



March 31, 2014

To: Federal Co-Chair
Acting Executive Director/General Counsel
Program Director

From: Hubert Sparks, Inspector General

Subject: Memorandum Report 14-15 Open HUD Administered Grants with
Potential De-obligations

There continues to be open old HUD administered grants for which de-obligations totaling \$904,124 are possible. Several semi-annual reports have identified this condition but limited actions to close the applicable grants and de-obligate remaining balances has resulted.

Table A notes 22 old open grants for which closing and de-obligations are considered appropriate. These grants were approved between 2004 and 2009 and available Basic Agency Monitoring Report (BAMR) information cites construction completed between 2005 and 2011. A review of ARC records and the monthly payment report from HUD reflect that the grants remain open and balances reported on ARC.Net range from \$94 to \$200,000. In most instances ARC.Net or the Basic Agency Monitoring Report (BAMR) provide information denoting that the projects have been completed and balances are subject to de-obligations.

The monthly payment summary from HUD and ARC.Net identify the unpaid obligations for the grants in table A which is reflective of the balances remaining in HUD accounts for these grants.

Follow-up on our prior report dated 9/30/13 indicated that actions had been initiated to de-obligate \$151,763 with respect to 2 of 22 grant identified in our prior report although the grants remain open per ARC records. Two additional open grants were added to our updated list based on information that de-obligations were appropriate, including one (OH-16288) grant that the BAMR report noted as cancelled and a de-obligation of \$181,968 was appropriate.

Table B notes comments included on ARC.Net or BAMRs.

Recent discussions with a HUD representative identified the process necessary to de-obligate funds including involvement of HUD Washington, State Representatives and HUD Finance Office in Texas and difficulty, in some cases, of obtaining information necessary to finalize de-obligations. We recognize some constraints, including the ARC grants being a very minor part of HUDs grant inventory, but believe the time frames noted are excessive.

Discussions provided an update on the status of HUD actions, including follow-up for necessary information to permit de-obligations and use of funds for other needed projects.

We recommend that ARC follow-up with HUD to assure finalization of identified de-obligations and assess the current policy that such de-obligations be retained by the Basic Agency rather than returned to ARC.

HUD Grants with Potential De-Obligations as of 3/31/14

Grant No.	Approved	Construction Completed 1	ARC Funds	Cumulative Costs 1	Potential De-obligations per ARC.Net Balance
GA-15600	8/30/2007	3/1/2010	\$280,000.00	\$209,211.00	\$70,789.00
MS-14844	9/23/2004	3/13/2009	\$100,000.00	\$99,485.00	\$515.00
MS-14889	2/2/2005	3/13/2009	\$108,800.00	\$98,846.00	\$9,953.00
MS-15093	9/8/2005	4/10/2009	\$250,000.00	\$196,010.00	\$53,990.00
MS-15037	5/12/2005	3/13/2009	\$118,610.00		\$94.00
MS-15223	10/24/2005	3/13/2009	\$259,633.00	\$187,625.00	\$72,004.00 2
MS-15323	5/12/2006	3/13/2009	\$150,000.00	\$135,256.00	\$14,764.00
MS-15379	8/22/2006		\$250,000.00	\$224,025.00	\$25,975.00
MS-15514	9/25/2006	12/31/2010	\$350,000.00	\$335,489.00	\$3,751.00 2
MS-15638	8/28/2007	12/12/2011	\$193,400.00	\$189,676.00	\$3,724.00
MS-15915	5/14/2008	3/31/2010	\$129,300.00	\$125,950.00	\$3,350.00
MS-16225	4/24/2009	3/31/2010	\$250,000.00	\$231,003.00	\$18,997.00
NC-15185	9/28/2005		\$200,000.00		\$200,000.00 3
OH-14783	9/21/2004	12/31/2005	\$292,000.00	\$287,352.00	\$148.00 2
OH-14876	9/9/2004	6/30/2006	\$142,050.00	\$113,069.00	\$28,981.00
OH-15047	8/17/2005	12/31/2008	\$277,700.00	\$241,239.00	\$36,461.00
OH-15163	9/6/2005	12/31/2007	\$200,000.00	\$190,780.00	\$9,220.00
OH-15181	9/8/2005	12/28/2009	\$180,000.00	\$145,177.00	\$34,823.00
OH-15494	9/11/2006	10/19/2008	\$200,000.00	\$134,000.00	\$66,000.00
OH-16258	2/28/2010	Cancelled			\$181,968.00
OH-16371	8/5/2009	1/15/2011	\$136,800.00	\$112,225.00	\$24,275.00
PA-16123	11/2/2008		\$65,000.00		\$10,510.00 3
TN-15231	9/9/2005		\$500,000.00		\$33,832.00 3
					<u>\$904,124.00</u>

1/ Per BAMR reports

2/ BAMR balances different from ARC.Net balances

3/ BAMR reports not available

TABLE B

ARC.Net or BAMR Information	
GA-15600	HUD-185 dated 9/25/07. \$280,000 reserved and obligated 9/30/07 HUD report. \$129,046.42 balance through 3/16/09. \$70,788.51 balance through 1/31/10. Closeout received, per James Thompson, state elects not to pursue funds consistent with proportionate drawdown. Waiting for zero balance/deobligation, LAF 11-28-11.
MS-14844	\$28,857.60 spent; \$71,142.40 unspent as of 04/30/07. \$33,282.43 spent, \$66,717.85 unspent through 1/4/08. \$35,930 spent, \$64,069.35 balance through 3/4/08. \$36,425.16 spent, \$63,574.84 balance through 4/7/08. \$3,646.72 balance through 8/31/08. Closeout from MS CDBG dated 3/13/09 shows \$514.84 to be recovered -- hold for deobligation and zero balance on HUD detail report (3/25/09).
MS-14889	\$98,796.20 spent and \$10,003.80 unspent through 12/31/06. \$98,846.20 spent; \$9,953.80 unspent through 4/30/07. What is status at MS CDBG? No expenditure since 4/07. Closeout from MS CDBG shows \$9,953.80 to be recovered; hold for deob and zero balance on CDBG detail report (3/26/09).
MS-15037	\$94 Balance - Need HUD detail report
MS-15093	Open at HUD with no expenditures through FY08. MS CDBG please confirm status. Closeout from MS CDBG dated 4/10/09 shows project complete and \$53,990 to be recovered; hold for deob on HUD detail report.
MS-15223	(See also MS-15223-R1-07). No funds spent through 6/7/07. \$69,194.76 spent; \$164,886.24 unspent through 8/3/07 HUD report. Additional \$25,552 approved 8/13/07 (MS-15223-R1). \$147,808.59 spent, \$86,272.41 unspent through 9/5/07. Additional \$25,552 reserved and obligated 9/30/07; Total \$165,488.09 spent, \$94,144.91 unspent through 9/30/07. Total \$72,007.50 balance through 2/29/08 (incl \$25,552). Entire balance of \$72,007.50 to be recovered in single closeout per closeout from MS CDBG dated 3/13/09.
MS-15323	\$135,255.88 spent and \$14,743.77 unspent since 5/31/07. Closeout from MS CDBG dated 3/13/09 shows \$14,743.77 to be recovered -- hold for deob and zero balance on HUD detail report. (3/25/09).
MS-15379	No funds spent through 1/3/07 HUD report. \$181,845.19 spent; \$68,154.81 unspent through 4/30/07. \$199,470.07 spent; \$50,529.93 unspent through 6/7/07 HUD report. \$224,025 spent; \$25,975 unspent through 7/31/07. No expenditure since 7/07 -- what is status at MS CDBG?
MS-15514	Obligated with no funds spent through 4/30/07. \$55,903.26 spent; \$294,096.74 unspent through 9/5/07. \$267,874.50 spent, \$82,125.50 unspent through 9/30/07. \$346,249.46 spent, \$3,750.54 unspent through 12/31/2007. No expenditure since 12/07 -- possible to close and recover funds? What is status? MDA Closeout dated 12/21/2010 shows an unspent balance of \$14,510.69. Needs to be reconciled with HUD Central. LAF 3/28/12.
MS-15638	HUD-185 dated 09/06/2007. \$193,400 reserved and obligated 9/30/07 HUD report. No expenditures through 3/31/09. \$106,868.54 balance through 2/28/10. Closeout dated 12/31/2011 received from MDA. Awaiting the deobligation of \$3,724 from HUD. LAF 3/28/2012.
MS-15915	HUD-185 dated 06/18/2008. \$129,300 reserved but not obligated by 8/31/08. \$129,300 obligated 9/30/08. \$108,280.15 balance through 5/21/09. Project complete and to be closed per Dean Patterson at MDA 5/22/09; \$3,350 to be recovered but need closeout from MDA. \$3,350 balance through 2/28/10. Closeout dated 3/31/10 received. Awaiting deobligation from HUD LAF 3/28/12.

MS-16225	HUD-185 dated 8/6/09 but funds not reserved through 10/31/09. HUD-185 reissued 11/30/09. \$250,000 obligated and \$18,996.84 balance through 2/28/10. Closeout dated 3/31/10 received. Waiting for zero balance on HUD detail report. LAF 3/28/2012.
NC-15185	\$29,385.98 balance through 8/31/08. Industry fell through; grantee has arranged installment repayment plan with NC CDBG. All ARC funds will be deobligated when repayments are complete. \$56,871.34 recovered 8/25/09; current balance \$86,257.32. Grantee making payments to return funds current balance is \$143,128.66 3-24-11 GAF. Notice to deobligate funds sent to HUD, 4/10/12 LAF. \$200,000 balance shown on ARC.Net 3/21/14
OH-14783	\$291,852 spent; \$148.00 unspent through 1/3/07. Closeout from OH CDBG dated 3/21/07 indicates \$4,648 to be deob. Project still open at HUD with \$148 balance unspent. OH CDBG please confirm status. As per Jorgelle Lawson, grant completed and closed. Will send final report to HUD by August's end. 8/1/11 ECW. As per Michael Hilier, final report submitted to HUD 9/1/11. \$148 to be canceled, \$4,500 being returned to HUD. 11/10/11 LAF
OH-14876	\$113,069 spent; \$28,981 unspent through 1/3/07. Closeout from OH CDBG dated 3/21/07 indicates \$28,981 to be deob. Project still open with \$28,981 unspent through 9/30/07. OH CDBG please confirm status. Updated closeout from OH CDBG dated 6/13/08 still shows \$29,981 to be deob. Note from Karen Fabiano 1/5/09 indicates she will work with HUD to close out and recover soon. (1/9/09). As per Michael Hilier, final report showing \$28,981 to be deobligated submitted to HUD 9-1-11. LAF 11-22-11.
OH-15047	No expenditures through 9/30/07. \$100,000 spent, \$177,700 unspent through 1/4/08. \$87,700 balance through 8/31/08. \$36,461 balance through 12/31/08. Per Michael Hilier, final report indicating an unobligated balance of \$36,461 sent to HUD 9/9/11, LAF 11-22-11. Closeout received, awaiting deobligation of #36,461, 2/23/2012 LAF.
OH-15163	Open at HUD with no expenditures through 1/3/07 (1/16/07). \$80,200 spent and \$119,800 unspent per 6/7/07 HUD report. \$190,780 spent; \$9,220 unspent through 7/3/07. Closeout from OH CDBG 1/2/09 shows project complete and \$9,220 to be recovered; hold for deob of \$9,220 on HUD detail report. As per Michael Hilier, final report submitted to HUD on 9/9/11. Still holding for deob from HUD central. LAF 11-22-11.
OH-15181	\$34,823 balance 1/31/10. Per Michael Hilier, final report indicating an unobligated balance of \$34,823 sent to HUD 9/1/11, LAF 11-22-11. Closeout received, awaiting \$34,823 deobligation 2/23/2012 LAF.
OH-15494	RK letter 9/26/06; HUD-185 9/25/06. Reserved but not obligated 10/4/06. Obligated with no expenditures through 1/3/07. \$100,000 spent, \$100,000 unspent through 1/4/08. \$134,000 spent, \$66,000 balance through 3/4/08. no expenditures since 3/4/08 -- what is status? Per Michael Hilier, final report indicating an unobligated balance of \$66,000 sent to HUD 9/9/11, LAF 11-22-11. Closeout received, awaiting deobligation of \$66,000. LAF 2/24/2012.
OH-16258	CANCELLED - DO WE HAVE MEMO FOR CANCELLATION? Yes. Karen is working on this. Balance \$181,988
OH-16371	Balance \$24,275 last payment 1/31/11
PA-16123	HUD-185 dated 12/09/08. \$65,000 obligated 3/16/09 HUD detail report. All funds spent 2/28/10 -- need closeout from PA CDBG.
TN-15231	No expenditures through 9/30/07. \$48,914.30 spent; \$451,085.70 unspent through 1/4/08. \$281,780.34 spent, \$218,219.66 balance through 4/7/08. \$33,831.77 balance through 8/25/09. Have project closeout, (\$33,831.77) deobligation from HUD, GAF 8-16-11.

2/Add to list of HUD grants needs deobligations

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