



**Open Basic (Child) Agency Grants  
OIG Report 18-16**

**March 31, 2018**

## Open Basic (Child) Agency Grants as of March 31, 2018

### Summary

This report updates prior reports dealing with grant management activities. Continued emphasis on older grants, including grants with no reported expenditures, small balances, and ARC guidance with respect to follow-up if projects not started within 24 months of grant approval, grants with zero balances, and expired end dates is recommended.

ARC.Net identified 28 open grants with balances totaling \$23,291,138 approved prior to April 1, 2016 for which no ARC or other funding agency payments were reported and Basic Agency Monitoring Reports (BAMR) cited issues delaying grant implementation. This included 10 grants with balances of \$3,419,989 that were approved or obligated over four years prior to March 31, 2018 and 6 grants with balances totaling \$1,144,989 that BAMRs identified for closing and deobligations of approved funds.

Identified performance periods had expired for 15 grants with ARC balances over \$50,000 that approximated \$2.8 million and payments for expenditures after the performance period are at risk of being ineligible.

### Background and Scope

The scope included open Basic Agency administered grants excluding Federal Highway administered grants.

ARC uses other agencies such as USDA Rural Development, HUD, and EPA (Basic Agency) to administer construction related projects. The Basic Agency is responsible for monitoring and reporting on project implementation. Basic Agency is used as terminology although the official terminology for use of other agencies by ARC is Child Agency.

The ARC grant management system and the annual Basic Agency Monitoring Report (BAMR) are primary management tools for identifying the status of grants administered by Basic Agencies and necessary ARC follow-up. Although ARC guidance notes that the Commission, based on a State request, can revise or revoke grant approval if the work intended is not underway within 18 months of grant approval, the report emphasizes grants with at least 24 months from ARC approval or basic agency obligation. Due to various factors that can delay project implementation such as Basic Agency obligations, land rights, environmental studies and matching funds we previously recommended a 24 month follow-up period and use of Basic Agency obligation date as a starting point for construction related grants. We considered this

to be a more practical time frame for follow-up and implementation of a control to encourage timely project implementation. Also, most ARC cancellations and deobligations are based on grantee requests or BAMR reports and very limited use of the ARC Code provision that States can recommend cancellation of grants not started within 18 months of approval

The review was conducted in accordance with Quality Standards for Inspections and Evaluations.

## Results

Table A identifies 28 grants for which no ARC or other agency payments were reported on ARC.Net as of March 31, 2016. Balances of these grants totaled \$23,291,138 including a \$15 million dollar broadband expansion grant approved August 31, 2015. This includes 25 grants in prior reports and grants for which multiple BAMRs indicate little progress in resolving issues delaying project implementation. 10 grants were approved or funds obligated more than four years prior to March 31, 2018 and the time since approval ranged from 30 to 132 months. Follow-up on 38 grants with no payments in the prior report consisted primarily of extending performance periods in 20 cases, payments in 2 cases, identifications of construction starts in 6 cases and deobligation of \$237,000 in one case.

Table B identifies 11 open grants with balances totaling \$2,525,739 that are considered to be of particular significance for action and follow-up. This includes 6 grants with balances of \$1,144,989 where the BAMR specifically identifies the grant will not be implemented for various reasons including request withdrawn and lack of funds and recommends closing and deobligations. In 4 cases prior reports have identified the same BAMR comments including one grant reported as cancelled in 2014.

Other BAMRs indicate the same delaying issues on several annual BAMRs such as in design phase or needing additional information. For example, BAMRs for WV-15391 approved for one million dollars in 2006 note application is being updated. Although BAMRs identify a revised schedule including recommendations for performance period extensions explanatory information about resolution of project delays is not always identified.

Table C identifies 10 grants with smaller or inactive balances totaling \$89,198 and the last payment dates at least one year prior to March 31, 2018.

Expired performance periods were identified for 15 grants with ARC balances over \$50,000 approximating \$2.8 million. Project expenditures after the performance period are ineligible for reimbursement. (Table D)

84 Open Basic Agency grants had zero balances and although these grants do not impact grant management operations closing of these grants to the degree possible provides more realistic information about ARC workload and extent of active grants. We recognize closing is based on information from Basic Agencies that is not always received on a timely basis.

## Recommendations

- Follow-up actions with respect to grants noted without any ARC disbursements should be continued with emphasis on grants approved several years previous for which limited activity was noted including grants recommended for deobligation.
- Expired performance dates should be addressed based on grantee requests and support for needed extensions.
- Revise ARC guidance with respect to possible actions on inactive grants and emphasize implementation of policy with respect to project startup.
- Grants with zero balances should be closed as soon as practical.

Open Basic Agency Grants Approved Prior to April 1, 2016  
and No Reported Payments

Agency	Grant #	ARC approval	Basic agency obligation	ARC funds	End date	BAMR comment	
HUD	KY-18327	10/14/2015		\$500,000.00	12/31/2018	Estimate start 11/17	2/ 3/
	PA-15612	9/21/2007		\$145,000.00	12/31/2017	Deobligate & reallocate funds	1/ 2/ 3/
	PA-16868	3/3/2011	9/30/2012	\$100,000.00	5/1/2014	Closeout & reallocate funds	
	PA-17254	6/22/2012		\$100,000.00		Cancelled 2014	
	PA-17660	9/12/2013	7/31/2015	\$150,000.00	11/1/2017	Awaiting Penn DOT approval	1/ 2/
RD	GA-17266	9/26/2012		\$300,000.00	12/31/2019	Easement problems	2/
	GA-17590	9/18/2013	7/8/2014	\$125,000.00	7/15/2017	Design	1/ 2/
	GA-17618	8/23/2013	9/25/2013	\$300,000.00	12/31/2018	Delay - Airport construction	
	GA-17671	9/26/2013	4/18/2014	\$225,750.00	3/20/2017	Estimate Complete 3/20/17	1/
	GA-18245	9/25/2015	9/30/2015	\$300,000.00	9/1/2019	No comments	2/
	KY-18225	8/31/2015	9/30/2015	\$15,000,000.00	8/31/2020	Rights of way issue (ROW)	2/
	KY-18257	9/24/2014	9/30/2015	\$500,000.00	9/30/2019	Row & design issues	2/
	KY-18276	9/21/2015	9/30/2015	\$250,149.00	12/31/2019	need engineering design	2/
	KY-18293	9/24/2015	9/30/2015	\$350,000.00	9/30/2019	Over bid	2/
	MD-17383	8/28/2012	9/30/2012	\$275,000.00	12/31/2017	Deobligate	1/ 2/ 3/
	NC-18025	9/24/2015	9/30/2015	\$300,000.00	11/1/2015	No comment - estimate completion 11/1/15	1/ 2/
	NY-17290	6/22/2012	6/22/2012	\$150,000.00	3/6/2018	Project withdrawn	1/ 2/ 3/
	NY-17520	7/19/2013	7/19/2013	\$149,989.00	3/7/2018	Project withdrawn	1/ 2/ 3/
	NY-17743	9/15/2014		\$200,000.00	7/20/2017	NY DEC concerns	1/
	PA-18207	9/4/2015	9/30/2015	\$105,750.00	11/1/2018	Historic presentation issue	2/
	SC-18115	6/16/2015	6/30/2015	\$500,000.00	4/1/2017	No BAMR	1/2/
	TN-16038	9/8/2008		\$500,000.00	10/1/2018	To start 11/20/17	2/
TN-16660-C1	9/29/2014	9/30/2014	\$450,000.00	11/26/2018	Need design & construction documents	2/	
TN-17319	7/17/2012		\$500,000.00	1/11/2018	Withdrawal request	1/ 2/ 3/	
TN-17379	9/6/2012	9/8/2015	\$404,500.00	5/16/2019	Easement issue	2/	
TN-17907	9/4/2014	9/25/2014	\$250,000.00	10/29/2018	Funding needs	2/	
TN-18238	9/29/2015	9/30/2015	\$160,000.00	1/31/2019	Easement & routing issues	2/	

WV-15391

8/29/2006

8/31/2006

1/1/2020

Project still not closed

28

\$1,000,000.00  
\$23,291,138.00

1/ End date expired.

2/In prior report

3/BAMR recommended action

TABLE B

Priority List of Basic Agency Administered Grants with No Payments and Recommended Actions in Last Basic Agency Monitoring Report

Agency	Grant no.	ARC Approval	Basic Agency Obligation	ARC Funds	End Date	BAMR comment	
HUD	PA-15612	9/31/07	12/31/2007	\$145,000.00	12/31/2017	Deobligate funds	1/ 2/
	PA-16868	3/3/2011	9/30/2012	\$100,000.00	5/1/2014	Close and reallocate funds	1/ 2/
	PA-17254	6/22/2012		\$100,000.00		Project cancelled 2014	2/
RD	MD-17383	8/28/2012	9/30/2012	\$275,000.00	12/31/2017	General issues	1/ 2/
	NC--18025	9/24/2015	9/30/2015	\$300,000.00	11/1/2015	No comments/Estimated completion 11/1/15	1/ 2/
	NY-17290	6/22/2012	6/22/2012	\$150,000.00	12/31/2017	Project withdrawn	1/ 2/
	NY-17520	7/9/2013	7/9/2013	\$149,989.00	12/31/2017	Project withdrawn	1/ 2/
	NY-17743	9/15/2014		\$200,000.00	7/20/2017	Project not moving	1/ 2/
	PA-18270	9/4/2015	9/30/2015	\$105,750.00	11/1/2018	Historical Reservation issues	2/
	SC-18115	6/16/2015	6/30/2015	\$500,000.00	4/1/2017	No BAMA	1/ 2/
	TN-17319	7/17/2012		\$500,000.00	1/11/2018	Request withdrawal	1/ 2/
				<u>\$2,525,739.00</u>			

1/End Date Expired  
2/In prior reports



## Open Basic Agency Grants with Smaller Balances

<u>Agency</u>	<u>Grant No.</u>	<u>ARC funds</u>	Balance as of <u>3/31/18</u>	<u>Last payment/amount</u>	
HUD	AL-17472	\$200,000.00	\$15,602.00	10/31/2013	\$6,120.00 1/
	KY-17482	\$500,000.00	\$4,248.00	8/31/2015	\$38,434.00
	KY-17792	\$298,024.00	\$3.00	5/31/2015	\$758.00 1/
	MS-17610	\$333,000.00	\$17,946.00	1/31/2016	\$77,639.00
	OH-16258	\$185,520.00	\$3,532.00	1/31/2010	\$3,532.00 1/
	OH-16371	\$136,800.00	\$300.00	1/21/2011	\$21,133.00
	OH-17543	\$250,000.00	\$7,115.00	12/31/2014	\$60,696.00 1/
	OH-17951	\$250,000.00	\$19,727.00	7/31/2016	\$9,730.00 1/
	OH-18076	\$250,000.00	\$8,263.00	1/31/2017	\$60,289.00 1/
RD	KY-17611	\$500,000.00	<u>\$12,462.00</u>	5/31/2016	\$76,249.00
	<u>10</u>		<u>\$89,198.00</u>		1/

1/In prior report



TABLE D

Open Basic Agency Grants as of March 31, 2018 with Expired Performance  
Periods and Balances over \$50,000

<u>Agency</u>	<u>Grant no.</u>	<u>ARC funds</u>	<u>End Dates</u>	<u>ARC balance</u>	
EDA	CO-18311	\$95,000.00	8/31/2017	\$68,978.00	1/
	WV-18273	\$1,000,000.00	6/10/2017	\$402,864.00	1/
HUD	PA-16868	\$100,000.00	5/1/2014	\$100,000.00	1/
	PA-17660	\$150,000.00	11/1/2017	\$150,000.00	
	PA-17661	\$125,000.00	6/30/2014	\$50,872.00	1/
	PA-18627	\$150,000.00	12/31/2017	\$150,000.00	
RD	GA-17671	\$225,750.00	9/27/2017	\$225,750.00	1/
	NC-18025	\$300,000.00	11/1/2015	\$300,000.00	
	NY-17290	\$150,000.00	12/31/2017	\$150,000.00	
	NY-17520	\$149,989.00	12/31/2017	\$149,989.00	
	NY-17743	\$200,000.00	7/20/2017	\$200,000.00	1/
	PA-18733	\$141,000.00	9/30/2017	\$141,000.00	1/
	SC-18115	\$500,000.00	4/1/2017	\$500,000.00	1/
TVA	GA-17306	\$171,137.00	3/15/2018	\$165,137.00	1/
	NC-16314	\$300,000.00	2/15/2018	\$81,722.00	
	<u>15</u>			<u>\$2,836,312.00</u>	

1/In prior report