



MARCH 12, 2002

OIG REPORT 02-24(H)

MEMORANDUM FOR The Federal Co-Chairman
ARC Executive Director

SUBJECT: OIG Memorandum Survey Report—Grant Extensions

OBJECTIVES

We reviewed a sample of open grants with extensions to evaluate the reasonableness, justification and documentation of the approved extension. A secondary objective was to followup on grants with extensions for which the performance period had expired.

BACKGROUND

ARC initiates action to identify grants with expired performance periods and initiate followup actions. Actions include extensions of the grant period, deobligations, and closings. Extensions include notifications to the grantee of the revised performance period.

Extension approvals should be based on grantee requests and justifications forwarded to ARC (preferably through the applicable State office). ARC Project Managers review requests and recommend action. Project extension approvals should be documented in project files, including requests and justifications.

METHODOLOGY AND SCOPE

The sample universe was determined by comparing project approval dates with current end dates and selecting a sample from open grants where the overall performance period exceeded 18 months. Since most grants are approved for a one-year period, we considered grants with performance periods over 18 months as having a good chance of having been extended. Also, we included grants for which the performance date had expired; but a comparison of approval and end dates indicated an extension had probably been approved during the open period.

Of the 76 expired grants in the sample categories, 34 were selected for review. This included 24 for which the performance period ended by November 15, 2001.

RESULTS

Overall, extension requests from the grantee were documented, including communication involving the ARC Project Manager and State Alternate. Oral discussions of the problems encountered were not always documented in sufficient

detail to determine the exact cause of the delay. Project Managers were flexible in granting extensions and accommodating grantees. Several of the grants were in the process of being extended or closed.

Also, actions have been initiated to ensure more timely followup on expired grants, including deobligations of funds when appropriate. Grantees generally did not request additional funds with their time extensions.

Some of the most common reasons for extensions cited by grantees:

- o Changes in grantee Project Directors and/or personnel.
- o Purchased computer equipment not installed due to problems with access lines or other issues not settled before purchase.
- o Changes in scope of work or over-ambitious scope.
- o Difficulty coordinating multiple agencies when several parties are involved.
- o Data not readily available from other sources for specific studies.

An example was the Elmore County Telecommunications grant, AL-11873, which had several of the above problems. This telecommunications network was to involve and be accessible to several agencies. Political change and State budget cuts left the program stalled for several years. The equipment was purchased in 1999; at that time, the monthly cable service cost was very high. Now that cost has dropped to an acceptable level, the grant has been transferred back to the original grantee; and after limiting the scope, the grant is coming to closure with positive results.

Another example is the East Central PDD Geographical Information System grant, MS-13442, which had staffing problems and scope changes involving non-ARC counties participating in the project. This also reduced the amount of staff time for ARC-related work.

GENERAL COMMENTS


A main underlying theme with extended and problematic grants appeared to be a lack of planning or foresight on the grantee's part in preparing and ensuring that logistics (staffing, realistic time frames and goals, degree of planning required, subcontractors, etc.) have been properly accomplished or laid out before grant period starts.

Complex grants with several components had more of a tendency to become problematic, in part because of personnel changes; poor record keeping; and grantee's inability to monitor all components sufficiently, which resulted in delayed project completion.

RECOMMENDATION

We recommend that increased emphasis be placed on documenting oral discussions and agreements with respect to the need for, and justification of, extension of the

performance period. Also, consideration should be given to contacting grantees with limited reported project activity 30 days prior to the grant expiration period in order to obtain a grant status report and determine type of applicable action. For cases where grantees are unresponsive to staff inquiries, OIG should be utilized to assist with information disclosure by grantees.



Hubert W. Sparks
Inspector General