



FOLLOWUP REVIEW
OF
EXPIRED GRANTS

OIG Report 01-56(H)
September 30, 2001

BACKGROUND AND OBJECTIVES

This report updates the status of open ARC-administered grants with expired performance dates.

The report is divided into three sections:

- A. An update on the status of 94 open grants identified in OIG Report 01-5(H), dated November 14, 2000.
- B. Identification of an additional 50 grants with expiration dates prior to July 1, 2001, for which followup action is appropriate.
- C. A general comment section, which notes open grants with expiration periods between July 1 and September 30, 2001.

SCOPE AND METHODOLOGY

OIG Report 01-5(H) was utilized as the sample for updating the status of grants noted in the report. Actions included grant closings and deobligations, extensions of performance periods, and progress payments.

A summary of open projects, as of September 30, 2001, was utilized to identify additional grants for which the performance period expired as of July 1, 2001; and these grants were grouped by grants for which no drawdowns were made, less than 50 percent drawdowns were made, or more than 50 percent drawdowns were made as of September 30, 2001.

The grace period of 90 days between July 1 and September 30, 2001, was considered reasonable time to permit followup to obtain necessary documentation to permit closing actions or initiation of performance period extensions where justified.

The general comment section, noting grants with expiration dates between July 1 and September 30, 2001, was included to encourage followup action prior to the end of the performance period in order to further reduce the number of open grants with expired performance periods.

RESULTS

The review noted ARC's continued and successful efforts to ensure timely action is initiated to reduce the number of open grants for which performance periods have expired. Primary actions included grant closings and deobligations of funds for use on other projects and extensions of performance periods. Although, as noted below, continuing actions are appropriate, the number of open grants subject to scrutiny because performance periods have expired is dwindling, which contributes to improved grant administration and timely availability of funds for use on other priority projects. Emphasis should be placed on grants for which no or limited drawdowns occurred during the grant period, including extended periods.

A. Followup on Report 01-5(H), November 14, 2000

The report identified 94 unduplicated open grants with expired performance periods for which followup action was deemed appropriate.

As of September 30, 2001, the status of these 94 grants was as follows:

- 61 closing actions during the period November 14, 2000 through September 30, 2001.
- In 37 cases, deobligations totaling \$947,819 were noted.
- 25 grants were approved extensions of performance periods; but in 17 cases, the extended performance period had expired as of September 30, 2001.
- No changes noted in 8 cases.

Although initial followup actions were noted in most cases, emphasis should be placed on ensuring that timely followup is also initiated on grants approved for extended performance periods. Table A identifies the 25 grants from report 01-5(H) for which the performance period had expired as of September 30, 2001. These grants had balances of \$1,273,091 and included 8 cases involving \$675,583 where no drawdowns had occurred.

B. 50 Additional Grants with Performance Periods Noted as Prior to July 1, 2001

Analysis of the 50 additional grants with performance periods noted as prior to July 1, 2001 disclosed the following:

- 12 cases where no drawdowns had occurred. The balances of these grants totaled \$1,217,587. (Table B-1)
- 8 cases where the drawdowns were less than 50 percent of obligated funds. The balances of these grants totaled \$937,492. (Table B-2)
- 30 cases where the drawdowns exceeded 50 percent of grant funds. The balances of these grants totaled \$695,573. (Table B-3)

C. General Comment--Analysis of Grants with Performance Periods Between July 1 and September 30, 2001

We disclosed 14 grants previously cited in Section A that were included in the prior report. Also, there were 82 other open grants for which the performance period expired between July 1 and September 30, 2001. The balances remaining in these grants was \$4,281, 676.

We recognize that final reporting, necessary to permit grant closings, often occurs subsequent to the grant period and believe a reasonable period to take action on grants in this category is justified. Therefore, we have not emphasized the fund balances in this category as potential deobligations; but nonetheless, we believe continued ARC efforts to address expired grants should include efforts to identify needed actions prior to expiration of the grant period. For example, contact with grantees—especially for cases where limited funds have been expended as of 30 days prior to the end of the grant period—should further reduce the number of open grants with expired performance periods.

Particular emphasis should be placed on the 14 grants with balances of \$770,237 for which no drawdowns occurred prior to expiration of the grant period and on the 18 grants with balances of \$1,848,162 where less than 50 percent of funds were drawn down. This included one grant, GA-13551, with a balance of \$874,002 or 81 percent of the approved amount.


HUBERT N. SPARKS
INSPECTOR GENERAL

Attachment: 4 Tables




October 23, 2001

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

SUBJECT: OIG Report 01-56(H)—Followup Review on Grants with Expired Performance Periods

The attached report notes continuing actions to address this issue, resulting in a reduced number of open grants with expired performance periods. Emphasis should be placed on grants with limited or no drawdowns during the initial and/or extended performance periods.


Hubert N. Sparks
Inspector General

Attachment

cc: Ms. Judy Rae