



**Older Open ARC Administered Grants
OIG Report 14-41**

September 30, 2014

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Background

The report updates Report 14-17, that identified 25 grants for follow-up based on limited reported disbursements and grants with expired performance periods. The primary purpose was to determine actions initiated with respect to the prior report.

The report used information from ARC.Net (ARC Grant Management System) and the Basic Agency Monitoring Report (BAMR) to determine the status of these grants including actions initiated.

Results

ARC has continued emphasis on follow-up on ARC administered grants with limited disbursement of ARC funds. Additional actions are necessary with respect to grants noted in the update.

Inactive Grants

Five of the nine grants totaling \$203,500 remained without reported disbursements as of September 30, 2014. The period since approvals ranged from 39 to 83 months. (Table A)

In four cases included in Report 14-17 actions were identified. This included disbursements between April 1 and September 30, 2014 and two de-obligations totaling \$111,701.

Limited Activity

Two of three grants identified in Report 14-17 remained with undisbursed balances totaling \$235,241 had no additional payments. In the third case the grant was closed with a de-obligation of \$50,000. The two open grants last payments were in 2002 and 2009 respectfully. (Table B)

Expired Grants

Report 14-17 identified 13 open grants with expired end dates. Twelve grants remained open with unchanged end dates including 6 cases where ARC payments were made after the established end dates and 5 cases where no disbursements have been made within 38 months

of grant approval. In one case the grant was cancelled with a de-obligation of \$2,000 and for one case a disbursement was made prior to the end date noted. (Table C)

Grants, including closed grants, are subject to identification of questioned or ineligible costs if expenditures are made after end dates.

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".

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 prior to ARC disbursements or for older grants for which no disbursements have been noted to date.

Recommendations

1. 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.
2. 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.
3. Follow-up on noted grants with no disbursements within 30 months of grant approval or no disbursement in lengthy periods to determine status of grant and potential for closing with possible de-obligations.

TABLE A

OPEN ARC ADMINISTERED GRANTS APPROVED PRIOR TO OCTOBER 1, 2011
FOR WHICH NO ARC DISBURSEMENTS REPORTED AS OF 9/30/14

| <u>Grant #</u> | <u>Date</u> <u>Approved</u> | <u>ARC Funds</u> | <u>Months Since</u> <u>Approval as of</u> <u>9/30/14</u> ¹ |
|-----------------|--------------------------------|---------------------|---|
| AL-15875 | 5/27/2008 | \$50,000.00 | 83 |
| VA-16611 | 9/30/2010 | \$50,000.00 | 48 |
| CO-16226-C1 | 6/3/2011 | \$12,000.00 | 39 |
| CO-16520 | 11/4/2009 | \$28,500.00 | 59 |
| <u>CO-16828</u> | 1/28/2011 | <u>\$63,000.00</u> | 46 |
| <u>5</u> | | <u>\$203,500.00</u> | |

1/ Grants included in prior report 14-17 dated 3/31/14

TABLE B

OPEN ARC ADMINISTERED GRANTS WITH LENGTHY PERIODS
SINCE LAST DISBURSEMENTS

| <u>Grant #</u> | <u>Date</u> <u>Approved</u> | <u>Balance</u> | <u>Last</u> <u>Disbursement</u> | <u>Months Since</u> <u>Last</u> <u>Disbursement</u> |
|----------------|--------------------------------|---------------------|------------------------------------|---|
| WV-14258 | 9/3/2002 | \$231,241.00 | 5/7/2008 | 76 |
| CO-16392 | 9/16/2009 | \$4,500.00 | 9/7/2011 | 36 |
| 2 | | <u>\$235,741.00</u> | | |

TABLE C

Open ARC Grants with End Dates Prior to 12/31/12 1

| <u>Grant No.</u> | <u>9/30/14 Balance</u> | <u>End Date</u> | <u>Last ARC payment</u> | <u>Note</u> |
|------------------|------------------------|-----------------|-------------------------|-------------|
| AL-15573-C2 | \$80.00 | 5/31/2010 | 10/18/2010 | |
| AL-15875 | \$50,000.00 | 5/31/2009 | | 1 |
| CO-16226 | \$12,000.00 | 7/1/2011 | | 1 |
| CO-16520 | \$28,500.00 | 10/30/2011 | | 1 |
| CO-16828 | \$63,000.00 | 11/1/2012 | | 1 |
| KY-16718 | \$39,262.00 | 12/31/2011 | 3/30/2012 | |
| KY-16798 C-1 | \$100,000.00 | 10/30/2012 | 4/10/2014 | |
| MD-16526 | \$3,500.00 | 9/30/2011 | 12/23/2011 | |
| VA-16611 | \$50,000.00 | 12/31/2011 | | 1 |
| VA-16956 | \$29,196.00 | 7/31/2012 | 7/30/2012 | |
| VA-16973 | \$55,581.00 | 12/14/2012 | 1/31/2013 | |
| <u>VA-17062</u> | <u>\$2,523.00</u> | 10/1/2012 | 1/4/2012 | |
| <u>12</u> | <u>\$433,642.00</u> | | | |

Notes:

1/No ARC disbursements since grant approved.

2/ No changes in end dates since Report 14-17 (3/31/14)