



**Open Basic (Child) Agency Grants
OIG Report 17-25**

September 30, 2017

Open Basic (Child) Agency Grants as of September 30, 2017

Summary

This report updates prior reports dealing with grant management activities. Continued emphasis on older grants, including grants with no reported expenditures, small balances, and ARC guidance with respect to follow-up if projects not started within 18 months of grant approval, grants with zero balances, expired end dates and timely receipt of Basic Agency Monitoring Reports (BAMR) is appropriate.

This report identifies 38 grants approved prior to October 1, 2015 for which no ARC payments were reported. Included are 21 grants with no ARC disbursements that were included in prior OIG report 17-03 and an additional 17 grants approved prior to October 1, 2015 with no reported ARC disbursements. Grant balances totaled \$28,178,321. In many cases multiple BAMRs indicated little or no progress toward project implementation.

The update also identified 58 grants with balances and expired performance periods, 11 grants with small balances without recent disbursements and 95 grants with zero ARC balances.

The review was performed in accordance with Quality Standards for Inspections and Evaluations.

Background and Scope

The scope included open Basic Agency administered grants except for 16 Federal Highway administered grants.

ARC uses other agencies such as USDA Rural Development, HUD, and EPA (Basic Agency) to administer construction related projects. The Basic Agency is responsible for monitoring and reporting on project implementation. Basic Agency is used as terminology although the official terminology for use of other agencies by ARC is Child Agency.

The ARC grant management system and the annual Basic Agency Monitoring Report (BAMR) are primary management tools for identifying the status of grants administered by Basic Agencies and necessary ARC follow-up. Although ARC guidance notes that the Commission, based on a State request, can revise or revoke grant approval if the work intended is not underway within 18 months of grant approval, the report emphasizes grants with at least 24 months from ARC approval or basic agency obligation. Due to various factors that can delay project implementation such as Basic Agency obligations, land rights, environmental studies

and matching funds we previously recommended a 24 month follow-up period and use of Basic Agency obligation date as a starting point for construction related grants. We considered this to be a more practical time frame for follow-up and implementation of a control to encourage timely project implementation.

Results

Grant Status

Table A identifies 38 grants with no ARC payments and approved prior to October 1, 2015 and having total balances of \$28,178,321 that were identified for ARC follow-up. This includes 21 grants included in prior OIG reports 17-03 and 17-20 and includes grants considered as appropriate for follow-up based on BAMR information indicating issues needing resolution, projected actions or lack of BAMRs. 11 grants were approved or obligated at least four years prior to September 30, 2017.

Actions noted on 14 of 48 grants identified in Report 17-03 dated January 1, 2017 included one closing, one cancellation for \$245,000, 11 grants with payments, including a deobligation of \$34,838 and one completed project with zero balance.

Table B identifies 11 examples of grants with multiple BAMRs reporting or similar grant status, including grant being in the “design started phase” for multiple years. The balances of these grants with no ARC payments is \$3,703,933. These grants are highlighted as the best potential for follow-up and use of funds for other priority projects. For example, BAMRs for WV-15391 approved and one million dollars obligated in 2006 note grant application either not available or being updated over a multi-year period – others note the need for “plans and specs” or “local/State approvals” over a multi-year period.

In four cases BAMRs note the potential to close open grants including deobligations and reallocation of funds to other projects. Grants identified for such action were PA-15612 - \$145,000, PA-16868 - \$100,000, PA-17254 - \$100,000, OH-17524 - \$237,000. (Table D)

Table C identifies 11 grants with smaller or inactive balances totaling \$97,081.73 and the last payment dates. The potential exists for obtaining any needed information and closing these grants.

Expired performance periods were identified for 58 grants with ARC balances including 48 grants with balances over \$50,000 approximating \$16 million. Project expenditures after the performance period are ineligible for reimbursement.

95 Open Basic Agency grants had zero balances and although these grants do not impact grant management operations closing of these grants to the degree possible provides more realistic information about ARC workload and extent of active grants. We recognize closing is based on information from Basic Agencies that is not always received on a timely basis.

Recommendations

- Follow-up actions with respect to grants noted without any ARC disbursements should be continued with emphasis on grants approved several years previous for which limited activity was noted.
- Expired performance dates should be addressed based on grantee requests and support for needed extensions.
- The need for timely BAMRs should be emphasized to Basic Agencies in updated MOUs.
- Revise ARC guidance with respect to possible actions on inactive grants and emphasize implementation of policy with respect to project startup.
- Grants with zero balances should be closed as soon as practical.

Table A

Open Basic Agency Grants Approved Prior to 10/1/15
With no Payments

Admin Agency	Grant #	Approved	BA obligation	ARC Funds	End date	BAMR comment	
EDA	GA-17933	9/17/2014	9/30/2014	\$300,000.00	6/30/2017	No activity	1/ 2/
	WV-18273	9/29/2015	9/30/2015	\$1,000,000.00	6/10/2017	No BAMR	2/
HUD	KV-18295	9/24/2015		\$390,000.00	12/30/2017	Need PSC certificate	
	PA-15612	9/21/2007	12/31/2007	\$145,000.00		Delays. Deobligate	1/ 3/
	PA-16868	3/3/2011	9/30/2012	\$100,000.00	5/1/2014	Closeout & reallocate	1/ 2/ 3/
	PA-17254	6/22/2012		\$100,000.00		Cancelled	1/
	PA-17660	9/12/2013		\$150,000.00	11/1/2017	Anticipates bidding	1/ 3/
	WV-18271	9/17/2015		\$760,000.00	7/3/2018	Project should go out to bid within the next month or two.	
RD	GA-17266	9/26/2012		\$300,000.00	12/31/2016	Easement problems.	1/ 2/ 3/
	GA-17584	8/23/2013	7/2/2014	\$93,933.00	8/1/2016	Design - No comments	1/ 2/
	GA-17590	9/18/2013	7/18/2014	\$125,000.00	4/1/2017	Design phase.	1/ 2/
	GA-18245	9/25/2015	9/30/2015	\$300,000.00	9/1/2019	ER - No comments	
	KV-18225	8/31/2015	9/30/2015	\$15,000,000.00	8/30/2018	Right-of-way issues	
	KV-18257	8/24/2015	9/30/2015	\$500,000.00	10/1/2018	Right-of-way issues	
	KV-18276	9/21/2015	9/30/2015	\$250,149.00	3/1/2018	Project pending final engineering report to prep project to bid.	
	KV-18293	8/24/2015	9/30/2015	\$350,000.00	6/1/2018	State comments pending final approval	
	MD-17383	8/28/2012	9/30/2012	\$275,000.00	12/31/2017	Processing application for FY15 obligation.	1/ 3/
	MD-17542	9/3/2013	1/13/2015	\$185,000.00	5/31/2017	Waiting on plans/specs	1 2/

NC-18025	9/24/2015	9/30/2015	\$300,000.00	11/1/2015	Design - No comments	2/
NY-17290	6/22/2012		\$150,000.00	12/30/2017	Need RD Application	1/ 3/
NY-17520	7/19/2013		\$149,989.00	12/31/2017	Need RD Application	1/ 3/
NY-17743	9/15/2014		\$200,000.00	7/20/2017	Need DEC approval	2/
NY-18178	9/17/2015	9/30/2015	\$150,000.00	5/1/2017	Design phase.	2/
OH-17524	6/3/2013	6/20/2013	\$237,000.00		Request withdrawn	1/ 3/
OH-17880	8/7/2014	8/31/2014	\$250,000.00	5/30/2018	No BAMR	1/
OH-18164	9/29/2015	9/30/2015	\$250,000.00	8/1/2018	No BAMR	
PA-18207	9/4/2015	9/30/2015	\$105,750.00	8/1/2017	Need RD Allocation	2/
SC-18115	6/16/2016	6/30/2015	\$500,000.00	4/1/2017	No BAMR	2/
TN-16038	9/8/2008		\$500,000.00	9/30/2017	Need State approval	1/ 2/ 3/
TN-16660-C1	9/29/2014	9/30/2014	\$450,000.00	8/1/2017	Need plans/specs	1/ 2/
TN-17319	7/17/2012		\$500,000.00	1/1/2018	Need engineer report	1/ 3/
TN-17379	9/6/2012	9/8/2015	\$401,500.00	7/2/2017	Can move forward	1/ 2/
TN-17907	9/4/2014	9/25/2014	\$250,000.00	12/11/2017	ER issue resolved	1/
TN-18238	9/29/2015	9/30/2015	\$160,000.00	1/31/2018	No BAMR	
WV-15391	8/29/2006	8/31/2006	\$1,000,000.00	11/24/2017	Updating application	1/ 3/
WV-18270	9/21/2015	9/1/2017	\$1,500,000.00	6/1/2017	No BAMR	2/
TVA						
NC-17728	3/5/2014	4/30/2014	\$300,000.00	4/30/2018	Need easement	1/
TN-16657	9/30/2010	7/31/2015	\$500,000.00	5/1/2018	Need TDEC approval	1/
			<u>\$28,178,321.00</u>			

1/Grants in prior report

2/Expired End date as of 9/30/17

3/Grants approved at least four years prior to October 1, 2017

Table B

Grants with Similar Status on Multiple BAMRs
and no ARC Payments

<u>Agency</u>	<u>Grant #</u>	<u>Approve date</u>	<u>ARC funds</u>	<u>BAMRs</u>
HUD	PA-16868	9/30/2012	\$100,000.00	8/12/17, 4/15/14 - Close out and realication funds
RD	TN-16038	9/8/2008	\$500,000.00	2/2/17, 11/15/16, 1/28/16 - Waiting on RD approval, Design phase
	GA-17584	7/2/2014	\$93,933.00	12/16/16, 1/2/6, 1/5/15 - Design phase
	GA-17590	7/8/2014	\$125,000.00	12/16/16, 1/12/16, 1/5/15 - Design phase, LOC 7/17/14
	MD-17542	9/3/2013	\$185,000.00	1/29/16, 12/2/15, 1/6/15 - Design phase, need specs & plans
	GA-17266	9/26/2012	\$300,000.00	12/16/16, 1/2/16, 1/5/15, 10/24 - Design phase, easement problems
	TN-16660 C-1	9/30/2014	\$450,000.00	2/2/17, 11/15/16, 3/20/16 - Design phase, need plans & specs
	TN-17907	9/25/2014	\$250,000.00	2/2/17, 11/14/16, 12/10/15 - Design phase, location change
	WV-15391	8/31/2006	\$1,000,000.00	6/8/16, 1/13/15, 12/3/13 Design phase, updating application
	NY-17743	7/31/2015	\$500,000.00	12/22/16, 12/31/15 -No activity
TVA	<u>TN-16657</u>	9/15/2014	<u>\$200,000.00</u>	12/27/16, 3/17/16, 11/15/13 -Design phase, waiting for TDEC approval
	<u>11</u>		<u>\$3,703,933.00</u>	

Table C

Open Basic Agency Grants with
Smaller or Inactive

<u>Agency</u>	<u>Grant #</u>	<u>Approved</u>	<u>ARC funds</u>	<u>Balance</u>	<u>Last payment</u>	
HUD	AL-17472	12/19/2012	\$200,000.00	\$15,602.00	10/30/2013	1/
	KY-17482	2/7/2013	\$500,000.00	\$4,248.00	8/31/2015	1/ 2/
	KY-17792	5/2/2014	\$298,024.00	\$3.00	5/31/2015	1/ 2/
	OH-16258	9/28/2009	\$185,520.00	\$3,532.00	9/30/2015	1/ 2/
	OH-16371	8/5/2009	\$136,800.00	\$300.00	9/30/2015	1/
	OH-17543	7/15/2013	\$250,000.00	\$7,115.00	12/31/2014	1/ 2/
	OH-17951	9/29/2014	\$250,000.00	\$19,727.00	7/30/2016	2/
	OH-18076	6/16/2015	\$250,000.00	\$8,262.73	1/30/2017	2/
RD	KY-17611	8/2/2013	\$500,000.00	\$12,462.00	5/31/2016	2/
	OH-17950	9/24/2014	\$250,000.00	\$7,875.00	7/31/2017	2/
	<u>PA-17704</u>	9/23/2013	\$150,000.00	<u>\$18,675.00</u>	11/30/2016	2/
	<u>11</u>			<u>\$97,801.73</u>		

1/In prior report no change

2/Expired end date

Table D

Open Basic Agency Grants with Expired End Dates
as of 9/30/17

Admin agency	Grant #	Approved	End Date	ARC Funds	ARC Balance
EDA	CO-18306	9/16/2015	8/14/2016	\$75,000.00	\$26,868.45
	CO-18307	9/18/2015	8/31/2017	\$75,000.00	\$40,894.16
	CO-18311	9/18/2015	9/30/2017	\$75,000.00	\$68,977.79
	GA-17933	9/17/2014	6/30/2017	\$300,000.00	\$300,000.00
	NC-17726	3/5/2014	4/3/2017	\$300,000.00	\$84,100.00
	PW-18609-IM	8/24/2016	9/30/2017	\$2,500,000.00	\$2,027,582.00
	WV-18273	9/29/2015	6/10/2017	\$1,000,000.00	\$1,000,000.00
HUD	KY-17482	2/7/2013	6/30/2016	\$500,000.00	\$4,248.00
	KY-17792	5/2/2014	11/16/2016	\$298,024.00	\$3.00
	NC-17805	6/20/2014	10/31/2014	\$59,500.00	\$27,975.48
	NY-16270	9/9/2009	9/15/2017	\$144,918.00	\$144,918.00
	OH-16258	9/28/2009	6/30/2010	\$185,520.00	\$3,532.00
	OH-16371	8/5/2009	1/15/2011	\$136,800.00	\$300.00
	OH-17543	7/15/2013	3/31/2015	\$250,000.00	\$7,115.00
	OH-17951	9/28/2014	8/30/2016	\$250,000.00	\$19,727.00
	OH-18076	6/16/2015	2/28/2017	\$250,000.00	\$8,262.73
	OH-18140	6/29/2015	7/31/2017	\$250,000.00	\$28,153.59
	PA-17661	9/4/2013	6/30/2014	\$125,000.00	\$125,000.00
	PA-16868	3/3/2011	5/1/2014	\$100,000.00	\$100,000.00
	PA-17812	8/4/2014	6/30/2016	\$100,000.00	\$100,000.00
	RD	GA-17266	9/26/2012	12/31/2016	\$300,000.00
GA-17584		8/23/2013	8/1/2016	\$93,933.00	\$93,933.00
GA-17590		9/18/2013	4/1/2017	\$125,000.00	\$125,000.00
GA-17618		8/23/2013	9/30/2017	\$300,000.00	\$300,000.00
GA-17671		9/26/2013	2/1/2017	\$225,750.00	\$225,750.00
KY-17384		8/31/2012	1/31/2017	\$500,000.00	\$61,873.52
KY-17402		9/18/2012	12/30/2016	\$500,000.00	\$123,839.21
KY-17611		8/2/2013	1/31/2016	\$500,000.00	\$12,461.99
KY-17940		9/17/2014	6/30/2017	\$500,000.00	\$46,966.36
KY-17947		9/11/2014	12/30/2016	\$168,000.00	\$13,734.86
KY-18250		9/17/2015	6/22/2017	\$475,000.00	\$189,847.19
KY-18258		9/24/2015	4/30/2017	\$500,000.00	\$257,777.53
KY-18575		8/15/2016	6/30/2017	\$429,312.00	\$165,112.31
KY-18613		9/23/2016	6/30/2017	\$63,688.00	\$63,688.00
KY-18604		9/23/2016	3/31/2017	\$320,000.00	\$320,000.00
KY-18605		9/20/2016	4/1/2018	\$500,000.00	\$500,000.00
KY-18855		3/28/2017	9/30/2017	\$397,524.00	\$397,524.00

MD-17542	9/3/2013	5/31/2017	\$185,000.00	\$185,000.00
NC-18025	9/24/2015	11/1/2015	\$300,000.00	\$300,000.00
NY-17686	9/23/2013	8/14/2017	\$150,000.00	\$150,000.00
NY-17743	9/15/2014	7/20/2017	\$200,000.00	\$200,000.00
NY-18178	9/17/2015	5/1/2017	\$150,000.00	\$150,000.00
OH-17524	6/3/2013		\$237,000.00	\$237,000.00
PA-17704	9/23/2013	8/25/2017	\$150,000.00	\$18,675.30
PA-18207	9/4/2015	8/1/2017	\$105,750.00	\$105,750.00
PA-18733	1/11/2017	9/30/2017	\$141,000.00	\$141,000.00
SC-18115	6/16/2015	4/1/2017	\$500,000.00	\$500,000.00
TN-16038	9/8/2008	9/20/2017	\$500,000.00	\$500,000.00
TN-16660-C1	9/29/2014	8/1/2017	\$450,000.00	\$450,000.00
TN-17174	7/11/2012	2/28/2017	\$500,000.00	\$24,612.00
TN-17189	1/23/2012	3/2/2017	\$500,000.00	\$100,999.61
TN-17379	9/6/2012	7/2/2017	\$404,500.00	\$404,500.00
TN-17924	9/25/2014	3/1/2017	\$300,000.00	\$239,325.74
VA-16720	9/24/2010	9/30/2017	\$100,000.00	\$100,000.00
WV-17917	9/10/2014	7/31/2017	\$932,000.00	\$64,066.27
WV-17918	9/30/2014	9/30/2017	\$390,000.00	\$4,064.99
WV-17969	9/24/2014	9/30/2016	\$416,000.00	\$33,929.79
WV-17972	9/25/2014	4/30/2016	\$1,500,000.00	\$903,056.77
WV-18270	9/21/2015	6/1/2017	\$1,500,000.00	\$1,500,000.00
WV-18739	1/10/2017	7/31/2017	\$1,500,000.00	\$1,500,000.00

TVA

AL-17227	7/23/2012	9/1/2017	\$69,264.00	\$69,264.00
GA-17306	7/11/2012	9/15/2017	\$171,000.00	\$165,137.11
MS-17625	11/5/2013	8/15/2017	\$252,800.00	\$68,686.94
NC-17722	2/10/2014	9/30/2017	\$220,864.00	\$220,864.00
SC-16351	9/25/2009	8/15/2017	\$250,000.00	\$218,281.59
<u>TN-15205</u>	9/16/2005	7/1/2017	\$400,000.00	<u>\$352,433.89</u>
<u>66</u>				<u>\$16,221,813.17</u>

Open Grants with BAMR Recommendations for Deobligations

PA-15612 \$145,000 Approved 9/21/17

BAMR notes project not started and recommends deobligation of funds and reallocate to a ready to go project. Grantee will be advised to apply for funding when project is ready to go.

PA-16868 \$100,000 Approved 3/3/11

6/26/17 BAMR notes applicat is requesting consideration of reallocation of funds and recommendation is to close out and reallocate funds to another eligible ARC project.

PA-17254 \$100,000 Approved 6/20/12

6/26/17 BAMR notes project was cancelled in 2014.

OH-17524 \$237,000 Approved 6/3/13

1/31/17 BAMR notes grantee withdrew request for financial assistance for this project and ARC funds were not obligated in the USDA system.