



December 13, 2011

To: Federal Co-Chair
ARC Executive Director
ARC Program Director

Subject: Report 12-03 Follow-up on Older Basic Agency Grants

This report and attachments follow-up on report 11-05 issued July 15, 2011, and updates the status of basic agency grants noted in that report.

We noted that considerable and continuing action has been initiated on the grants in Report 111-05 to obtain the status of these grants, including cancellations, de-obligations, and grant closings.

121 grants were included in our update. Summarized information from ARC Net as of 12/5/11 is noted below.

Child (Basic) Agency	No. Of Grants Updated	Comments Noted 6/14 – 12/5/11 ¹	No Comments Noted Subsequent to 12/5/09	Comments Noted 12/5/09 – 6/14/11
RSD	50	33	13	4
HUD	42	25	9	8
TVA	24	20	2	2
EDA	3	3	-	-
CORPS	<u>21</u>	<u>2</u>	<u>—</u>	<u>—</u>
	121	83	24	14

For grants where no recent comments were noted on ARC Net as of 12/5, additional follow-up by ARC and OIG and updated information will be included on ARC Net. For example, OIG follow-up on 16 grants in this category where no ARC funds have been expended identified 9 grants as active, one where de-obligation of \$500,000 is intended and 6 where updated information is being obtained by ARC State Program Managers. In 30 instances ARC Net noted completed or intended recoveries totaling \$4,597,505 including 11 instances totaling \$4,007,080 where no ARC disbursements were made. We consider this to be significant results in relation to the approximate \$26.7 million in balances as of 6/14/11 for the 121 grants updated and allows applicable states to fund additional needed projects.

Although our reviews emphasize older grants with no ARC disbursements we noted 13 HUD grants with relatively small balances totaling \$ 320,287 for which ARC Net notes that as of 2009 recovery action had been identified but grants remain open pending final action to recover funds and close grants.

¹ Data in Report 11-05 was based on 6/14/11 grant status per ARC Net.

Overall, ARC follow-up actions identified in ARC Net as of 12/5/11 with respect to 121 grants noted in Report 11-05 included updated information in 88 cases, 18 cases where closings or pending closings resulted and 30 instances where recoveries and intended recoveries resulted. In many of the cases, ARC Net noted extended periods between recent and prior follow-up contacts.

The attached tables contain additional information pertaining to the 121 grants including older grants needing follow-up and/or entry of updated information ARC Net, identified and intended recoveries.

As in report 11-05 we are emphasizing timely follow-up to obtain the status of basic agency grants. We recognize difficulties encountered in obtaining this information and ARCs limited role in administering these grants. However, timely follow-up utilizing basic agency contacts or directly contacting state program managers or grantees is recommended to avoid long periods between identifying the grant status. For example, timely follow-up would have assured some of the noted recoveries being made considerably sooner and the applicable funds being available to put to better use. ARC manuals should include project manager responsibilities for follow-up with basic agencies when information on grant status is not received timely.

A handwritten signature in cursive script that reads "Hubert Sparks".

Hubert Sparks
Inspector General

3/29/2011

**Grants Identified in Report 12-03 (Dated 12/13/11)
For Which De-obligations/Cancellations have Resulted or are Intended**

<u>Agency</u>	<u>Grant No.</u>	<u>Amount</u>
RDS	KY-15657	\$ 500,000.00
RDS	NC-15693	\$22,063.00
RDS	NY-16083	\$ 150,000.00
RDS	TN-15209	\$ 255,000.00
RDS	VA-15431	\$ 310,000.00
HUD	AL-14985	\$ 200,000.00
HUD	AL-16057	\$52,360.00
HUD	AL-15113 & R1	\$29,867.00
HUD	GA-15600	\$70,788.51
HUD	KY-15998	\$ 500,000.00
HUD	MS-15037	\$ 94.00
HUD	MS-14889	\$9,953.80
HUD	MS-15323	\$14,743.77
HUD	MS-15223	\$72,007.50
HUD	MS-15912	\$ 300,000.00
HUD	MS-15093	\$ 53,990.00
HUD	MS-14844	\$514.84
HUD	MS-15915	\$ 3,350.00
HUD	OH-14783	\$148.00
HUD	OH-15163	\$ 9,220.00
HUD	OH-15494	\$ 66,000.00
HUD	OH-15047	\$ 36,461.00
HUD	OH-14876	\$ 28,981.00
HUD	OH-15181	\$ 34,823.00
HUD	SC-15762	\$ 500,000.00
HUD	SC-15683	\$ 500,000.00
TVA	GA-15617	\$30,889.00
TVA	MS-15943	\$ 225,000.00
TVA	NC-15156	\$11,789.59
TVA	TN-15757	\$ 33,832.00
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	31	\$ 4,021,876.01