OPEN BASIC AGENCY GRANTS

WITH NO REPORTED FUND BALANCES

OIG Report 11-6

July 15, 2011

BACKGROUND

We are coordinating with and supporting an ARC initiative to assess open grants, including grants subject to closing. This report highlights grants for which ARC funds have all been expended per ARC databases or for which expenditure information is not available.

RESULTS

Our review of information on ARC Net as of June 16, 2011, identified 421 basic agency grants where there were no remaining balances of ARC funds or for which information was not available to determine grant status. This included 219 basic agency grants for which balances were noted as zero and 202 grants administered by the Federal Highway Administration (FHWA) for which necessary information to determine grant status was not available. (see Attachment 1)

Also, in many cases the elapsed time since the last noted transaction date was very substantial. (see Attachment 2)

Although there is generally no monetary impact resulting from grants remaining open long after projects are completed efficient grant management policies should include closing of grants within a reasonable period after determinations that the project was successfully completed. With respect to FHWA grants for local access roads, and recognizing that ARC no longer is a funding source, the lack of information on grant status also restricts ARC follow-up action with respect to the potential for FHWA de-obligations that could be used for other projects.

Prior to 1999 ARC approved these grants, which are primarily for access roads, and provided funds to FHWA for grant administration. Subsequent to 1999, FHWA obtained the funds directly from the Federal Highway Trust Fund although the ARC Federal Co-Chair retained grant approval responsibility. ARC Net reflects the ARC grant number, title and date approved but contains no information about funding or the balance of funds. Since 2005, ARC requested FHWA to annually report Local Access Road (LAR) project status and Federal fund obligations balances for active states but the reports do not provide sufficient information about older LAR projects to determine if the projects are completed and

grants can be closed. There is also a different grant numbering system between ARC and FHWA that further complicates reconciliation efforts. ARC includes the ARC grant number when notifying FHWA of grant approval but the FHWA data base does not have a data field to record the ARC grant number. In some cases one ARC project generates more than one FHWA project.

In addition to ongoing ARC follow-up actions, ARC should establish follow-up procedures that will trigger more timely actions, including contact with Basic Agencies, to determine grant status and applicable actions. With respect to the Federal Highway Administration grants, ARC should work with FHWA staff to establish a more effective system for indentifying the status of grants, including balances and potential for grant closing and possible de-obligations, including any de-obligations applicable to grants funded by ARC prior to 1999. Additionally, if use of similar grant numbers is not feasible, ARC should encourage FHWA to include ARC grant numbers in FHWA databases and in reports to ARC.

Hubert Sparks
Inspector General

Attachment 1 – Open Basic Agency Grants with no Current Balances

Attachment 2 – Tables of last transaction dates for open grants with zero ARC balances

Attachment 1

Open Basic Agency Grants with no Reporting Balances per ARC Net 6/17/11

Basic Agency	Grants Approved Before 2009	Grant Approval Period	Grants Approved 2009 - 2011	Total
EDA	11	1996-2006	2	13
HUD	62	1997-2008	23	85
RDS	69	1994-2008	10	79
TVA	8	2006-2008	16	24
Corps of Engineer	4	1996-2006	1	5
EPA	1	2008	6	7
SCS	5	1992-1995	-	5
DOT	-		1	1
Sub Total	160		59	219
Federal Highway Administration	169	1988-2008	33	202

Attachment 2

Tables of Last Transaction Dates for Open Grants with Zero ARC Balances
Per ARC Net 6/17/11

Basic Agency	Number of Grants	Range of Days Since Last Transaction Dates
RDS	79	17 – 3367
HUD	85	17 – 2871
EPA	13	2 – 1177
TVA	24	2 – 1675
EPA	7	102 – 816
SCS	5	4218 – 6807
DOT	1	295
Federal Highway Administration		
Prior to 2000	169	952 – 8250
2009 – 2011	33	10 - 816