



FOLLOWUP REVIEW

GRANTS WITH EXPIRED PERFORMANCE PERIODS

OIG Report 00-10(H)
November 23, 1999

BACKGROUND

In line with grant management initiatives, ARC has emphasized project closings and deobligations where appropriate. During the past several years, project closings have resulted in approximately \$20 million being made available for more timely use on other projects. Project followup has drastically reduced the number of projects remaining open after the project expiration period and has permitted more timely extension of performance periods where appropriate. Periodic OIG reviews have confirmed management actions and identify, on a declining scale, projects requiring followup due to expired performance periods.

Our prior report, 99-15(H), dated March 17, 1999, reviewed actions on, and the status of, grants in OIG Report 98-53(H), dated August 25, 1998, and the status of open grants with expired performance periods prior to October 1, 1997.

This report identified actions on the 48 grants noted in report 99-15(H) and notes 40 other open grants for which the performance periods expired prior to July 1, 1999.

OBJECTIVE

To determine the status of actions on grants noted in Report 99-15(H) and the status of other open grants with expiration dates prior to July 1, 1999.

RESULTS

Of the 48 open grants noted in our prior report as having performance dates that had expired at least 6 months prior to our review, we noted that 34 had been closed, resulting in deobligations of \$321,561 in 21 cases. In one case, the performance period had been extended to December 31, 1999.

In 12 cases, no additional payments were made; and the performance periods were not extended. In one case, the performance period had been extended to September 30, 1999; but no additional payments were made. Information pertaining to these 13 grants is noted in the following table.

Table I

**Grants Noted in Report 99-15(H) and Open as of November 22, 1999
With Expired Performance Periods**

Grant No.	Amount	Balance 11/22/99	Expiration Date	Notes
VA-11496-94	\$100,000	\$ 50,000	1/31/95	<u>1/</u>
NY-11474-94	50,000	5,000	12/31/95	<u>1/</u>
NY-12073-95	75,000	1,500	5/31/96	<u>1/</u>
NC-7780-96	400,494	50,237	9/30/97	
KY-12285-96	250,000	250,000	12/31/97	<u>1/</u>
KY-12427-96	85,000	18,750	12/31/97	<u>1/</u>
PA-11608-94	195,000	19,500	6/30/98	<u>2/</u>
KY-12838-97	16,000	2,500	6/30/98	<u>2/</u>
WV-12349-96	25,000	2,500	6/30/98	<u>2/</u>
VA-12407-96	50,000	11,930	7/31/98	<u>2/</u>
TN-12161-95	37,500	10,809	9/30/98	<u>1/</u>
TN-12161-97	37,500	32,127	9/30/98	<u>2/</u>
MS-12805-97	254,173	25,417	9/30/98	<u>2/ 3/</u>
13	\$1,575,667	\$480,270		

Notes:

- 1/ No payments for at least 30 months.
- 2/ No payments for at least 16 months.
- 3/ Grant period extended to 9/30/99.

We also tested an additional 40 open grants with expiration dates prior to July 1, 1999, for which fund balances approximated \$1.7 million. As previously noted, the number of grants with expired performance dates and fund balances has been substantially reduced; and the following tables reflect that 27 of the 40 open grants in this sample have very small balances.

Table II

Grants With No Drawdowns

Grant No.	Amount	Expiration Date	Approval Date
CO-12663	\$ 5,000	3/31/98	6/23/97
CO-13070-B-1	5,000	10/31/98	8/20/98
CO-12616	3,860	11/24/98	2/24/97
CO-12891	20,000	11/30/98	3/ 4/98
CO-13070-C-1	4,000	12/31/98	9/30/98
CO-13082-C-1	16,286	5/31/99	10/ 8/98
PA-7784-0-C18	323,000	6/30/99	9/20/97
7	\$377,146		

Table III

Grants With Less Than 50-Percent Drawdown


Grant No.	Amount	Balance 11/22/99	Expiration Date
VA-12685	\$ 48,000	\$ 26,400	10/15/98
WV-12348	250,000	146,633	12/31/98
CO-12878	63,369	54,554	12/31/98
WV-12955	60,250	39,250	5/31/99
GA-12318	650,941	535,467	6/30/99
KY-12014-0-C2	253,530	187,530	6/30/99
6	\$1,326,090	\$989,834	

Table IV

Grants With More Than 50-Percent Drawdown

Grant No.	Amount	Balance 11/22/99	Expiration Date
NC-7780	\$378,576	\$ 58,087	9/30/98
OH-7781	100,000	24,956	9/30/98
OH-12895	50,000	5,000	12/31/98
CO-11806-D-1	60,000	18,801	12/31/98
CO-12628-I(b)	45,000	15,516	12/31/98
KY-12422	9,750	975	12/31/98
CO-12293-I	9,000	1,127	12/31/98
VA-12609	10,000	4,490	2/28/99
NC-12868	61,000	19,284	2/28/99
CO-12293-B-1	15,643	1,565	2/28/99
CO-13027-G-1	13,874	4,024	3/31/99
TN-12499	32,095	11,905	3/31/99
CO-12731	20,680	4,576	3/31/99
OH-12487	52,000	9,610	3/31/99
CO-12293-C1	10,000	1,000	3/31/99
CO-12293-E-1	5,865	586	3/31/99
CO-12293-J-1	11,340	1,080	4/30/99
CO-12293-M-1	19,540	1,954	4/30/99
OH-12381-0-C2	75,000	7,500	4/30/99
TN-13079	762,000	12,000	5/ 1/99
AL-12852	199,463	54,572	5/31/99
GA-12403-0-C1	53,700	14,512	6/30/99
NY-12971	60,000	27,896	6/30/99
VA-13297	42,500	4,250	6/30/99
PA-12050-0-C2	92,275	9,892	6/30/99
KY-12014-C1	300,000	5,000	6/30/99
CO-12913-A-1	52,405	7,308	6/30/99
27	\$2,541,706	\$327,466	

Recommendation: Followup actions should continue on the noted grants to identify closing and deobligation potential.


Hubert N. Sparks
Inspector General

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October 1, 1999

Mr. N. Hubert Sparks, Inspector General
Appalachian Regional Commission
Room 215
1666 Connecticut Avenue NW
Washington, DC 20235

RE: Pennsylvania Technical Assistance Grant Drawdowns

During our visit to Harrisburg, PA for another ARC engagement, we inquired, per your request, as to the status of the Technical Assistance Grant drawdowns. We spoke with Linda Goldstein, Director, Entrepreneurial Assistance Office about the ongoing delay that has historically occurred between the grant expenditures and the drawdown request. She stated that she was aware of that the length of time between requests and that it was a problem that we should address with Robert Fortney, Fiscal Officer. Ms. Goldstein added that she thought the Fiscal Office was in the process of preparing a drawdown request.

Mr. Fortney confirmed that he was working on a request, but that the delays encountered were attributed to obtaining matching fund information from the subgrantees. He anticipated that a drawdown request would be forthcoming.

However, from our brief observation of the daily activity of the Fiscal Office and their preparedness of another audit, we believe that while there are delays in obtaining information, it may be more accurate to state that the Fiscal Office is behind in its workload.

Sincerely,

Rebecca Stovall for Wynn Beard

Wynn Beard
Tichenor & Associates




November 29, 1999

MEMORANDUM FOR The Federal Co-Chairman
 ARC Executive Director
 General Counsel ✓

SUBJECT: OIG Report 00-10(H), Expired Grant Update

The subject report updates prior reviews and identifies continuing action to address this area. As noted, the number of grants remaining open substantially beyond the identified performance period has been greatly reduced. Also, a few cases account for a large amount of the unused balances—e.g., five grants account for about \$1.5 million of the approximately \$2.2 million in balances noted for 53 grants. In one case, Pennsylvania Consolidated Technical Assistance, we have attached a summary of our latest contact with Pennsylvania officials pertaining to this repetitive condition.


Hubert N. Sparks
Inspector General

Attachments

cc: Ms. Judy Rae