



May 4, 2015

To: Federal Co-Chair
ARC Executive Director
ARC General Counsel
ARC Program Manager
From: Hubert Sparks, Inspector General

Subject: OIG Report 15-20, Open Older ARC Administered Grants

The attached draft report updates Report 14-41, dated September 30, 2014.

Of particular significance are the grants for which no change was noted and grants with expired end dates for which expenditures after the end date would be considered ineligible per ARC and Federal Guidelines.

Thus, the primary recommendations pertain to follow-up on grants with limited or no disbursements and grants with expired end dates to obtain justified and documented performance period extensions where applicable or closing and de-obligations.



**Older Open ARC Administered Grants
OIG Report 15-20**

May 4, 2015

Older Open ARC Administered Grants OIG Report 15-20

Background

This report updates Report 14-41, September 30, 2014 that identified seven grants for follow-up based on limited reported disbursements and 12 grants with expired performance periods and ARC balances. This report also identifies additional grants for follow-up due to no or limited ARC disbursements, expired performance periods, and zero balances.

Information in ARC.Net (ARC Grant Management System) was used to determine grant status, including actions initiated.

Results

ARC actions to follow-up on ARC with limited disbursements continued including resolving issues involving older projects and utilizing ARC.Net to further assist staff with tracking status of grants.

Follow-up on Report 14-41, dated September 30, 2014

No change was noted with respect to five grants with no ARC disbursements and balances totaling \$203,500 that were approved prior to 10/1/11 (table A). Table A also includes one grant for \$100,000 in this category that was not included in the prior report.

One of two grants with limited activity noted in the prior report was closed and no change was noted for one grant with a balance of \$231,241 (table C).

With respect to twelve open grants noted as having expired end dates no change was noted in eleven instances with balances of \$333,642 (table D).

Additional Grants for Follow-up

Seven additional open grants approved between 10/1/11 and 3/31/13 and having no reported ARC disbursements for periods ranging from 29 to 36 months of approval were identified. The balances of these grants was \$927,042 (table B). Action initiated to de-obligate \$137,696 for one grant.

Table C identifies 19 grants with small balances and/or no recent disbursements with balances totaling \$1,303,909. Action initiated to de-obligate \$205,061 for one grant.

In 72 instances, including 11 of 12 grants identified in prior report, end dates had expired. In 18 cases ARC disbursements were reported after the established end dates and in 17 instances no disbursements had been made. The balances of these grants totaled \$4,079,771 (table D).

As noted in prior reports costs incurred after end dates are considered ineligible and subject to recovery. The ARC Grant Administration Manual states “ARC will not reimburse expenditures occurring before or after the grant period and grant period extensions should be requested and approved by ARC before the grant period expires”.

Federal grant regulations that ARC generally follow specifies that, with exceptions, there can be a one-time extension of the expiration date of the award up to 12 months. For one time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised expiration date at least 10 days before the expiration date specified in the award. The one-time extension may not be exercised merely for the purpose of using un-obligated balances.

If extensions are approved un-obligated balances can be carried over to subsequent funding periods.

We did not attempt for this report to identify grantee expenditures made after performance periods expired but the potential exists for grantee expenditures to be incurred after performance periods ended, particularly where performance periods ended many months prior to ARC disbursements and the end dates were not extended.

Excluding RLF, investment related, and LDD Administrative grants 21 grants with zero balances, including 19 CO grants were identified for follow-up and potential closing (Table E).

Recommendations:

1. Follow-up identified grants with no disbursements within 30 months of grant approval and establishment of an automated control that identifies grants in this category for timely follow-up to obtain grant status, including closing and de-obligation.

2. Follow-up on grants identified with for lengthy periods between disbursements and/or smaller balances in relation to grants approved to determine potential for closing and de-obligation.

3. To avoid ineligible disbursement of grant funds controls should be established to identify, on a timely basis, expiration of performance periods and needed actions, including justified and documented extensions of performance periods or termination of grants.

4. Grantees should be notified of the need to request and justify extensions prior to the expiration of agreed with performance periods, coordinator monitoring of these end dates should be included in ARC guidelines, an automated control that highlights forthcoming open

grant end dates should be included in ARC.Net and language in the ARC Grant Administration Manual should be changed to “shall” rather than “should” with respect to grant periods.

5. Follow-up on grants with zero balances.

TABLE A

OPEN ARC ADMINISTERED GRANTS WITH NO DISBURSEMENTS
APPROVED PRIOR TO OCTOBER 1, 2011

<u>Grant #</u>	<u>Date</u> <u>Approved</u>	<u>ARC Funds</u>	<u>Months Since</u> <u>Approval as of</u> <u>3/31/15</u>	
AL-15875	5/27/2008	\$50,000.00	83	1/
VA-16611	9/30/2010	\$50,000.00	48	1/
CO-16226-C1	6/3/2011	\$12,000.00	39	1/
CO-16520	11/4/2009	\$28,500.00	59	1/
CO-16828	1/28/2011	\$63,000.00	46	1/
CO-17083	9/16/2011	<u>\$100,000.00</u>	41	
		<u>\$303,500.00</u>		

1/ Included in prior report 14-41, dated September 30, 2014.

TABLE B

Open ARC Administered Grants Approved
October 1, 2011 to March 31, 2013 for Which
No Disbursements Reported as of March 31, 2015

<u>Grant #</u>	<u>Date Approved</u>	<u>ARC Funds</u>	<u>Months since Approval</u>	
AL-17518	9/17/2012	\$50,000.00	29	
AL-17225	2/23/2012	\$30,000.00	36	
CO-17280	9/25/2012	\$100,000.00	29	
KY-16468	9/24/2012	\$452,954.00	29	1
NY-17301	8/3/2012	\$15,000.00	30	
OH-17314	8/18/2012	\$250,000.00	30	
PA-17196	6/22/2012	<u>\$29,088.00</u>	33	
		<u>\$927,042.00</u>		

1/ Action in process to address this grant. Action initiated to de-obligate \$137,696.

Table C

Open ARC Administered Grants with Smaller Balances
And/or No Recent Disbursements

<u>Grant #</u>	<u>Date Approved</u>	<u>ARC Funds</u>	<u>Balance</u>	<u>Last Payment</u>	<u>Notes</u>
AL-17217	4/6/2012	\$200,000.00	\$47,196.00	12/20/2013	2
MD-16526	1/21/2010	\$10,000.00	\$3,500.00	12/23/2011	2
KY-16468	9/30/2009	\$593,978.00	\$466,255.00	10/9/2012	4
KY-16718	9/21/2010	\$85,000.00	\$39,262.00	3/30/2012	2
NY-16342	4/19/2010	\$148,500.00	\$81,831.00	6/18/2012	3
NY-16592	4/19/2010	\$77,460.00	\$28,500.00	9/7/2012	2
NY-17302	8/3/2012	\$6,100.00	\$1,800.00	10/17/2013	2
NY-17118	9/6/2011	\$150,000.00	\$15,000.00	10/28/2013	2
TN-17163	9/29/2011	\$214,982.00	\$21,517.00	11/2/2013	2
VA-16956	6/7/2011	\$50,000.00	\$29,196.00	7/30/2012	2
VA-16973	9/27/2011	\$58,000.00	\$55,581.00	1/31/2013	2
VA-16944	8/8/2011	\$500,000.00	\$50,000.00	10/28/2013	2
VA-17062	8/22/2011	\$20,000.00	\$2,523.00	11/14/2012	2
VA-17120	9/28/2011	\$60,000.00	\$16,000.00	12/19/2012	2
WV-14258	9/3/2002	\$320,000.00	\$231,241.00	5/7/2008	1, 3
CO-16853	8/14/2011	\$74,155.00	\$67,988.00	11/8/2012	2
CO-16857	2/1/2011	\$75,000.00	\$37,000.00	7/2/2013	2
CO-17069	8/30/2011	\$99,696.00	\$84,519.00	12/14/2012	
CO-17394	6/11/2012	\$50,000.00	\$25,000.00	10/31/2012	
<u>19</u>			<u>\$1,303,909.00</u>		

Notes:

1/ In prior report 14-41, dated September 30, 2014

2/ End date expired.

3/ No reported end date.

4/ Additional grant for \$452,954 approved September 24, 2012 has no disbursements reported as of March 31, 2015. Action initiated to de-obligate \$205,061.

Table D

Open ARC Grants with Expired End Dates Included in Prior Report

<u>Grant No. 4/</u>	<u>End Date</u>	<u>ARC Funds</u>	<u>3/31/15 Balance</u>	<u>Last Payment</u>	
AL-15573-C2	5/31/2010	\$150,400.00	\$80.00	10/18/2010	2
AL-15875	5/31/2009	\$50,000.00	\$50,000.00		1
CO-16226 C1	7/1/2011	\$12,000.00	\$12,000.00		1
CO-16520	10/30/2011	\$28,500.00	\$28,500.00		1
CO-16828	11/1/2012	\$63,000.00	\$63,000.00		1
KY-16718	12/31/2011	\$85,000.00	\$39,262.00	3/30/2012	2
MD-16526	9/30/2011	\$10,000.00	\$3,500.00	12/23/2011	2
VA-16611	12/31/2011	\$50,000.00	\$50,000.00		1
VA-16956	7/31/2012	\$50,000.00	\$29,196.00	7/30/2012	
VA-16973	12/14/2012	\$58,000.00	\$55,581.00	1/31/2013	
VA-17062	10/1/2012	\$20,000.00	\$2,523.00	11/14/2012	

ADDITIONAL OPEN GRANTS APPROVED PRIOR TO FY 2014
WITH BALANCES AND EXPIRED END DATES

<u>Grant #</u>	<u>End Dates</u>	<u>ARC Funds</u>	<u>Balance</u>	<u>Last Payment</u>	
AL-17217	6/30/2014	\$200,000.00	\$47,196.00	12/20/2013	2
AL-17225	12/31/2012	\$30,000.00	\$30,000.00		1
AL-17517	5/30/2014	\$199,505.00	\$147,088.00	4/3/2015	
AL-17518	12/31/2014	\$50,000.00	\$50,000.00		1
AL-17566	3/31/2015	\$12,877.00	\$12,877.00		1
AL-7805 C-32	8/31/2014	\$146,855.00	\$27,355.00	11/3/2014	2
KY-16080-C4	3/31/2015	\$571,350.00	\$34,835.00	1/9/2015	
KY-16468	11/30/2012	\$593,978.00	\$466,255.00	10/9/2012	3
KY-16468-C1	9/30/2014	\$452,954.00	\$452,954.00		1, 3
KY-17015	9/30/2013	\$1,000,000.00	\$215,778.00	4/13/2015	2
KY-17593	1/31/2015	\$100,000.00	\$10,000.00	10/24/2014	
KY-17604	9/31/14	\$47,200.00	\$47,200.00		1
KY-17608	8/31/2014	\$449,996.00	\$176,693.00	4/6/2015	2
KY-7779-C33	9/30/2014	\$151,723.00	\$72,560.00	1/23/2015	2

(continued)

<u>Grant #</u>	<u>End Dates</u>	<u>ARC Funds</u>	<u>Balance</u>	<u>Last Payment</u>	
MS-16061-C3					
+R1	12/31/2014	\$273,000.00	\$73,023.00	7/22/2014	
MS-17697	10/1/2014	\$22,316.00	\$2,232.00	2/24/2014	
NC-17465	3/31/2015	\$100,000.00	\$3,352.00	4/1/2015	
NC-17468	2/28/2015	\$80,000.00	\$38,289.00	12/15/2014	
NY-16342	10/30/2012	\$148,500.00	\$81,831.00	6/18/2012	
NY-16592	3/31/2013	\$77,460.00	\$28,500.00	9/7/2012	
NY-17295	12/31/2014	\$80,966.00	\$1,221.00	4/3/2015	2
NY-17300	9/30/2014	\$150,000.00	\$3,961.00	4/3/2015	2
NY-17301	3/1/2013	\$15,000.00	\$15,000.00		1
NY-17302	7/31/2013	\$6,100.00	\$1,600.00	10/17/2013	
NY-17411	10/1/2014	\$100,000.00	\$17,546.00	9/22/2014	
NY-17450	12/31/2013	\$39,416.00	\$21,727.00	7/22/2013	
NY-17533	2/28/2015	\$97,500.00	\$12,884.00	3/18/2015	
NY-7776-C34	9/31/14	\$236,536.00	\$16,050.00	4/13/2015	
OH-17314	2/28/2015	\$250,000.00	\$250,000.00		1
OH-17677	3/30/2015	\$119,500.00	\$33,865.00	1/28/2015	
PA-17118	12/31/2014	\$150,000.00	\$15,000.00	10/28/2013	
PA-17196	6/30/2013	\$29,088.00	\$29,088.00		1
PA-17659	3/31/2015	\$33,923.00	\$33,923.00		1
PA-17698	3/31/2015	\$70,000.00	\$5,104.00	3/30/2015	
PA-7784-C34	9/30/2014	\$193,870.00	\$48,191.00	12/1/2014	
SC-17412-C1	3/31/2015	\$250,000.00	\$195,133.00	10/1/2014	
SC-17602	3/31/2015	\$55,000.00	\$7,274.00	3/23/2015	
TN-17163	12/31/2013	\$214,982.00	\$21,517.00	11/7/2013	
TN-17667	12/31/2014	\$88,000.00	\$48,840.00	10/16/2014	
TN-17691	3/31/2015	\$40,000.00	\$18,722.00	11/5/2014	
VA-16944	8/31/2014	\$500,000.00	\$50,000.00	10/28/2013	
VA-17120	5/31/2013	\$60,000.00	\$22,000.00	12/19/2012	
VA-17382	3/31/2014	\$500,000.00	\$32,209.00	4/29/2014	2
VA-17674	8/1/2014	\$32,000.00	\$21,999.00	12/18/2014	2
WV-14258		\$320,000.00	\$231,241.00	5/7/2008	5

ADDITIONAL CO GRANTS

<u>Grant #</u>	<u>End Dates</u>	<u>ARC Funds</u>	<u>Balance</u>	<u>Last Payment</u>	
CO-13764 C2-H	9/30/2014	\$396,009.00	\$20,969.00	9/10/2014	
CO-13956 C4-A	3/31/2015	\$263,177.00	\$26,318.00	3/19/2015	
CO-16226 C1	7/1/2011	\$12,000.00	\$12,000.00		1
CO-16509 C4	NONE	\$45,000.00	\$45,000.00		1, 5
CO-16853	12/31/2012	\$74,156.00	\$67,988.00	11/8/2012	
CO-16857	12/31/2013	\$75,000.00	\$37,000.00	7/2/2013	
CO-17070	3/31/2015	\$99,100.00	\$14,110.00	8/13/2014	
CO-17077	12/31/2014	\$100,000.00	\$50,875.00	9/30/2014	
CO-17083	7/31/2014	\$100,000.00	\$100,000.00		1
CO-17085	8/31/2014	\$100,000.00	\$17,580.00	6/20/2014	
CO-17261	12/31/2014	\$146,895.00	\$48,824.00	2/12/2015	2
CO-17393	12/31/2014	\$100,000.00	\$50,000.00	11/3/2014	
CO-17446	9/30/2013	\$45,000.00	\$8,204.00	10/24/2014	2
CO-17451	3/31/2015	\$164,182.00	\$16,244.00	3/19/2015	
CO-17485	12/31/2014	\$188,345.00	\$42,504.00	8/26/2014	
<u>CO-17642</u>	8/31/2014	\$42,975.00	<u>\$16,400.00</u>	11/13/2014	2
<u>72</u>			<u>\$4,079,771.00</u>		

Notes:

1/ No disbursements since grant approval.

2/ Payments after end of grant period.

3/ Action in process to address these grants. Eligibility of any expenditures after end dates questionable.

4/ Some grants included in other tables

5/ No end date noted.

TABLE E

**GRANTS WITH ZERO BALANCES, EXCLUDING RLF,
INVESTMENT FUNDS AND LDD ADMINISTRATIVE GRANTS**

Grant No.	<u>Last Payment</u>
AL-17777	8/18/2014
CO-16839	6/11/2012
CO-16823	6/14/2011
CO-17176	12/12/2011
CO-17202	7/24/2013
CO-17842	9/12/2014
CO-17983 -17996	9/29/2014 1, 2, 3
CO-18015	11/10/2014
NC-15822	12/22/2012

1/ Trade Assistance Community College & Career Training grants

2/ Includes two grants with balances of .20 and .40 cents.

3/ Excludes grant CO-17985 for \$3,100 for which no disbursement reported.