



FOLLOWUP REVIEW
CONTROLS OVER CONTRACTS/ GRANTS
WITH EXPIRED PERFORMANCE PERIODS

OIG Report 99-15(H)
March 17, 1999

BACKGROUND AND OBJECTIVES

This report updates the status of open contracts/grants with expired performance dates that were (1) identified in our prior report, 98-53(H), issued August 25, 1998, and (2) included in our updated sample of 35 additional open grants that had expiration dates prior to October 1, 1998.

Report 98-53(H) identified 34 grants with the potential for closing and/or deobligation of funds. This report summarizes the status of actions on the 34 grants included in our prior report and identifies an additional 35 cases for followup to determine if closing or extension is warranted.

SCOPE AND METHODOLOGY

Followup action was initiated on grants included in report 98-53(H) to identify actions and the current status of the noted grants.

ARC data with respect to open grants and an ARC status report prepared in connection with program controls established to identify and followup on expired grants were used to identify an additional 35 grants that had expiration dates prior to October 1, 1998.

RESULTS

ARC actions to ensure timely followup on expired grants have been effective. Substantial controls have been implemented and actions have been initiated to ensure that expired grants are identified and achieve timely followup to determine grant status. These include the applicability of grant closing and related fund deobligations, need and justification for an extension of the period of performance, identification of problem situations, and the need for additional information. Consequently, the backlog of open but expired grants has been substantially reduced, which has resulted in significant deobligations for use on other projects and an overall improvement in funds management.

Followup on grants included in report 98-53(H) identified 15 cases where the grant remained open, with 12 cases (Table I) noted as having expiration periods prior to October 1, 1998. The grant period for the other 3 cases had been extended beyond March 17, 1999.

Closing actions were initiated on the remaining 19 grants noted in report 98-53(H), and actions included refunds or deobligations totaling \$367,457 in 11 cases.

Our followup sample included 35 grants that were open March 12, 1999, and had expiration periods prior to October 1, 1998. Tables II, III, and IV denote the status of these grants, which have balances totaling \$1,298,757.

**TABLE I**

**GRANTS NOTED IN REPORT 98-53(H) THAT WERE OPEN AS OF MARCH 12, 1999, AND HAVE EXPIRED PERFORMANCE PERIODS**

Project No.	Amount	Balance 3/12/99	End Date	Last Payment	Notes
NY- 7776-96	\$220,000	\$55,000	9/30/98	7/20/98	
NC- 7780-96	400,492	50,237	9/30/97	10/2/97	3/
NY-11474-94	50,000	5,000	12/31/95	2/22/95	2/, 3/
VA-11496-94	100,000	50,000	1/31/95	11/10/94	2/, 3/
KY-11585-94	40,000	4,000	4/30/97	4/5/96	2/, 3/
GA-11831-96	44,201	5,593	9/30/97	7/3/97	2/, 3/
NY-12037-95	35,000	35,000	3/31/96	Approved 8/15/95	1/, 3/
PA-12055-96	110,825	16,926	3/31/98	5/28/97	2/
NY-12073-95	75,000	1,500	5/31/96	4/7/97	2/, 3/
SC-12097-95	175,860	20,638	10/16/96	12/31/96	2/, 3/
KY-12285-96	250,000	250,000	12/31/97	Approved 5/3/96	1/, 3/
KY-12421-96	206,000	206,000	6/30/97	Approved 9/3/96	1/, 3/
KY-12427-96	85,000	18,750	12/31/97	2/5/97	2/, 3/
<b>Total - 13</b>	<b>\$1,792,378</b>	<b>\$718,644</b>			

**Notes:**

- 1/ No payments since approval at least 30 months previous.
- 2/ No payments/advances for at least 20 months.
- 3/ Performance period expired more than one year.

As noted, in 3 cases, NY-123037-95, KY-12285-96, and KY-12421-96, there has been no activity since grant approvals totaling \$401,000 at least 30 months previous. In 8 other cases, there have been no additional drawdowns or advances for at least 20 months.

**TABLE II**

**GRANTS WITH NO DRAWDOWNS**

Project Number	Amount	Balance 3/5/99	Approved	End Date
MS-12389-96	26,500	26,500	9/1/96	7/31/98
MS-12839-97	120,000	120,000	10/1/97	9/30/98
OH-12649-97	14,827	14,827	7/1/97	6/30/98
OH-12651-97	14,940	14,940	7/1/97	8/31/98
PA- 7784-96	350,000	350,000	10/1/96	9/30/98
<b>Total - 5</b>	<b>\$526,267</b>	<b>\$526,267</b>		

**TABLE III**

**GRANTS WITH LESS THAN 50-PERCENT DRAWDOWN**

<b>Project Number</b>	<b>Amount</b>	<b>Balance 3/5/99</b>	<b>End Date</b>
TN-12344-96	\$50,000	\$43,983	6/30/98
KY-12732-97	178,503	113,455	9/30/98
NY-12395-96	54,990	37,390	7/31/98
TN-12161-97	37,500	32,127	9/30/98
OH-12491-97	69,370	41,369	6/30/98
<b>Total - 5</b>	<b>\$390,363</b>	<b>\$268,324</b>	


**TABLE IV**

**GRANTS WITH MORE THAN 50-PERCENT DRAWDOWN**

<b>Project Number</b>	<b>Amount</b>	<b>Balance 3/5/99</b>	<b>End Date</b>
NC-12320-96	\$253,325	\$56,862	9/30/98
OH-12488-96	74,835	15,569	6/30/98
OH-12558-96	9,500	4,145	9/30/98
TN-12801-98	9,120	2,280	5/31/98
KY-12838-97	16,000	2,500	6/30/98
OH-12894-98	75,000	37,000	9/30/98
SC-12860-97	57,980	14,204	9/30/98
TN-12161-95	37,500	10,809	9/30/98
WV-12699-97	30,500	3,799	9/ 1/98
PA-11608-94	195,000	19,500	6/30/98
KY-12229-95	300,000	34,412	9/30/98
MS-12805-97	254,173	25,417	9/30/98
NY-12680-97	25,600	2,560	9/30/98
OH-12590-97	77,167	22,120	6/30/98
WV-12307-96	55,527	5,553	4/ 1/98
WV-12925-98	20,000	2,000	8/31/98
CO-12628-T(a)-97	16,216	1,622	6/30/98
AL-12306-96	200,000	20,000	6/30/98
KY- 7779-97	372,565	144,526	9/30/98
KY-12734-97	75,000	7,695	6/30/98
MS-12666-97	50,000	21,145	9/30/98
WV-12920-98	72,564	15,098	8/31/98
VA-12407-96	50,000	11,930	7/31/98
VA-12410-97	209,200	20,920	7/31/98
WV-12349-96	25,000	2,500	6/30/98
<b>Total - 25</b>	<b>\$2,558,772</b>	<b>\$504,166</b>	

RECOMMENDATION

Followup actions should continue on grants with expired performance periods with emphasis placed on grants with high balances and/or no recent payments.

  
Hubert N. Sparks  
Inspector General



March 23, 1999

MEMORANDUM FOR MR. TOM HUNTER, EXECUTIVE DIRECTOR

SUBJECT: Followup on Open Reviews and Periodic Update on Expired Grants

Enclosed is a draft of our periodic update on expired grants. As noted, positive actions result in a continued reduction of open grants and actions to reallocate available funding. The report notes some grants for which additional action appears appropriate.

The two primary open reviews for which a status report and identification of any planned actions are requested, in line with our upcoming semiannual report, are reports 98-24(H), Georgia Revolving Loan Fund, and 98-36(H), Sawmill Center for the Arts.

*Hubert N. Sparks*  
Hubert N. Sparks  
Inspector General

Enclosure

cc: Ms. Judy Rae

*Finalized for  
3/31/99  
Credit given for  
5/12/99 SAR actions  
per ARC  
Additional response  
given for credit will be  
in next SAR. 7/1-9/30/99  
Final report issued without charge  
but report SAR. letter  
transmittal  
missing -  
Hd*



Date: May 12, 1999

To: Thomas M. Hunter  
Executive Director

Subject: Follow-up on OIG Report 99-15(H)

The attached report summarizes the status of each project identified in the OIG Report 99-15(H). Nine projects have been closed out since the IG issued his report on March 17, 1999. 157

The POD report identifies actions taken by ARC staff to obtain payment information or final closeout reports.

In several cases, where no drawdowns occurred and the end date is past, staff recently set a deadline for receipt of final reports. Staff advised the grantee that ARC would begin action to deobligate the funds awarded to the project if a response was not received by the first week of June.

Every effort is being made to follow-up with grantees to obtain required information. Over the next several months we will continue to concentrate on those projects that are the oldest grants and on those projects with the largest balance of ARC funds remaining.

A new *Open Project Summary Report* recently made available to staff, is designed to assist each program manager track projects open beyond the expiration date. The report also shows the balance of funds remaining, making it easier to monitor individual projects.

Judy P. Rae  
Program Operations

Cc: Hubert Sparks ✓

12, 1999

COMMENTS ON OIG REPORT 99-15(H), May 12, 1999  
 FOLLOWUP REVIEW OF CONTROLS OVER CONTRACTS/GRANTS WITH EXPIRED PERFORMANCE PERIODS

TABLE I  
 GRANTS NOTED IN OIG REPORT 98-53(H)

PROJNO PC	GRANTS NOTED IN OIG REPORT 98-53(H)
NY-7776-96 Henry	10/13/98: Henry has received final report but no financials. Will call Roger Swanson to check up on this one. (WJ)
NC-7780-96 Bill	5/22/98: Harry waiting for report information (WJ) 9/1/7/98: Harry is working with North Carolina to finish this one out. (WJ) 10/19/98: this is the original obligation amount. Another \$143,402 was added later one. There is a balance of \$50,237.48 left. Both should be closed together. (WJ)
NY-11474-94 Henry	6/2/98: expired end date letter composed and forwarded to Henry for signature 6/10/98 expired notification letter sent out with cc to roger swanson (WJ) 9/17/98: Henry says that grantee has recently stated that they are working on closing out this project (WJ)
VA-11496-94 Molly	4/16/98 Called Todd Christensen and left message on the status of this project. (WJ) 4/16/98 Spoke with Michele Davis. VIDHCD needs a final report guideline in order to close this out. Gave them a thirty day turnaround. Will fax the guidelines when they are completed. (WJ) 4/16/98 Called Todd Christensen and left message on the status of this project. (WJ) 4/16/98 Spoke with Michele Davis. VIDHCD needs a final report guideline in order to close this out. Gave them a thirty day turnaround. Will fax the guidelines when they are completed. (WJ) 6/3/98: Gave expired letter and guideline to Molly to sign (WJ) 6/30/98: Michelle Davis called Molly, they will send final report within 2 weeks (WJ) 7/30/98: left message with Michele Davis to see how she is progressing with the final report writing for this project (WJ) 8/20/98: talked with M. Davis..and sent financial close-out paperwork to her. She will try to wrap this up by the end of the week. (WJ) 9/14/98: due to manning shortage, michele doesn't think they will clear thisone up until November. I faxed her a list of companies that participated in the ISO 9000 training today (WJ) 11/6/98: Michelle Davis will send final report and financials by the end of next week. They found the file for this project. \$50,000 remaining balance will be recovered and returned to the Commonwealth of Virginia. (WJ) 2/4/99: left message with Denise ambrose to find out what is going on. (WJ)
KY-11585-94 Bill	6/11/98: expired letter notification sent to Eric for signature. \$4000 remaining balance and last activity was 4/5/96 progress payment (WJ) 9/11/98 Jayne Combs at Bluegrass will have project coordinator call re: anticipated completion. (EJS) 10/22/98: spoke with D. Hassall about this project at Bluegrass ADD, he says the project has gotten very complex and will not be closed anytime soon, but within the "calendar" year. (WJ) 11/16/98: expired letter sent (modified, as for a timeline specification and a progress report) WJ 12/4/98: Don Hassall responded to my letter, stated that project would probably be done by the end of December. (WJ) 1/11/99: letter sent 1/7 accepting the water plan, but asking for additional information to close out the project. (WJ) 2/25/99: spoke with Carol Lee, she will put together financials, including the SF270 and send them. Close to KOM (WJ)
GA-11831-96 Vince	6/10/98: being transitioned from Harry to Vince (WJ) 10/19/98: Searching for the file on this one (WJ) 11/2/98 red file covered to blue file with copy of contract (WJ) 11/3/98: expired letter sent out this date under my signature (WJ)
NY-12037-95 Henry	Closed 05/11/1999 <i>PA YWWT 35000 no obligation</i>
PA-12055-96 Henry	9/23/98: project underwent audit. Sue is working with grantee to close out (WJ)

7/11

NY-12073-95 Henry	11/3/98: expired letter sent out this date under Henry's signature (WJ) Blue file to HKing 4/9/99 for followup (jj)
SC-12097-95 Henry	6/2/98: expired letter notification forwarded to Henry for signature (cc to Dan Ruff) (WJ) 6/10/98: expired notification sent out cc to dan ruff. There is a remaining balance of \$20,638. The last activity is 10/16/96 (WJ) 6/22/98 This project is under an IG audit. (WJ) 7/14/98: Henry has spoken with the grantee within the last couple of weeks. Grantee is in the process of returning the \$6522 and addressing the IG audit items. Will call the first week in October if we don't hear from her soon. (WJ) 10/19/98: spoke with Dr. Millar to ascertain status of this close-out. She says that she will have the final report, plus financials in the mail by the end of the week. (WJ) 11/8/98: grantee has sent in finals and Henry will close-out if acceptable (WJ)
KY-12285-96 Harry	5/22/98: pending change of scopes, picking up a new grantee (WJ) 9/17/98: Harry still working with Kentucky to redo this project. The entire \$250,000 obligated balance has not been spent (WJ) Numerous ARC/Grantee discussions - no change per HRoesch 3/99
KY-12421-96 Eric	PROJECT EXTENDED TO 12/31/1999
KY-12427-96 Eric	Grantee needs major technical assistance to complete project and get back on track. Balance of \$18,750. 12/30/98: Corrected expiration date to 12/31/97. PSatterly indicates KY Tourism Cabinet has committed to providing TA. Eric & Peggy to pursue (EJS).

TABLE II  
GRANTS WITH NO DRAWDOWNS

MS-12389-96 Cari	6/11/98: expired letter forwarded to Cari for signature (WJ) 6/11/98: called grantee to find out why there has been no payment history, will phone back (WJ) 6/24/98: Cari has received a letter asking from an extension to July 31, 1998. She will do the extension and I will send a copy of the final report guideline. (WJ) 98% complete per State Data Summary Sheet through 12/31/98. E-mail received from Sandra Perkins in Mississippi Appalachian office indicating that Phyllis Benson in GTPDD is working on final report--it is to be finished by 4-9-99. (CM). As of 5-4-99, the ARC had still not received the final reports for the project. According to Sandra Perkins, Phyllis Benson keeps promising, but does deliver. Sandra suggested that a letter from ARC to Golden Triangle indicating that the project would be closed without payment to them if they did not get the reports in might spur them to fulfill their obligation to ARC. (CM-5/4/99).
MS-12839-97 Cari	
OH-12649-97 Harry	10/13/98: final payment requested 7/10/98 for a balance of \$14,827 (WJ). Requested Info 3/25/99 per HRoesh.
OH-12651-97 Harry	Closed 5/3/99 <i>request 14,827 no deobligation</i>
PA-7784-96 Sue	Quarterly & semi-annual programmatic progress reports have been received & reviewed. Submission of financial progress reports has not occurred.



PROJECT NUMBER

TABLE III  
COMMENTS ON GRANTS WITH LESS THAN 50-PERCENT DRAWDOWN

TN-12344-96 David	(past pay 11/3/97/progress - 43,982.60 balance)		
KY-12732-97	Closed 03/24/1999	Payment 79611	Debt liability 33,844
NY-12395-96 Henry	Closed 05/11/1999		Debt liability 27,590
TN-12161-97 Henry			
OH-12491-97	Closed 03/26/1999	<del>Payment</del> Total Debt liability 1244	941,369

TABLE IV  
GRANTS WITH MORE THAN 50-PERCENT DRAWDOWN

NC-12320-96 David	Closed 04/16/1999	Payment 46922	Debt liability 4,941
OH-12488-96 David	Closed 04/16/1999	Payment 1,690	Debt liability 13,875
OH-12558-96 David	Waiting final resolution of an issue regarding a vendor's failure to deliver a computer software product.		
TN-12801-98 David	(last pay prog 2/18/98 - 2,280 balance)	Waiting final report from grantee.	
KY-12838-97 Bill	9/21/98: expired end date letter sent this date under my signature (WJ) 10/20/98: left message for Dorothy Lester with receptionist (WJ) 10/21/98: spoke with Dorothy Lester. Faxed final report guideline to her; she will send finals next week (WJ) 1/13/99: spoke with Dorothy Lester. She will complete report within next two weeks. (WJ)		
OH-12894-98 Henry			
SC-12860-97 Henry			
TN-12161-95 Henry			
WV-12699-97 Henry	Closed 05/11/1999	Payment 3794	Debt liability
PA-11608-94	10/13/98: \$19,500 balance left in this account. Grantee recently received a progress payment up to 3/31/98 (WJ). Requested additional		

Sue	information Jan 29, 1999 regarding final report (SM) Follow-up request for information need for final report on 5/3/99 (SM).
KY-12229-95	Closed 05/11/1999
Carri	Payment 2,8628 Obligation 5,784
MS-12805-97	Discussed w/grantee need to extend/need progress or final report - awaiting response per HRoesch 3/23/99
Harrt	
NY-12680-97	Closed 03/19/1999 Payment 2560 No obligation
OH-12590-97	10/13/98: final payment requested on 10/05/98 for a balance of \$22,119.76 (WJ). 1/13/99 Final report to be edited & considerable additional information needed per HRoesch 3/23/99
Harry	
WV-12307-96	1/29/1999 requested final report from grantee again. Follow up discussion on 2/8/1999. Same per HRoesch 3/99
Harry	
WV-12925-98	Requested final report on 12/16/98, 1/15/99. grantee promised ASAP per HR. HIR 2/26/99 Grantee to do new final report per HRoesch
Harry	
CO-12628T(a)-97	Closed 05/03/1999 Payment 1618 Obligation 4
AL-12306-96	10/13/98: final payment received 10/05/98 for a total amount of \$14,794.82 (WJ). 3/30/99: Grantee has not submitted final report despite repeated requests. (EJS)
Eric	
KY-7779-97	Closed 05/11/1999 Payment 47,500 Obligation 97026
Eric	
KY-12734-97	3/31/99: Will call grantee (EJS)
Eric	
MS-12666-97	Closed 04/16/1999 Payment 21,145 to obligation
Eric	
WV-12920-98	Closed 05/06/1999 Payment 13,569 Obligation 1529
Eric	
VA-12407-96	9/24/98: Molly working with grantee to close this out. (WJ)
Molly	
VA-12410-97	Closed 04/21/1999 Payment 20,920 No obligation
Molly	
WV-12349-96	10/19/98: balance of \$2,500 left, has not submitted a final payment request according to POD log (WJ)
Molly	