



**Older Open ARC Administered Grants
OIG Report 14-17**

March 31, 2014

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Background

This report updates Report 13-39 that identified 14 grants for follow-up based on limited activity and grants with expired performance dates.

This report used information from ARC.Net (Grant Management System) and used 30 months as a reasonable period for follow-up on limited activity or no reported disbursements.

Results

ARC has continued emphasis on follow-up on ARC administered grants with limited disbursement of ARC funds. Additional action is necessary to revise project end dates where justified to preclude ineligible costs resulting from expenditures after established end dates.

Inactive Grants

Nine of the fourteen grants totaling \$994,819 for which no disbursements were noted as of September 30, 2013 remained without disbursements as of March 31, 2014. The period since approvals ranged from 30 to 77 months. See table A.

For five cases included in report 13-39 activity and/or actions were identified. This included three grants with disbursements between October 1, 2013 and March 31, 2014 and two grants with de-obligations totaling \$14,960.

Limited Activity

For three of four grants identified in report 13-39 with undisbursed balances totaling \$285,741 no additional disbursements were noted since September 30, 2013. The period since prior disbursements range from 28 to 70 months. See table B.

Expired Grants

Report 13-39 identified 20 open grants with expired end dates. In seven cases the grants were closed or cancelled with de-obligations in four cases totaling \$21,762. 13 grants remained open with expired end dates including six cases where disbursements were made after the end date and seven cases where no disbursements have been made.

Grants, including closed grants, are subject to identification of questioned or ineligible costs if expenditures are made after end dates. For example, recently closed grants KY-16080-C2 and KY-16833 are examples of grants where substantial ARC disbursements were made considerably after identified 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 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 3/31/14

<u>Grant #</u>	<u>Date</u> <u>Approved</u>	<u>ARC Funds</u>	<u>Months Since</u> <u>Approval as of</u> <u>3/31/14</u> ¹
AL-15875	5/27/2008	\$50,000.00	77
AL-17172	9/29/2011	\$38,739.00	30
KY-16798-C-1	3/31/2011	\$500,000.00	36
MS-16960	7/8/2011	\$48,580.00	32
OH-16744	9/13/2010	\$204,000.00	32
VA-16611	9/30/2010	\$50,000.00	42
CO-16226-C1	6/3/2011	\$12,000.00	33
CO-16520	11/4/2009	\$28,500.00	53
CO-16828	1/28/2011	\$63,000.00	40
<u>9</u>		<u>\$994,819.00</u>	

1/ Grants included in prior report dated 9/30/13

TABLE B

OPEN ARC ADMINISTERED GRANTS WITH LENGTHY PERIODS
SINCE LAST DISBURSEMENTS

<u>Grant #</u>	<u>Date</u> <u>Approved</u>	<u>ARC Funds</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	70
MS-16788	9/7/2010		\$50,000.00	12/5/2011	28
CO-16392	9/16/2009		\$4,500.00	9/7/2011	30
3			<u>\$285,741.00</u>		

TABLE C

Open ARC Grants with End Dates Prior to 1/1/13 1

<u>Grant No.</u>	<u>9/30/13 Balance</u>	<u>End Date</u>	<u>Note</u>
AL-15573-C2	\$80.00	5/31/2010	2 3
AL-15875	\$50,000.00	5/31/2009	
CO-16226	\$12,000.00	7/1/2011	2
CO-16520	\$28,500.00	10/30/2011	2
CO-16828	\$63,000.00	11/1/2012	2
CO-17455	\$2,000.00	12/31/2012	2
KY-16718	\$39,262.00	12/31/2011	3
KY-16798 C-1	\$500,000.00	10/30/2012	2
MD-16526	\$3,500.00	9/30/2011	3
VA-16611	\$50,000.00	12/31/2011	2
VA-16956	\$29,196.00	7/31/2012	
VA-16973	\$55,581.00	12/14/2012	3
<u>VA-17062</u>	<u>\$2,523.00</u>	10/1/2012	3
<u>13</u>	<u>\$835,642.00</u>		

Notes:

- 1/Follow-up on grants in Report 13-39 dated 9/30/13.
- 2/ No disbursements as of 3/31/14
- 3/ ARC disbursements after identified end dates