



**Open ARC and State Administered Grants
OIG Report 18-17**

March 31, 2018

Open ARC and State Administered Grants As of March 31, 2018

Summary

This report updates prior reports dealing with older grants administered by ARC and State agencies for which no ARC payments have been made at least 24 months since grant approval or obligations, grants with expired end dates and remaining ARC balances, grants with small balances and no recent payments and grants with zero balances.

ARC.Net identified 19 ARC and State administered grants approved prior to April 1, 2016 with no reported ARC or other agency payments and balances totaling \$3,609,681. 32 grants with expired end dates and ARC balances of over \$50,000, 11 grants with small balances and no recent payments and 91 grants with zero balances were identified.

Many of the noted grants have been included in prior OIG reports.

Background

ARC.Net the ARC grant management system was the primary source of information for identifying grant financial and implementation status. This included the Basic Agency Monitoring Report (BAMR) to be submitted at least annually by State administering agencies that identifies the grant status and issues restricting grant implementation.

ARC policy specifies that States can request grant revocation if grant implementation is not started within 18 months of approval. Our reviews have concluded that few, if any, State requests for revocation are received and we have emphasized 24 months since ARC approval or basic agency obligations as a reasonable period for additional agency follow-up action on grants with no reported expenditures.

Regulations also specify that project expenditures after the identified performance periods are ineligible for reimbursement. ARC policies provide a process for grantees to request and support an extension prior to expiration of initial performance periods.

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

Results

ARC Administered Grants

Table A identifies 5 grants with approvals totaling \$514,416 that were approved prior to April 1, 2016 for which no ARC or other agency payments were reported. The period of approval ranged from 31 to 42 months prior to April 1, 2016. Follow-up on 13 grants included in prior report identified 2 cancellations and deobligations of \$166,250, 3 additional closures, 3 open with payments made and 4 with performance period extensions. 5 of the grants are included in this report.

A significant issue related to 85 grants with expired performance periods including 27 grants with ARC balances over \$50,000 totaling \$2,820,023. Table B identifies these grants for which project expenditures identified after the end dates are at risk.

Table E identifies 8 grants with small balances totaling \$101,465 for which no payments were reported for over one year.

State Administered Grants

Table C identifies 14 grants with approvals totaling \$3,095,265 that were approved prior to April 1, 2016 for which no ARC or other agency payments were reported. In three cases totaling \$226,130 the BAMR notes closing and deobligation potential. Follow-up on 23 grants identified in our prior report identified 15 grants with no payment changes, extended end dates, 3 grants with payments, and 3 construction starts.

BAMR reports were available for the 15 grants noted in Table D. These reports identify status of the grants and generally include comments about issues delaying project implementation. In some cases revised construction schedules are noted but no comments are provided about the issues delaying project implementation. Of particular significance were comments in three cases noting that the grants would not be implemented and deobligations were appropriate. The balances of these grants totaled \$226,130. Other issues noted included need for State approvals, rights of way and easement issues, need for County feedback, change of scope and project will not move forward.

Table D identifies 5 grants with expired performance periods and ARC balances over \$50,000 totaling \$663,130. Table E identifies 3 grants with smaller balances and 84 grants with zero balances were also identified.

Recommendations

- Follow-up action should be initiated on identified grants to determine potential action including deobligations and use of funds for other needed priority projects.

- Grant extensions based on identification of need and timeframe for resolving issues delaying implementation should be initiated to avoid potential ineligible expenditures.