



**Performance Periods/End Dates**  
OIG Report 17-26

**September 30, 2017**

ARC establishes performance periods for ARC administered grants primarily on periods outlined in grantee application and on estimated construction completion included in Basic Agency Monitoring Reports (BAMRs) provided by administering agencies.

### Results

Tables A through C identify 122 grants with over \$50,000 in ARC balances that are susceptible to ineligible payments if expenditures are made after the end of the identified reporting period. The balances of these grants approximated 24 million. Table D identifies 10 grants with significant payments that were made substantially after the performance period.

The tables note that the majority of expired end dates apply to grants approved in calendar year 2017 including significant number of grants with end dates as of September 30, 2017. These grants generally involve significant ARC balances and thus involve the majority of funds that are at risk for expenditures being ineligible based on current ending dates. Greater risk of ineligible payments also results when payments have been made significantly after the end date.

Table A identifies 64 ARC grants with expired end dates as of September 30, 2017 and ARC balances over \$50,000 totaling approximating a total of \$8 million.

Table B identifies 10 State administered grants as of September 30, 2017 with expired end dates and balances over \$50,000 totaling approximating one million dollars.

Table C identifies 48 Basic Agency administered grants with expired end dates as of September 30, 2017 and balances over \$50,000 approximating \$16 million. This includes 12 grants in Report 17-02 with balances approximating \$2.8 million.

Table D identifies 10 grants with payments totaling \$2,941,471 significantly after the reported end date.

Actions initiated or in process include notifying Federal and State grant administering agencies by e-mail once per quarter with a list of expired grants and initiation of a procedure to prevent drawdowns by State administering agencies if end dates have expired. This control is not currently available for Federal basic agencies. Similar controls are in place for ARC administered grants.

### Performance Periods Extension

ARC grants can only be extended by amendments. If the project is ARC administered, it can be extended unilaterally by the Project Coordinator if the extension is a year or less – the amendment must include the Division Director’s signature in all other cases. If the project is not ARC administered, it can be extended by the basic agency (on the grantee’s behalf)

unilaterally if the extension is three years or less. The basic agency is required to provide an explanation. ARC staff must approve any extensions beyond this time frame.

We fully support the ARC policies with respect to expenditures after the performance period being ineligible and the need for grantees to request and obtain approval of a performance period extension prior to incurring expenditures after identified end dates.

We disagree with unilateral action and note that such action could also result in significant extensions for grants that were inactive for lengthy periods prior to the extensions, projects are substantially completed or have small balances. Extensions based on grantee requests, including reasons for extensions and estimated time to complete project are considered reasonable requirements.

Based on the extent of grants with expired end dates it appears that the Basic Agency process for identifying, approving and explaining extensions needs significant improvement. Many BAMRs do not provide explanations for delays or needed extensions and some BAMRs are not received. We recognize that Basic Agencies have responsibility to administer construction grants but ARC, as the grantor, has authority to obtain needed grant management information from these agencies in our opinion.

For example, we disagree with extensions primarily based on BAMR reports that identify revised estimated construction completion dates but do not identify if factors delaying project implementation are resolved. Grant numbers GA-17584 and TN-16038 are examples.

We recommend:

- The grant agreement with grantees should emphasize ARC provisions about requesting and supporting extensions and that expenditures after approved period without prior approval are ineligible expenditures.
- Emphasis should be based on extensions requested by grantees and supported by the need for the extension and the length of the extension should be commensurate with the identified need, including consideration of the project status and fund balance.
- Blanket and unilateral extensions should be avoided.
- Coordinate with Basic Agencies to better assure ARC policies are implemented, including notification to ARC of significant grant period extensions and reasons therefore.
- Follow-up on open grants with expired end dates.

Table A

ARC Administered Grants with Expired End Dates and Balances  
over \$50,000 as of September 30, 2017

<u>Grant #</u>	<u>End date</u>	<u>ARC Balance</u>	<u>Grant #</u>	<u>End date</u>	<u>ARC Balance</u>
AL-16924	7/31/2017	\$202,192.00 1/	NC-18969	9/30/2017	\$50,000.00
AL-18061-C1	7/31/2017	\$50,000.00	NC-7780 C-37	9/30/2017	\$139,249.00
AL-18287	5/31/2017	\$83,372.00	NC-18187	6/30/2017	\$67,654.00
AL-18288	12/31/2016	\$314,256.00	NY-7776 C-37	9/30/2017	\$247,078.00
AL-18289 C-1	9/30/2017	\$98,000.00	OH-18198	8/31/2016	\$175,000.00
AL-18393	9/30/2017	\$52,500.00	OH-18577	6/30/2017	\$87,900.00
AL-18405	3/31/2017	\$54,753.00	OH-18745	9/30/2017	\$120,306.00
AL-18432	9/30/2017	\$70,000.00	PA-17930	7/31/2017	\$75,000.00
AL-18831	9/30/2017	\$139,650.00	PA-18169	2/28/2017	\$91,250.00
AL-7805 C-35	9/30/2017	\$86,621.00	PA-18301	3/31/2017	\$65,583.00
CO-13764-H-C5	8/31/2017	\$147,440.00	PA-18645	9/30/2017	\$65,000.00
CO-13956 A-C-7	9/30/2017	\$189,947.00	PA-18647	9/30/2017	\$60,000.00
CO-17077	12/31/2014	\$50,876.00 1/	PA-7784 C-37	9/30/2017	\$220,164.00
CO-17197 C-5	9/30/2017	\$409,091.00	PA-8285 C-35	6/30/2017	\$172,081.00
CO-17622 C-1	8/14/2017	\$105,974.00	PA-8290 C-35	6/30/2017	\$202,778.00
CO-17845 C-2	9/30/2017	\$194,251.00	PW-18477	5/31/2017	\$60,000.00
CO-18369 C-1	9/30/2017	\$94,833.00	PW-18617	7/31/2017	\$80,354.00
GA-17862	8/31/2016	\$158,000.00 1/	PW-18634	8/31/2017	\$60,000.00
GA-7769 C-36	6/30/2017	\$90,066.00	PW-18705	7/31/2017	\$65,860.00
KY-15959 C-3	7/31/2017	\$127,096.00	SC-18104	8/31/2017	\$98,825.00
KY-17568 C-3	6/30/2017	\$430,585.00	SC-18105	9/30/2017	\$60,264.00
KY-18312	9/30/2017	\$90,484.00	SC-18423	9/30/2017	\$249,688.00
KY-18315 C-1	9/30/2017	\$163,333.00	TN-17669	9/30/2017	\$90,105.00
KY-18585	9/30/2017	\$243,726.00	TN-18215	9/30/2017	\$88,000.00
KY-18615	9/30/2017	\$142,836.00	TN-18548	9/1/2017	\$123,187.00
KY-7779 C-35	9/30/2016	\$95,276.00	TN-18569	9/30/2017	\$57,912.00
KY-7779 C-36	9/30/2017	\$106,838.00	TN-7783 C-37	6/30/2017	\$131,078.00
MD-18846	9/30/2017	\$67,300.00	VA-7782 C-34	6/30/2017	\$89,149.00
MS-17652	9/30/2016	\$65,720.00 1/	WV-14334 C-13	7/31/2017	\$51,752.00
MS-18282	9/30/2017	\$317,243.00	<u>WV-7762 C-34</u>	6/30/2017	<u>\$197,708.00</u>
MS-18633	6/30/2017	\$60,000.00	<u>30</u>		<u>\$3,342,925.00</u>
MS-7763 C-36	6/30/2017	\$56,237.00			
NC-18319	12/31/2016	\$120,042.00			
<u>NC-18338</u>	9/30/2017	<u>\$120,718.00</u>			
<u>34</u>		<u>\$4,799,256.00</u>			

TOTAL

64 grants

\$8,142,181.00

Table A

ARC Administered Grants with Expired End Dates and Balances  
over \$50,000 as of September 30, 2017

<u>Grant #</u>	<u>End date</u>	<u>ARC Balance</u>	<u>Grant #</u>	<u>End date</u>	<u>ARC Balance</u>
AL-16924	7/31/2017	\$202,192.00 <sup>1/</sup>	NC-18969	9/30/2017	\$50,000.00
AL-18061-C1	7/31/2017	\$50,000.00	NC-7780 C-37	9/30/2017	\$139,249.00
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AL-18393	9/30/2017	\$52,500.00	OH-18577	6/30/2017	\$87,900.00
AL-18405	3/31/2017	\$54,753.00	OH-18745	9/30/2017	\$120,306.00
AL-18432	9/30/2017	\$70,000.00	PA-17930	7/31/2017	\$75,000.00
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CO-13956 A-C-7	9/30/2017	\$189,947.00	PA-18647	9/30/2017	\$60,000.00
CO-17077	12/31/2014	\$50,876.00 <sup>1/</sup>	PA-7784 C-37	9/30/2017	\$220,164.00
CO-17197 C-5	9/30/2017	\$409,091.00	PA-8285 C-35	6/30/2017	\$172,081.00
CO-17622 C-1	8/14/2017	\$105,974.00	PA-8290 C-35	6/30/2017	\$202,778.00
CO-17845 C-2	9/30/2017	\$194,251.00	PW-18477	5/31/2017	\$60,000.00
CO-18369 C-1	9/30/2017	\$94,833.00	PW-18617	7/31/2017	\$80,354.00
GA-17862	8/31/2016	\$158,000.00 <sup>1/</sup>	PW-18634	8/31/2017	\$60,000.00
GA-7769 C-36	6/30/2017	\$90,066.00	PW-18705	7/31/2017	\$65,860.00
KY-15959 C-3	7/31/2017	\$127,096.00	SC-18104	8/31/2017	\$98,825.00
KY-17568 C-3	6/30/2017	\$430,585.00	SC-18105	9/30/2017	\$60,264.00
KY-18312	9/30/2017	\$90,484.00	SC-18423	9/30/2017	\$249,688.00
KY-18315 C-1	9/30/2017	\$163,333.00	TN-17669	9/30/2017	\$90,105.00
KY-18585	9/30/2017	\$243,726.00	TN-18215	9/30/2017	\$88,000.00
KY-18615	9/30/2017	\$142,836.00	TN-18548	9/1/2017	\$123,187.00
KY-7779 C-35	9/30/2016	\$95,276.00	TN-18569	9/30/2017	\$57,912.00
KY-7779 C-36	9/30/2017	\$106,838.00	TN-7783 C-37	6/30/2017	\$131,078.00
MD-18846	9/30/2017	\$67,300.00	VA-7782 C-34	6/30/2017	\$89,149.00
MS-17652	9/30/2016	\$65,720.00 <sup>1/</sup>	WV-14334 C-13	7/31/2017	\$51,752.00
MS-18282	9/30/2017	\$317,243.00	<u>WV-7762 C-34</u>	6/30/2017	<u>\$197,708.00</u>
MS-18633	6/30/2017	\$60,000.00	<u>30</u>		<u>\$3,342,925.00</u>
MS-7763 C-36	6/30/2017	\$56,237.00			
NC-18319	12/31/2016	\$120,042.00			
<u>NC-18338</u>	9/30/2017	<u>\$120,718.00</u>			
<u>34</u>		<u>\$4,799,256.00</u>			

**TOTAL                      64 grants                      \$8,142,181.00**

State Administered Grants with Expired End Dates and Balances  
over \$50,000 as of September 30, 2017

<u>Grant #</u>	<u>End date</u>	<u>ARC Balance</u>
AL-18151	9/1/2017	\$58,344.00
MS-17961	9/30/2017	\$60,000.00
NC-18021	6/30/2017	\$273,000.00
NY-18103	7/8/2017	\$150,000.00
SC-17827	5/31/2017	\$60,000.00
SC-17831	9/30/2017	\$66,130.00
SC-18117	8/24/2017	\$250,732.00
TN-17846	4/30/2017	\$76,877.00
TN-17887	9/15/2017	\$55,030.00
<u>VA-17076 C-3</u>	9/30/2017	<u>\$102,507.00</u>
<u>10</u>		<u>\$1,152,620.00</u>

Table C

**Open Basic Agency Grants with Expired End Dates and Balances  
over \$50,000 as of September 30, 2017**

Admin				Admin			
<u>agency</u>	<u>Grant #</u>	<u>End Date</u>	<u>ARC Balance</u>	<u>agency</u>	<u>Grant #</u>	<u>End Date</u>	<u>ARC Balance</u>
<b>EDA</b>	CO-18311	9/30/2017	\$68,977.79		NC-18025	11/1/2015	\$300,000.00
	GA-17933	6/30/2017	\$300,000.00		NY-17686	8/14/2017	\$150,000.00 1/
	NC-17726	4/3/2017	\$84,100.00		NY-17743	7/20/2017	\$200,000.00
	PW-18609	9/30/2017	\$2,027,582.00		NY-18178	5/1/2017	\$150,000.00 1/
	WV-18273	6/10/2017	\$1,000,000.00		OH-17524		\$237,000.00
					PA-18207	8/1/2017	\$105,750.00
<b>HUD</b>	NY-16270	9/15/2017	\$144,918.00		PA-18733	9/30/2017	\$141,000.00
	PA-17661	6/30/2014	\$125,000.00		SC-18115	4/1/2017	\$500,000.00
	PA-16868	5/1/2014	\$100,000.00		TN-16038	9/20/2017	\$500,000.00 1/
	PA-17812	6/30/2016	\$100,000.00 1/		TN-16660-C	8/1/2017	\$450,000.00
					TN-17189	3/2/2017	\$100,999.61 1/
<b>RD</b>	GA-17266	12/31/2016	\$300,000.00		TN-17379	7/2/2017	\$404,500.00
	GA-17584	8/1/2016	\$93,933.00 1/		TN-17924	3/1/2017	\$239,325.74 1/
	GA-17590	4/1/2017	\$125,000.00		VA-16720	9/30/2017	\$100,000.00
	GA-17618	9/30/2017	\$300,000.00		WV-17917	7/31/2017	\$64,066.27
	GA-17671	2/1/2017	\$225,750.00		WV-17972	4/30/2016	\$903,056.77 1/
	KY-17384	1/31/2017	\$61,873.52 1/		WV-18270	6/1/2017	\$1,500,000.00
	KY-17402	12/30/2016	\$123,839.21 1/		WV-18739	7/31/2017	\$1,500,000.00
	KY-18250	6/22/2017	\$189,847.19 1/				
	KY-18258	4/30/2017	\$257,777.53 1/	<b>TVA</b>	AL-17227	9/1/2017	\$69,264.00
	KY-18575	6/30/2017	\$165,112.31		GA-17306	9/15/2017	\$165,137.11
	KY-18613	6/30/2017	\$63,688.00		MS-17625	8/15/2017	\$68,686.94
	KY-18604	3/31/2017	\$320,000.00		NC-17722	9/30/2017	\$220,864.00
	KY-18605	4/1/2018	\$500,000.00		SC-16351	8/15/2017	\$218,281.59
	KY-18855	9/30/2017	\$397,524.00		<u>TN-15205</u>	7/1/2017	<u>\$352,433.89</u>
	<u>MD-17542</u>	5/31/2017	<u>\$185,000.00</u>		<u>24</u>		<u>\$8,640,365.92</u>
	<u>24</u>		<u>\$7,259,922.55</u>				
				<b>TOTAL</b>	<b>48 Grants</b>		<b><u>\$15,900,288.47</u></b>

1/Expired end dates in prior report 17-01 and balances totaling \$2,869,949

Grants with Significant Payments at Least Three Months  
After End Date

Admin agency	Grant No.	End date 2/	Payments	Dates	
ARC	KY-16080 C-5	1/31/2017	\$91,125.00	6/14/2017	1/
	KY-17568 C-1	6/30/2015	\$245,673.00	12/18/2015	1/
	KY-17957	8/31/2016	\$441,710.00	1/12/2017	1/
	SC-18251	6/30/2016	\$469,609.00	10/21/2016	1/
	WV-16454 C-1	12/31/2016	\$112,845.00	5/9/2017	1/
HUD	PA-18129	12/31/2015	\$200,000.00	5/31/2017	
RD	TN-16654	2/2/2016	\$128,629.00	5/31,7/31/16 & 2/28/17	
	TN-17915	2/9/2016	\$500,000.00	4/30/16, 6/30/16 & 7/31/16	1/
	WV-17972	4/30/2016	\$593,293.00	1/31, 3/31, 5/31, 6/30, 7/3 & 8/31/17	
	WV-17969	9/30/2016	\$158,587.00	4/30 & 7/31/17	
	<u>10</u>		<u>\$2,941,471.00</u>		

1/Closed

2/End date identified on ARC.Net