



April 5, 2018

To: ARC Executive Director  
ARC General Counsel  
ARC Director, Community Investments  
ARC Assistant General Counsel

From: Hubert Sparks, Inspector General

Subject: Memorandum Report 18-18 – FY 2017 Application Processing

Our survey of FY 2017 applications and approvals determined that ARC review of applications and approvals were generally accomplished in a timely manner and justifications were noted for delayed approvals. A review of 322 FY approvals disclosed 268 ARC approvals within three months of the grant applications.

The grant application process generally includes initiation of requests by local organizations such as the Local Development District (LDD), forwarding of requests to the applicable State Governors office for approval and forwarding to ARC for review by Commission Staff and approval by the Federal Co-Chair. ARC approvals of infrastructure related projects/grants are forwarded for approval to the applicable State or Federal agency (Basic Agency) responsible for administering and monitoring these grants. In some cases basic agency obligation of funds to the grantee is delayed pending basic agency approval of the grant.

We reviewed available information for 322 FY 2017 ARC area development approvals excluding annual administrative grants to LDDs, grants involving the Federal Highway Administration (FHWA), and Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) grants.

We identified that 268 of the 322 applications included in the survey were approved by ARC within three months after grant applications were received. The 54 grants approved more than three months after the application were divided as 28 for ARC administered grants, 21 for State administered grants, 4 for USDA administered grants and one for HUD administered grants. In 25 cases the approval was a few days after the third month.

Table A identifies the time frames between applications and approvals for the 322 grants and Table B identifies 11 grants with time frames of six months or longer.

TABLE A

Approvals Within Identified Periods After Application Received

Admin <u>Agency</u>	<u>Total</u>	<u>One Month</u>	<u>Two Months</u>	Three to Four <u>Months</u>	More than Four <u>Months</u>
ARC	195	57	110	10	18
STATE	93	29	43	11	10
RD	25	13	8	3	1
HUD	7	1	5	1	0
EDA	1	0	1	0	0
FS	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
	<u>322</u>	<u>100</u>	<u>168</u>	<u>25</u>	<u>29</u>

TABLE B

FY 2017 Area Development Approvals with Largest Period Between  
Application and ARC Approval (at least 6 months)

<u>Agency</u>	<u>Grant No.</u>	<u>ARC Funds</u>	<u>Application</u>	<u>ARC Approval</u>	<u>Months</u>
ARC	AL-18440 C-1	\$43,400.00	2/28/2017	9/22/2017	7
ARC	NC-18384	\$38,400.00	2/23/2016	12/13/2016	9
ARC	NC-18708	\$100,000.00	10/14/2016	9/22/2017	11
ARC	NC-18709	\$47,500.00	10/17/2016	7/20/2017	9
ARC	NY-18542	\$125,961.00	7/1/2016	5/24/2017	11
ARC	TN-18697	\$21,600.00	10/6/2016	4/25/2017	7
ARC	TN-18764	\$60,000.00	1/10/2017	7/21/2017	6
ARC	VA-18630	\$250,000.00	8/29/2016	2/24/2017	6
STATE	TN-18680	\$33,018.00	9/20/2016	7/28/2017	10
STATE	TN-18766	\$500,000.00	1/10/2017	7/27/2017	6
STATE	<u>VA-18525</u>	\$500,000.00	6/28/2016	2/24/2017	8