



**Open ARC Administered Grants
OIG Report 13-19**

March 31, 2013

**Open ARC Administered Grants
OIG Report 13-19
March 31, 2013**

Background and Scope

This report updates report 12-27; dated September 30, 2012 that identified ARC administered grants, excluding LDDs, with limited activity, expired end dates and potential for closings and/or de-obligations and updates the status of ARC administered grants as of March 31, 2013.

We utilized information from ARC.Net (Grant Management System) and identified grants with limited activity and expired end dates. We used 18 months as a base period for identifying grants with limited or no activity in line with ARC guidance that allows actions to be initiated if grant implementation is not started within 18 months of grant approval. We consider 18 months to be a reasonable period for initiation of follow-up action to determine and document grant status, including the potential for grant closings and de-obligations.

Results

ARC has generally initiated effective actions to follow-up on ARC administered grants with limited disbursements of ARC funds over a lengthy period. We noted, however, numerous instances where established performance periods had expired without action which could result in unallowable expenditures if expiration extensions are not justified and implemented, and needed follow-up on older open grants with no, or limited disbursements.

Older Open Grants with Limited Disbursements

We identified 17 grants (Table A) as having no reported disbursements 18 months after grant approval. These grants had ARC funds totaling \$1,992,874.

This included 6 of 12 grants noted in Report 12-27 for which there remained no ARC disbursements valued at \$536,610. We also identified 11 additional grants for which at least 18 months have passed since grant approval and no disbursements were reported in ARC.Net. The value of these grants was \$1,455,764.

With respect to the other six grants included in Report 12-27 as having no ARC disbursements, four de-obligations totaling \$91,595 were reported and disbursements were made in the two other cases.

Report 12-27 also identified 13 grants with disbursements but significant time periods since prior disbursements. Actions initiated on these grants included de-obligations of \$68,914 in six cases, one refund of \$21,828, four recent disbursements and two cases of no change in grant status.

Table B identifies 6 grants with balances totaling \$652,177 as having no recent disbursements for between 15 and 58 months, including two grants in the prior report.

Continued emphasis should be placed on follow-up on grants with limited activity, including grants with significantly delayed start-ups or lengthy periods between requested disbursements.

Expired Grants

We identified 45 open grants with balances totaling \$2,343,790 which had end dates prior to January 1, 2013. See Table C.

Accurate end dates are important since Federal grant regulations consider expenditures made subsequent to established performance periods as unallowable and not reimbursable. Also, the ARC Grant Administration Manual states "ARC will not reimburse expenditures occurring before or after the grant period. As noted in Section III above, Project Changes, grant period extensions should be requested and approved by ARC before the grant period expires".

In 9 cases, grants with no disbursements for at least 18 months since approval had expired performance periods. ARC funds approved for these grants were \$1,088,284.

We did not attempt 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 previously or for older grants for which no disbursements have been noted to date.

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 extensions of performance periods or termination of grants.

The reported grants should be reviewed to determine if grant extensions are warranted. Extended approvals should be documented as to the reasons for the extension and potential for project completion in line with any requested extension.

Grantees should be notified of the need to request and justify extensions prior to the expiration of agreed with performance periods also, 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.

Zero Balances

Table D identifies 11 grants having zero balances with the last disbursement dates ranging from one to ten years prior to March 31, 2013. This included grants, 7 included in Report 12-27.

Actions should be initiated in line with effective grant management practices to close grants with zero balances on a timely basis.

TABLE A

OPEN ARC ADMINISTERED GRANTS APPROVED PRIOR TO OCTOBER 1, 2011
FOR WHICH NO ARC DISBURSEMENTS REPORTED

<u>Grant #</u>	<u>Date Approved</u>	<u>ARC Funds</u>	Months Since Approval as <u>of 3/31/13</u>	<u>Notes</u>
AL-15875	5/27/2008	\$50,000.00	57	1/ 2/
AL-17171	9/29/2011	\$169,161.00	18	
AL-17172	9/29/2011	\$38,739.00	18	
GA-16213	9/24/2010	\$94,110.00	30	1/
KY-16798-C-1	3/31/2011	\$500,000.00	24	2/
KY-16833	9/24/2010	\$110,000.00	29	1/ 2/
MS-16960	7/8/2011	\$48,580.00	20	
NY-7776-C-32	3/3/2011	\$266,034.00	24	2/
NC-15742-C-2	6/29/2011	\$100,000.00	21	
OH-16744	9/13/2010	\$204,000.00	30	1/
PA-17118	9/16/2011	\$150,000.00	18	
TN-17156	8/1/2011	\$100,000.00	19	
VA-16611	9/30/2010	\$50,000.00	30	1/ 2/
CO-16226	6/3/2011	\$12,000.00	21	2/
CO-16520	11/4/2009	\$28,500.00	41	1/ 2/
CO-16828	1/28/2011	\$63,000.00	28	2/
<u>CO-16926</u>	6/30/2011	<u>\$8,750.00</u>	21	2/
<u>17</u>		<u>\$1,992,874.00</u>		

1/ Included in Report 12-27, dated 9/30/12

2/ End dates expired

TABLE B

OPEN ARC ADMINISTERED GRANTS WITH LENGTHY PERIODS
SINCE LAST DISBURSEMENTS

<u>Grant #</u>	<u>Date Approved</u>	<u>Balance</u>	<u>Last Disbursement</u>	Months Since Last <u>Disbursement</u>	<u>Notes</u>
WV-14258	9/3/2002	\$231,241.00	5/7/2008	58	
MS-16410	8/17/2009	\$16,250.00	2/16/2011	25	
MS-16788	9/7/2010	\$50,000.00	12/5/2011	15	
KY-15493	9/28/2006	\$320,186.00	4/13/2010	35	1/
CO-15526	9/28/2006	\$30,000.00	5/21/2009	46	1/
<u>CO-16392</u>	9/16/2009	<u>\$4,500.00</u>	9/7/2011	19	
<u>6</u>		<u>\$652,177.00</u>			

1/ Included in prior Report 12-26

TABLE C

OPEN ARC ADMINISTERED GRANTS
WITH END DATES PRIOR TO 1/1/13

<u>Grant #</u>	<u>3/31/13 Balance</u>	<u>End Date</u>	<u>Notes</u>
GA-16773	\$31,509.00	9/1/2012	
KY-16798	\$500,000.00	10/30/2012	1/
GA-16712	\$42,339.00	9/30/2012	
KY-16833	\$110,000.00	9/24/2010	1/
MS-17111	\$18,000.00	8/30/2011	
MS-16595	\$26,924.00	12/20/2012	
OH-16259	\$149,328.00	8/31/2012	
VA-16780	\$24,814.00	12/31/2012	
CO-16093	\$7,500.00	12/31/2011	
CO-16226	\$12,000.00	8/3/2011	1/
CO-16227	\$1,000.00	12/31/2012	
CO-16828	\$63,000.00	11/1/2012	1/
CO-16850	\$4,080.00	12/15/2012	
CO-16853	\$67,988.00	2/31/12	
CO-16855	\$43,679.00	8/31/2012	
CO-16890	\$28,331.00	11/30/2012	
CO-1712	\$30,000.00	12/31/2012	
CO-17455	\$2,000.00	12/31/2012	
CO-16926	\$8,750.00	12/30/2012	1/
CO-17340	\$5,000.00	12/30/2012	
OH-7781	\$69,276.00	9/30/2012	
VA-16956	\$29,196.00	7/31/2012	
CO-17147	\$27,181.00	9/30/2012	
CO-17241	\$16,875.00	12/31/2012	
AL-15573	\$80.00	5/31/2010	
AL-15875	\$50,000.00	5/31/2009	1/
KY-16718	\$39,262.00	12/31/2011	
AL-16578	\$2,653.00	10/31/2012	
AL-17203	\$25,000.00	12/31/2012	
GA-14773	\$8,695.00	12/31/2012	
KY-16080	\$278,521.00	12/31/2012	
MD-16770	\$2,000.00	7/31/2012	
MD-16971	\$2,000.00	12/31/2012	
MS-16061	\$11,122.00	12/13/2012	
VA-16973	\$55,581.00	12/14/2012	
VA-17062	\$2,523.00	10/1/2012	
AL-15842	\$18,949.00	12/31/2012	
AL-16184	\$30,000.00	12/31/2012	
NY-7776	\$266,034.00	9/30/2012	1/
OH-10533	\$135,000.00	12/31/2012	

WV-17454	\$11,200.00	10/30/2012	
MD-16526	\$3,500.00	9/30/2011	
PA-16758	\$4,400.00	6/30/2011	
VA-16611	\$50,000.00	12/31/2011	1/
CO-16520	<u>\$28,500.00</u>	10/30/2011	1/
	<u>\$2,343,790.00</u>		

1/ Grants with no disbursements prior to or subsequent to end dates

TABLE D

ARC ADMINISTERED GRANTS WITH ZERO BALANCES
EXCLUDING LDDs

<u>Grant #</u>	<u>Last Disbursement</u>	<u>Notes</u>
KY-13154	1/10/2003	
NC-15742-C-1	8/24/2011	
NC-15742-1	10/14/2008	1/
SC-17046	8/5/2011	1/
VA-11056	9/21/1993	
WV-13966	11/10/2004	1/
TN-13079	8/24/2004	1/
CO-13090	1/14/2003	
CO-13816	6/18/2004	1/
CO-14421	8/9/2010	1/
CO-15528	12/30/2011	1/

1/ In prior Report 12-27

TABLE A

BASIC AGENCY GRANTS WITH NO ARC DISBURSEMENTS

AT LEAST TWO YEARS AFTER APPROVAL AS OF 3/31/31

Grant #	Date Approved	ARC Funds	Months since Approved	Comment on ARC.Net Disbursement Record or BAMR	
RDS					
AL-16493	9/30/2009	\$300,000.00	42	None	1/ 2/
GA-15649	8/30/2007	\$300,000.00	67	To be completed in 2012	1/ 2/
GA-15748	9/25/2007	\$300,000.00	66	Still Considered Active	1/ 2/
GA-15919	9/22/2008	\$300,000.00	54	Returned for Changes	1/ 2/
GA-15963	9/24/2008	\$149,725.00	54	Out to bid	1/ 2/
GA-16606	8/25/2010	\$150,000.00	31	None	1/ 2/
GA-16694	9/20/2010	\$300,000.00	30	None	1/ 2/
KY-16423	9/14/2006	\$200,000.00	41	No recent activity	1/ 3/
KY-16715	8/12/2010	\$384,000.00	31	Design phase started - DPS	1/ 3/
KY-16717	3/31/2011	\$525,000.00	24	DPS - construction start in 30 days	3/
KY-16766	8/25/2010	\$600,000.00	31	DPS obtaining right of way	1/ 3/
MD-14350	9/21/2004	\$250,000.00	102	Still in pre-construction stage - DPS	1/ 3/
MD-16539	2/4/2010	\$40,000.00	36	Project started	1/ 3/
MS-16374	9/16/2009	\$300,000.00	41	DPS	1/ 2/ 3/
NC-15890	9/21/2008	\$300,000.00	54	To use ARC funding in 2012	1/ 2/
NC-16311	9/21/2010	\$300,000.00	30	None	1/ 2/
NC-16315	9/20/2010	\$300,000.00	30	None	1/ 2/
NC-16679	9/30/2010	\$300,000.00	30	Construction to begin June 2012	2/
NC-16681	9/28/2010	\$300,000.00	30	None	1/ 2/
NC-16682	9/29/2010	\$525,927.00	30	Additional Grant 11/29/12	1/ 2/
NY-15928	8/7/2008	\$150,000.00	55	Expect Completion 7/31/2012	1/ 2/
NY-16101	9/25/2008	\$150,000.00	54	DPS	1/ 3/
NY-16343	9/9/2009	\$150,000.00	42	99% completed	1/ 3/
NY-16873	3/3/2011	\$150,000.00	25	On hold. Change of municipal leaders	2/
OH-16428	9/24/2010	\$250,000.00	30	Construction started	1/ 3/
PA-16627	5/17/2010	\$200,000.00	34	Construction started	3/
TN-15242	9/23/2005	\$500,000.00	90	Awaiting MOU with USDA F&W	1/ 3/
TN-15243	9/20/2005	\$500,000.00	90	Awaiting water test	1/ 3/
TN-16038	9/8/2008	\$500,000.00	54	Waiting on Waterline to utility	1/ 3/
TN-16124	9/26/2008	\$500,000.00	54	DPS	1/ 3/
TN-16654	9/8/2010	\$500,000.00	30	Awaiting MOU with USDA F&W	1/ 3/
TN-16700	8/26/2010	\$500,000.00	31	Being reviewed by USDA	1/ 3/
TN-16701	9/28/2010	\$500,000.00	30	DPS - awaiting documents	1/ 3/
TN-16702	9/16/2010	\$106,880.00	29	DPS - construction later in year	1/ 3/
TN-16703	8/24/2010	\$487,742.00	31	DPS - awaiting project engineer	3/
VA-15703	9/21/2007	\$400,000.00	66	DPS	1/ 3/
VA-16300	2/4/2010	\$431,789.00	28	DPS	1/ 3/

VA-16600	9/21/2010	\$500,000.00	30	Financial comments only	1/ 3/
VA-16645	9/21/2010	\$500,000.00	30	Being redesigned	1/ 3/
VA-16720	9/24/2010	\$100,000.00	30	Financial comments only	1/ 3/
WV-14461	4/29/2003	\$1,000,000.00	121	Construction started	1/ 3/
WV-15391	8/29/2006	\$1,000,000.00	84	To be cancelled 11/11 per ARC.Net	1/ 2/
WV-16746	8/12/2010	\$1,500,000.00	31	Construction started	1/ 3/
WV-16751	8/18/2010	\$1,250,000.00	31	DPS	1/ 3/
WV-16795	9/24/2010	\$1,500,000.00	30	DPS	1/ 3/

45

\$19,451,063.00

Months
since Last comment on ARC.Net

Grant # te Approved ARC Funds Approved Dispersement Record

TVA

GA-16030	7/28/2008	\$300,000.00	83	expect to completion by 7-12	1/ 2/
GA-16793	9/28/2010	\$245,000.00	30	None	1/ 2/
MS-16244	5/20/2009	\$237,475.00	43	revise design, 11-16-11.	1/ 2/
NC-16314	2/16/2011	\$300,000.00	25	To be completed 9/13	2/
NC-16679	9/30/2010	\$300,000.00	30	Expected to begin 6/12	2/
TN-15205	9/16/2005	\$400,000.00	90	No activity 11/22/11	1/ 2/
TN-15801	9/28/2007	\$500,000.00	66	waiting on TVA response, 11-22-11	1/ 2/
TN-16331	9/23/2006	\$250,000.00	42	will be completed Summer 2012	1/ 2/
TN-16657	9/30/2010	\$500,000.00	30	waiting on agreement 11/22/11	1/ 2/
TN-16658	9/20/2010	\$206,952.00	30	to begin project in 2013	1/ 2/
TN-16659	8/18/2010	\$317,383.00	31	To be bid 8/12	2/
TN-16660	8/2/2010	\$270,000.00	31	waiting on agreement 9/20/11	2/

12 \$3,826,810.00

HUD

NY-16270	9/9/2009	\$144,918.00	42	None	2/
PA-16508	1/25/2010	\$27,500.00	39	Apparently completed	1/ 2/
PA-15612	9/21/2007	\$145,000.00	66	Design problems	1/ 3/
PA-16868	3/3/2011	\$100,000.00	24	HUD objects to grant objective	2/
SC-16727	8/18/2010	\$424,831.00	31	None	1/ 2/

5 \$842,249.00

EDA

OH-16782	9/8/2010	\$250,000.00	30	DPS-easement problems	1/ 2/ 3/
----------	----------	--------------	----	-----------------------	----------

1 \$250,000.00

Totals 63 \$24,370,122.00

1/Included in Report 12-26 dated September 30,2012.

2/ ARC.Net notations

3/ BAMR response notations.

(DPS - means Design phase started)

TABLE B

BASIC AGENCY GRANTS APPROVED 3/31 TO 10/1/11
with no Reported Payments as of 3/31/13 (18 - 24 months)

<u>Grant #</u>	<u>Date Approved</u>	<u>Amount</u>
<u>RDS</u>		
KY-16731	8/11/2011	\$500,000.00
NY-16875	8/2/2011	\$150,000.00
PA-16970	6/22/2011	\$218,000.00
NC-16999	9/19/2011	\$420,000.00
NC-17013	9/14/2011	\$100,000.00
GA-17025	9/27/2011	\$300,000.00
NY-17092	9/14/2011	\$150,000.00
KY-17097	9/20/2011	\$500,000.00
KY-17098	8/22/2011	\$600,000.00
GA-17103	9/1/2011	\$300,000.00
TN-17154	9/30/2011	\$500,000.00
TN-17164	9/20/2011	\$80,500.00
TN-17166	9/21/2011	\$135,000.00
PA-17183	9/29/2011	<u>\$379,000.00</u>
		<u>\$4,332,500.00</u>
<u>HUD</u>		
NY-16879	8/2/2011	\$150,000.00
PA-16479	8/1/2011	\$200,000.00
OH-17165	9/30/2011	<u>\$250,000.00</u>
		<u>\$600,000.00</u>
<u>TVA</u>		
GA-16922	4/12/2011	\$300,000.00
GA-17026	8/22/2011	\$300,000.00
GA-17027	9/1/2011	\$300,000.00
GA-17033	9/1/2011	\$39,100.00
GA-17034	9/1/2011	\$167,162.00
MS-17040	8/11/2011	\$200,000.00
MS-17122	9/28/2011	\$107,650.00
MS-17124	9/28/2011	\$350,000.00
TN-17167	9/20/2011	<u>\$500,000.00</u>
		<u>\$2,263,912.00</u>
<u>EDA</u>		
GA-16964	6/15/2011	\$300,000.00
Totals	<u>27</u>	<u>\$7,496,412.00</u>

TABLE C

GRANT INFORMATION ON ARC.NET FOR HUD GRANTS

Eligible for De-Obligating

<u>Grant #</u>	<u>Date Approved</u>	<u>ARC Funds</u>	<u>Balance 3/31/13</u>
OH-14783	9/21/2004	\$292,000.00	\$148.00
MS-14844	9/23/2004	\$100,000.00	\$515.00
OH-14876	9/9/2004	\$142,050.00	\$28,981.00
MS-14889	2/2/2005	\$108,800.00	\$9,953.00
OH-15047	8/17/2005	\$277,700.00	\$36,461.00
MS-15093	9/8/2005	\$250,000.00	\$53,990.00
OH-15163	9/6/2005	\$200,000.00	\$9,220.00
OH-15181	9/8/2005	\$180,000.00	\$34,823.00
MS-15223	10/24/2005	\$259,633.00	\$72,007.00
TN-15231	9/9/2005	\$500,000.00	\$33,832.00
MS-15323	5/12/2006	\$150,000.00	\$14,744.00
VA-15374	8/15/2006	\$300,000.00	\$98,072.00
OH-15494	9/11/2006	\$200,000.00	\$66,000.00
MS-15514	9/25/2006	\$350,000.00	\$3,751.00
GA-15600	8/30/2007	\$280,000.00	\$70,789.00
MS-15638	8/28/2007	\$193,400.00	\$3,724.00
MS-15915	5/14/2008	\$129,300.00	\$3,350.00
WV-15973	7/18/2008	\$120,000.00	\$42,482.00
PA-16123	11/2/2008	\$65,000.00	\$10,510.00
MS-16225	4/24/2009	\$250,000.00	\$18,907.00
NC-15185	9/28/2005	\$200,000.00	\$200,000.00
VA-16353	6/12/2009	\$500,000.00	\$53,691.00
<u>22</u>			<u>\$865,950.00</u>

1/

1/ Grant fell through. Entity on repayment plan and notice to de-obligate funds sent to HUD 4/10/12.

TABLE D

CHILD AGENCY ADMINISTERED GRANTS WITH DISBURSEMENTS
But Limited Recent Activity

<u>Grant #</u>	<u>ARC Funds</u>	<u>Approved</u>	<u>Balance 3/31/13</u>	<u>Last Disbursement</u>	
<u>HUD</u>					
AL-15814	\$200,000.00	9/24/2007	\$107,661.00	12/31/2009	1
AL-15976	\$579,000.00	6/17/2008	\$12,022.00	11/30/2011	1
MD-15917	\$750,000.00	7/31/2008	\$487,565.00	6/4/2010	5
MS-15379	\$250,000.00	8/22/2008	\$25,975.00	7/31/2007	1
MS-16256	\$320,000.00	7/2/2009	\$32,263.00	3/31/2012	1
MS-16426	\$200,000.00	9/21/2009	\$5,576.00	11/30/2011	1
OH-16208	\$250,000.00	4/8/2009	\$4,543.00	10/31/2010	1
OH-16258	\$185,520.00	9/28/2009	\$181,988.00	1/31/2011	2
OH-16371	\$136,800.00	8/25/2009	\$24,225.00	1/31/2011	1
VA-16003	\$435,840.00	9/9/2008	<u>\$7,026.00</u>	4/30/2012	1
			<u>\$888,844.00</u>		
<u>RDS</u>					
NC-15892	\$300,000.00	8/31/2009	\$56,462.00	4/30/2011	1
TN-14943	\$500,000.00	9/30/2004	\$43,400.00	12/31/2010	3
<u>WV-16442</u>	\$1,000,000.00	9/30/2009	<u>\$113.00</u>	7/31/2012	4
			<u>\$99,975.00</u>		
Totals <u>13</u>			<u>\$988,819.00</u>		

Notes:

- 1/ No comment in ARC.Net Basic Agency Funds Management schedule since last disbursement.
- 2/ One disbursement of \$3,352 on 1/30/11.
- 3/Project reported complete as of 6/29/11.
- 4/ Small balance with de-obligation potential.
- 5/Project to be cancelled if not completed by 12/31/12