

DEPARTMENTAL GRANT APPEALS BOARD

Department of Health and Human Services

SUBJECT: Community Relations - Social Development Commission  
in Milwaukee County  
Docket No. 77-12  
Decision No. 108

DATE: July 3, 1980

DECISION

The Grantee was established by the city and county of Milwaukee, Wisconsin and two school boards as a community action and intergovernmental planning agency. The Commission is governed by 24 individuals, made up of representatives of the governmental units and others representative of the views of labor, business, clergy and families with low income.

This appeal concerns disallowances in three Juvenile Delinquency Diversion Project grants which authorized a total of \$504,757 in Federal funds, subject to a one-fourth sharing from non-Federal sources. The project activities covered the period June 30, 1972 to October 1, 1975.

Audit disallowances of claimed Federal share expenditures and non-acceptance of claimed non-Federal sharing resulted in a determination by the Deputy Regional Administrator for the Office of Human Development Services, the administering agency at the Federal level, that the Grantee had been overpaid by a total of \$159,093 in the three grants, and the Grantee was requested to refund that amount.

The disallowances are based on the Grantee's failure to document an indirect cost rate, actual costs incurred by three local schools providing services, work done by employees who devoted time to the grant project as well as to other activities of the Grantee, actual administrative costs, and actual expenditures attributable to the non-Federal share requirement. In addition, \$5,199 was disallowed because of the purchase of legal services in excess of the maximums specified in the contracts for such purchases.

On December 28, 1978, the Panel Chairman issued an Order to Clarify the Record. Attached to that Order was a summary of the disallowances which described the Agency and Grantee positions. In addition, the Panel Chairman provided comments which reflected his views on the basis of the record before him at that time.

The Panel Chairman agreed that the Grantee had failed to document its expenditures properly and that the contract maximums had been exceeded in the purchase of the legal services, thus justifying the disallowances as the record then stood. He felt, however, that the Grantee should be given 90 days during which it would have another opportunity to provide proper documentation. The Grantee requested extensions of time for the preparation of its submittal. The regional office of the Office of Human Development Services also requested extensions. As a result, the final comments were not transmitted to the Board until May 5, 1980.

We find that the record is now complete, there is no dispute as to a material fact, the parties have had notice of the issues to be considered, and they have had full opportunity to make presentations on them. We, therefore, proceed to our decision.

Despite the eighteen months which have elapsed since issuance of the Panel Chairman's Order to Clarify the Record, the Grantee has submitted nothing which is worthy of discussion. The Panel Chairman emphasized that, as of December 28, the Grantee had demonstrated an inability to accept, or lack of understanding of, the purposes and necessity of fiscal accountability. His comments also pointed out that amounts as budgeted are not acceptable evidence of amounts expended. Despite that, the Grantee has failed to submit any meaningful documentation. The only thing which indicated any effort at documentation was the submittal of a memorandum dated January 16, 1980 to which was attached the Athletes for Youth Program budget. It purports to show amounts budgeted and in-kind contributions in the form of donated time, services and equipment. There was no showing that the expenditures were made or that the contributions were in fact applied to the program. Nor was there any showing of reliability for this "budget" listing made more than seven years after the project started and more than four years after it terminated. Since we give no weight to it, we will not concern ourselves with a number of arithmetical errors on the face of the material.

The Grantee's position continues to be that it conducted the activities contemplated by the grant arrangement and, therefore, is entitled to the grant funds. The continued assertions of such a clearly unacceptable position is a waste of time for the Grantee and all others involved in the grant process.

The Panel adopts the views expressed by the Chairman in the Order to Clarify the Record. We cannot ignore the obligations of the Grantee to provide acceptable evidence that it has expended the funds advanced in accordance

with the applicable conditions. 45 CFR 16.8(b). We find that the Grantee has failed to provide any basis for the allowance of any amount in question. Accordingly, the appeal of the \$159,093 disallowance is denied.

/s/ Frank L. Dell'Acqua

/s/ Robert R. Woodruff

/s/ Edwin H. Yourman, Panel Chairman