



**Older Open Basic (Child) Agency Grants
OIG Report 14-42**

September 30, 2014

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Background

This report updates Report 14-16, dated March 31, 2014 and identifies additional grants recommended for follow-up. We considered information available on ARC.Net and in Basic Agency Monitoring Reports (BAMR).

The annual BAMR report initiated in 2012 provides detailed information about the project status of construction grants administered for the Appalachian Regional Commission by other Federal agencies. The available information permits more timely follow-up and reduces the number of grants identified for follow-up. Conditions noted as needing follow-up include identification of projects subject to cancellation and de-obligations, lack of disbursements over lengthy periods, expired completion dates and other problems such as bids too high, scope change needed, awaiting agreements, etc.

Results

Report 14-16, dated March 30, 2014 identified 56 open Basic Agency grants approved at least 30 months prior to March 30, 2014. Table A identifies 48 grants including 45 grants from the prior report for which no ARC funds were disbursed as of September 30, 2014. Reported actions on ARC.Net included five instances with de-obligations of \$1,517,383.

Available BAMR reports for 2013 provided information about grant status that indicated the extent of project progress, reasons for delayed construction and estimated completion dates. Such information permits ARC to timely identify needed follow-up actions. These reports noted comments such as project completed, funds to be de-obligated, delayed or high bids, should be cancelled, no bids received, design not started, do not need grant, project withdrawn, hope to bid, no work will be done, project stopped, using interim financing, scope under review, problem needs resolution and estimated, completion by early 2014. In these cases no ARC payments were noted as of 9/30/14 which indicates a continued absence of progress or action to address potential de-obligations for some projects, six open grants with potential de-obligations of \$2,300,000 were noted. Thus, priority follow-up on applicable projects noted on Table A footnote 1 is recommended.

Table B identifies 25 additional grants that were approved at least 24 months prior to September 30, 2013. We recognize that construction startups are often delayed for various reasons. However, in line with the 18 month provision and available BAMR reports periodic follow-ups with respect to grants approved two years previous is reasonable. Also, we recommend consideration of obtaining quarterly summary progress reports that grantees, provide to BAs as a means to identify and follow-up on issues in a more timely manner.

Limited Activity

No additional ARC disbursements were noted for five of seven grants for which lengthy periods between ARC payments were noted in Report 14-16. Table C summarizes the status of these grants per ARC.Net including balances of \$239,237.

Zero Balance Grants

ARC records identified about 50 open Basic Agency grants with zero balances. These grants are identified in the payment reports provided by Basic Agencies and on ARC.Net. We recognize an appropriate issue pertains to how long grants should remain open with respect to identifying the outcomes for established performance measures. However, follow-up and closing is recommended for the grants where all funds have been disbursed several years previous.

Other Balances

Table C identifies 23 grants for which follow-up is recommended based on smaller old balances with limited recent payments and larger balances pertaining to older grants where additional grant status information is appropriate. 20 HUD grants that identify needed de-obligations are included in a separate report.

We recommend continued follow-up emphasis on the grants noted to determine grant status and potential actions. BAMRs should be utilized to better allow timely follow-up and these reports should be incorporated into ARC.Net including links that identify and summarize key elements of project status. Emphasis should be placed on obtaining BAMRs and/or needed information where applicable and consideration should be given to periodically obtaining project status information on a more current basis.

TABLE A

Open Grants Approved At Least 30 Months Prior to 9/30/14
No ARC Payments

EDA	Grant	Approved	ARC funds	Months since approval	Last BAMR or ARC Comments	
	OH-16782	9/8/2010	\$250,000.00	49	Est. completion 10/14	
	GA-16964	6/15/2011	\$300,000.00	39	Est. completion 10/14	
HUD	NY-16270	9/9/2009	\$144,918.00	61	BAMR not available	1
	PA-16508	1/25/2010	\$27,500.00	56	Noted as completed	1
	PA-16868	3/3/2011	\$100,000.00	44	Est. completion 10/14	
	PA-16979	8/1/2011	\$200,000.00	26	BAMR not available	1
	PA-15612	9/21/2007	\$145,000.00	84	To be extended	1
RD	AL-16493	9/30/2009	\$300,000.00	60	Est. completion 9/14	
	GA-15748	9/25/2007	\$300,000.00	84	Est. completion 9/14	
	GA-15919	9/22/2008	\$300,000.00	72	Funds to be deobligated	1 ✓
	GA-16606	8/25/2010	\$150,000.00	49	Delayed bids anticipated	1
	GA-16694	9/20/2010	\$300,000.00	48	Should be cancelled	1 ✓
	GA-17025	9/27/2011	\$300,000.00	36	Construction ongoing	
	GA-17103	9/1/2011	\$300,000.00	37	Problems resolution on going	1
	KY-16731	8/11/2011	\$500,000.00	38	Bid over budget	1
	KY-16766	8/25/2010	\$600,000.00	49	Preparing to bid	1
	KY-17098	8/22/2011	\$600,000.00	37	No ARC funds spent	1
	MD-17116	9/26/2011	\$150,000.00	36	No bids received	1
	NC-16681	9/8/2010	\$300,000.00	49	Est. completion 1/14	1
	NC-16913	1/5/2012	\$300,000.00	32	Est. completion 3/15	
	NC-16999	9/19/2011	\$420,000.00	36	Est. completion 2/14	1
	NC-17013	9/14/2011	\$100,000.00	36	Design not started	1
	NY-15928	8/7/2008	\$150,000.00	74	Est. completion 6/14	
	NY-16873	3/3/2011	\$150,000.00	42	No comment	1
	NY-16875	8/2/2011	\$150,000.00	38	Est. completion 12/14	
	NY-17092	9/14/2011	\$150,000.00	36	Est. completion 12/14	
	OH-16428	9/24/2010	\$250,000.00	48	Started - no reused date	
	PA-16627	5/17/2010	\$200,000.00	52	Don't need grant	1 ✓
	TN-15242	9/23/2005	\$500,000.00	108	Est. completion 11/14	
	TN-15243	9/20/2005	\$500,000.00	108	Construction start 11/13	
	TN-16038	9/8/2008	\$500,000.00	73	Est. completion 3/15	
	TN-16654	9/8/2010	\$500,000.00	48	Est. completion 11/14	
	TN-16701	9/28/2010	\$500,000.00	48	Project withdrawn	1 ✓
	TN-17133	9/20/2011	\$500,000.00	36	Hope to bid 4/14	1
	TN-17166	9/21/2011	\$135,000.00	36	No work will be done	1 ✓
	TN-17189	1/23/2012	\$500,000.00	32	Est. completion early 2014	1
	VA-15703	9/21/2007	\$400,000.00	108	Two bids over budget	1
	VA-16600	9/21/2010	\$500,000.00	48	Project stopped - high bid	1 ✓
	VA-16645	9/21/2010	\$500,000.00	48	Using interim financing	1 ✓
	VA-16720	9/24/2010	\$100,000.00	48	Bid over budget	1
	WV-15391	8/29/2006	\$1,000,000.00	96	Est. completion 6/15	

TVA	GA-16793	9/8/2010	\$245,000.00	49	Proceed with design 12/15/11	1
	GA-17033	9/1/2011	\$39,100.00	37	Proceed 6/25/11	1
	GA-17034	9/1/2011	\$167,162.00	37	Proceed with design 6/12	1
	NC-16314	2/16/2011	\$300,000.00	43	Notice to bid 6/7/12	1
	NC-16679	9/30/2010	\$300,000.00	48	Plans reviewed 10/4/13	1
	TN-15205	9/16/2005	\$400,000.00	108	Scope under review 1/18/06	1
	TN-16657	9/23/2010	<u>\$500,000.00</u>	60	Proceed 2/14/13	1
			<u>\$15,223,680.00</u>			

1/ Grant for priority follow-up.

TABLE B

Open Grants Approved Between 4/1/12 and 1/1/13
No ARC Payments

HUD	Grant	Approved	ARC funds	Months since approval	
	OH-17426	9/17/2012	\$250,000.00	24	
	PA-17254	6/22/2012	\$100,000.00	27	1
RD	AL-17228	9/7/2012	\$200,000.00	25	
	GA-17266	9/26/2012	\$300,000.00	24	
	GA-17270	9/27/2012	\$300,000.00	24	
	KY-17384	8/31/2012	\$500,000.00	25	
	KY-17404	9/6/2012	\$400,000.00	25	
	MD-17344	7/23/2012	\$200,000.00	27	
	MD-17383	8/28/2012	\$275,000.00	25	
	NC-16996	9/17/2012	\$300,000.00	24	
	NY-17290	6/22/2012	\$150,000.00	27	
	PA-17255	8/28/2012	\$200,000.00	25	
	PA-17268	8/31/2012	\$75,000.00	25	
	TN-17319	7/17/2012	\$500,000.00	27	
	TN-17332	7/23/2012	\$500,000.00	27	
	TN-17379	9/6/2012	\$404,500.00	25	
	WV-17399	9/18/2012	\$1,000,000.00	24	
TVA	AL-17227	7/23/2012	\$69,264.00	26	
	AL-17231	7/23/2012	\$200,000.00	25	
	GA-17305	9/24/2012	\$300,000.00	26	
	MS-17352	7/23/2012	\$300,000.00	24	
	TN-17330	9/25/2012	\$486,794.00	24	
	TN-17334	7/17/2012	\$426,128.00	26	
	TN-17338	9/6/2012	\$500,000.00	26	
	TN-17339	8/14/2012	\$137,825.00	25	
			<u>\$8,074,511.00</u>		

1/ Grant to be obligated per ARC file.

TABLE C

RD, TVA and EDA Grants with Balances for Follow-up

<u>RD</u>	<u>Grant</u>	<u>Approved</u>	<u>ARC funds</u>	<u>Balance</u>	<u>Last payment</u>
	GA-15920	9/21/2008	\$248,500.00	\$9,523.00	8/31/2013
	GA-16421	9/30/2009	\$300,000.00	\$7,268.00	7/31/2012
	KY-16363	9/16/2009	\$650,000.00	\$33,616.00	11/30/2013
	KY-16405	9/9/2009	\$500,000.00	\$81,620.00	7/31/2012
	KY-16540	2/25/2010	\$300,000.00	\$22,323.00	11/30/2013
	KY-16765	8/25/2010	\$578,513.00	\$21,418.00	11/30/2012
	MS-15879	9/8/2008	\$240,000.00	\$6,322.00	7/31/2014
	NC-15892	8/24/2009	\$300,000.00	\$3,267.00	4/30/2013
	NC-16682	9/29/2010	\$525,927.00	\$47,436.00	8/31/2013
	TN-16704	9/8/2010	\$500,000.00	\$26,407.00	1/31/2014
	TN-17320	7/17/2012	\$499,899.00	\$4,863.00	5/31/2014
	WV-16442	9/9/2009	\$1,000,000.00	\$113.00	7/31/2012
TVA	AL-16597	6/17/2010	\$48,000.00	\$365.00	6/30/2014
	AL-17222	7/11/2012	\$143,717.00	\$227.00	2/28/2014
	GA-17031	8/30/2011	\$299,600.00	\$13,135.00	4/30/2014
	MS-17074	9/14/2011	\$250,000.00	\$7,375.00	7/31/2014
	MS-17123	9/26/2011	\$131,000.00	\$40,783.00	4/30/2013
	MS-17131	9/21/2011	\$288,000.00	\$2.00	8/21/2013
	SC-15685	9/21/2007	\$475,000.00	\$8,091.00	4/30/2014
	SC-16351	9/25/2009	\$500,000.00	\$232,500.00	7/31/2013
	TN-17167	9/20/2011	\$500,000.00	\$499,743.00	7/31/2013
	WV-16438	9/16/2009	\$1,700,000.00	\$76,360.00	4/30/2014
EDA	GA-16607	6/17/2010	\$300,000.00	\$30,000.00	4/30/2014