 200,000.00 | | $ 22,063.00 |
| NC-15890 | 9/12/2008 | $ 300,000.00 | $ 300,000.00 | |
| NC-15902 | 8/12/2008 | $ 300,000.00 | | $ 287,800.00 |
| NC-15905 | 9/11/2008 | $ 300,000.00 | | $ 90,478.00 |
| NC-15906 | 9/29/2008 | $ 300,000.00 | $ 300,000.00 | |
| NC-15466 | 8/27/2008 | $ 230,000.00 | | $ 55,055.00 |
| NY-14847 | 8/16/2004 | $ 150,000.00 | | $ 25,792.00 |
| NY-15479 | 8/11/2006 | $ 125,000.00 | $ 125,000.00 | |
| NY-15709 | 9/24/2007 | $ 150,000.00 | $ 150,000.00 | |
| NY-15928 | 8/7/2008 | $ 150,000.00 | $ 150,000.00 | |
| NY-15929 | 9/25/2008 | $ 150,000.00 | | $ 108,672.00 |
| NY-16083 | 9/8/2008 | $ 150,000.00 | $ 150,000.00 | |
| OH-15604 | 9/6/2007 | $ 250,000.00 | | $ 158,718.00 |
| OH-16050 | 8/25/2008 | $ 250,000.00 | $ 250,000.00 | |
| TN-14943 | 9/23/2004 | $ 500,000.00 | | $ 43,400.00 |
| TN-15209 | 9/14/2005 | $ 255,000.00 | $ 255,000.00 | |
| TN-15242 | 9/25/2005 | $ 500,000.00 | $ 500,000.00 | |
| TN-15243 | 9/20/2005 | $ 500,000.00 | $ 500,000.00 | |

Attachment 2

| Grant No. | Approved Date | ARC Funds | Reported Balance 100% | Less than 100%[1] |
|---|---|---|---|---|
| TN-15444 | 8/16/2006 | $ 500,000.00 | $ 500,000.00 | |
| TN-16037 | 9/23/2008 | $ 272,900.00 | | $ 62,100.00 |
| TN-16038 | 9/8/2008 | $ 500,000.00 | $ 500,000.00 | |
| TN-16039 | 9/8/2008 | $ 268,000.00 | $ 268,000.00 | |
| TN-16040 | 9/8/2008 | $ 136,000.00 | $ 136,000.00 | |
| TN-16043 | 9/8/2008 | $ 125,857.00 | | $ 40,650.00 |
| TN-16124 | 9/26/2008 | $ 500,000.00 | $ 500,000.00 | |
| TN-16125 | 12/9/2008 | $ 500,000.00 | $ 500,000.00 | |
| VA-15179 | 9/22/2005 | $ 500,000.00 | | $ 33,939.00 |
| VA-15431 | 9/27/2006 | $ 310,000.00 | $ 310,000.00 | |
| VA-15703 | 9/21/2007 | $ 400,000.00 | $ 400,000.00 | |
| VA-15703 R1 | 8/14/2008 | $ 500,000.00 | | $ 66,999.00 |
| WV-14461 | 4/29/2003 | $ 1,000,000.00 | $ 1,000,000.00 | |
| WV-15391 | 8/29/2006 | $ 1,000,000.00 | $ 1,000,000.00 | |
| WV-16028 | 9/8/2008 | $ 508,875.00 | | $ 148,475.00 |
| WV-13606 | 6/8/2000 | $ 507,928.00 | | $ 394,654.00 |
| WV-13606 R1 | 3/29/2002 | $ 27,798.00 | | |
| WV-13606 R2 | 9/24/2010 | $ 181,500.00 | | |
| Total | | | $ 11,238,725.00 | $ 2,177,953.00 |

[1] 4 of 21 with less than 5% of funds expended

# Open HUD Basic Agency Grants
# Approved Prior to 2009
# (with noted current balances)

| | | | Reported Balance | |
|---|---|---|---|---|
| **Grant No.** | **Approved Date** | **ARC Funds** | **100%** | Less than 100%[1] |
| AL-15349 | 6/28/2005 | $ 100,000.00 | | $ 2,179.00 |
| AL-14985 | 2/28/2005 | $ 200,000.00 | $ 200,000.00 | |
| AL-15549 | 4/24/2007 | $ 176,000.00 | | $ 51,227.00 |
| AL-15814 | 9/25/2007 | $ 200,000.00 | | $ 107,661.00 |
| AL-15113 | 9/7/2005 | $ 275,000.00 | | $ 29,867.00 |
| AL-16057 | 9/8/2008 | $ 200,000.00 | | $ 53,691.00 |
| AL-15976 | 9/17/2008 | $ 579,000.00 | | $ 508,210.00 |
| GA-15600 | 8/30/2007 | $ 280,000.00 | | $ 70,789.00 |
| KY-15998 | 7/10/2008 | $ 500,000.00 | | $ 26,426.00 |
| MD-15917 | 7/10/2008 | $ 750,000.00 | | $ 487,565.00 |
| MS-15037 | 5/12/2005 | $ 204,220.00 | | $ 94.00 |
| MS-14889 | 2/2/2005 | $ 108,800.00 | | $ 9,954.00 |
| MS-15323 | 5/12/2006 | $ 150,000.00 | | $ 14,744.00 |
| MS-15379 | 8/22/2006 | $ 250,000.00 | | $ 25,975.00 |
| MS-15514 | 9/25/2001 | $ 350,000.00 | | $ 3,751.00 |
| MS-15223 | 10/24/2005 | $ 234,081.00 | | $ 72,007.00 |
| MS-15912 | 7/20/2008 | $ 300,000.00 | $ 300,000.00 | |
| MS-15093 | 9/8/2005 | $ 250,000.00 | | $ 53,990.00 |
| MS-14844 | 9/23/2004 | $ 100,000.00 | | $ 515.00 |
| MS-15915 | 5/14/2008 | $ 1,283,000.00 | | $ 3,350.00 |
| MS-15638 | 8/28/2007 | $ 200,000.00 | | $ 3,724.00 |
| NC-15185 | 9/8/2005 | $ 200,000.00 | | $ 143,129.00 |
| OH-14783 | 9/21/2004 | $ 292,000.00 | | $ 148.00 |
| OH-15163 | 9/6/2005 | $ 200,000.00 | | $ 9,220.00 |
| OH-15494 | 9/11/2006 | $ 200,000.00 | | $ 66,000.00 |
| OH-15047 | 8/17/2005 | $ 275,000.00 | | $ 36,461.00 |
| OH-14876 | 9/9/2004 | $ 142,000.00 | | $ 28,981.00 |
| OH-15181 | 9/8/2005 | $ 180,000.00 | | $ 34,823.00 |
| PA-15612 | 9/21/2007 | $ 145,000.00 | $ 145,000.00 | |
| SC-15762 | 8/28/2007 | $ 500,000.00 | $ 500,000.00 | |
| SC-15683 | 8/28/2007 | $ 500,000.00 | $ 500,000.00 | |
| TN-15231 | 9/9/2005 | $ 500,000.00 | | $ 33,832.00 |

Attachment 3

| Grant No. | Approved Date | ARC Funds | Reported Balance 100% | Reported Balance Less than 100%[1] |
|---|---|---|---|---|
| VA-16033 | 9/11/2008 | $ 325,272.00 | $ 325,272.00 | |
| VA-15374 | 8/15/2006 | $ 300,000.00 | | $ 98,072.00 |
| VA-16003 | 8/9/2008 | $ 435,840.00 | | $ 197,599.00 |
| WV-15159 | 8/17/2005 | $ 833,752.00 | | $ 1,296.00 |
| WV-15973 | 7/18/2008 | $ 1,200,000.00 | | $ 51,486.00 |
| WV-16023 | 8/19/2008 | $ 1,500,000.00 | | $ 1,490,949.00 |
| WV-15972 | 7/28/2008 | $ 1,500,000.00 | | $ 1,274,969.00 |
| WV-15639 | 8/25/2007 | $ 1,500,000.00 | | $ 275,073.00 |
| WV-15363 | 8/25/2007 | $ 1,500,000.00 | | $ 64,171.00 |
| WV-15640 | 8/7/2007 | $ 1,500,000.00 | | $ 12,665.00 |
| Total | | | $ 1,970,272.00 | $ 5,344,593.00 |

[1] 6 of 3% with less than 50% expenditures

## TVA Open Grants Approved before 2009
## (with noted current balances)

| Grant No. | Approved Date | ARC Funds | Reported Balance 100% | Less than 100%[1] |
|---|---|---|---|---|
| CO-14745 | 7/12/2004 | $ 1,000,000.00 | | $ 71,961.00 |
| CO-15792 | 9/21/2007 | $ 150,000.00 | $ 150,000.00 | |
| AL-15574 | 9/11/2007 | $ 100,000.00 | | $ 47,919.00 |
| GA-15617 | 7/18/2007 | $ 100,000.00 | $ 100,000.00 | |
| GA-15194 C1 | 9/11/2006 | $ 50,000.00 | | $ 30,743.00 |
| GA-16030 | 7/28/2006 | $ 300,000.00 | $ 300,000.00 | |
| GA-15615 | 9/27/2007 | $ 300,000.00 | | $ 245,083.00 |
| GA-15575 | 8/28/2007 | $ 300,000.00 | | $ 126,435.00 |
| GA-16102 | 9/10/2008 | $ 300,000.00 | | $ 19,707.00 |
| MS-15943 | 9/17/2008 | $ 225,000.00 | $ 225,000.00 | |
| MS-15887 | 9/15/2008 | $ 283,695.00 | | $ 74,445.00 |
| MS-15881 | 6/16/2008 | $ 150,000.00 | | $ 35,579.00 |
| NC-15156 | 9/8/2005 | $ 125,558.00 | | $ 11,790.00 |
| SC-15685 | 9/21/2007 | $ 475,000.00 | | $ 218,272.00 |
| TN-14969 | 9/24/2004 | $ 500,000.00 | $ 500,000.00 | |
| TN-15801 | 9/28/2007 | $ 500,000.00 | $ 500,000.00 | |
| TN-15205 | 9/19/2005 | $ 400,000.00 | $ 400,000.00 | |
| TN-15214 | 9/26/2005 | $ 240,475.00 | $ 240,475.00 | |
| TN-15757 | 11/20/2007 | $ 217,080.00 | $ 217,080.00 | |
| TN-15758 | 9/13/2007 | $ 260,884.00 | | $ 473.00 |
| TN-16031 | 9/11/2008 | $ 147,008.00 | | $ 4,280.00 |
| TN-16035 | 9/8/2008 | $ 500,000.00 | | $ 17,017.00 |
| TN-15215 | 9/19/2005 | $ 500,000.00 | | $ 14,453.00 |
| VA-16005 | 9/15/2008 | $ 1,000,000.00 | | $ 911,341.00 |
| Total | | | $ 2,632,555.00 | $ 1,829,498.00 |

[1] 4 with less than 50% expenditure

# EDA Open Grants
# Approved Prior to 2009
# (with current balances)

| | | | | Reported Balance | | |
|---|---|---|---|---|---|---|
| **Grant No.** | **Approved Date** | | **ARC Funds** | **100%** | Less than 100%[1] | |
| MD-15388 | 6/30/2006 | $ | 500,000.00 | | $ | 300,000.00 |
| PA-15770 | 9/28/2007 | $ | 200,000.00 | $ 200,000.00 | | |
| PA-15589 | 7/18/2007 | $ | 200,000.00 | $ 200,000.00 | | |
| PA-15320 | 5/28/2007 | $ | 103,358.00 | $ 103,358.00 | | |
| PA-15070 | 9/7/2005 | $ | 75,000.00 | $ 75,000.00 | | |
| PA-15141 | 9/13/2005 | $ | 150,000.00 | | $ | 15,000.00 |
| PA-15321 | 6/8/2006 | $ | 200,000.00 | | $ | 51,427.00 |
| PA-15631 | 7/18/2007 | $ | 200,000.00 | | $ | 95,200.00 |
| Total | | | | $ 578,358.00 | $ | 461,627.00 |

[1] 1 with less than 50% noted as expended

**Corps of Engineers**
**Open Approved Prior 2009**
**(with noted correct balances)**

| | | | | Reported Balance | |
|---|---|---|---|---|---|
| **Grant No.** | **Approved Date** | | **ARC Funds** | **100%** | Less than 100%[1] |
| CO-15510 | 9/28/2006 | $ | 1,782,000.00 | | $ 298,752.00 |
| CO-15468 | 9/27/2006 | $ | 1,000,010.00 | | $ 699,264.00 |
| CO-15412 | 9/11/2006 | $ | 980,000.00 | | $ 43,729.00 |
| Total | | | | | $ 1,041,745.00 |

[1] 1 of 3 with less than 50% of ARC funds used.

Attachment 7

Table of Last Transaction Dates for Grants with ARC Balances Noted on
ARC Net 6/17/11

| Basic Agency | Open Grants With Balances | Range of Days Since last Transaction Dates |
|---|---|---|
| RDS | 163 | 17 – 1020[1] |
| HUD | 74 | 17 - 1629[2] |
| TVA | 60 | 17 - 1417[3] |
| EPA | 16 | 260 - 1204[4] |
| CORPS | 3 | 17 – 108 |

[1] In 79 of 163 cases, the elapsed time frame the last transaction date exceeded 320 days. In 65 instances, the elapsed time exceeded 620 days.

[2] In 34 of 74 cases, elapsed time exceeded 375 days.

[3] In 21 of 60 cases, elapsed time exceeded 320 days.

[4] In 9 of 16 cases, elapsed time exceeded 350 days.