



April 5, 2018

To: ARC Executive Director
ARC General Counsel
ARC Director, Community Investments
ARC Assistant General Counsel
From: Hubert Sparks, Inspector General *HS*

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 |