

DEPARTMENTAL GRANT APPEALS BOARD

Department of Health, Education, and Welfare

SUBJECT: Anderson-Oconee Headstart Project, Inc.
Anderson, South Carolina
Docket No. 79-80
Decision No. 90

DATE: April 28, 1980

DECISION

By letter dated March 28, 1979, the Acting Director, Grants Administration Division, Office of Human Development Services (OHDS), Region IV, notified Anderson-Oconee Headstart Project, Inc. (AOHP) that there had been an over-expenditure of federal funds of \$38,850 in its Head Start program account and that these "costs in excess of [the] approved budget [are] not allowable" and would have to be "paid with cash from non-Federal sources."

AOHP filed a timely application for review by letter dated April 25, 1979. On May 15, 1979, the Executive Secretary acknowledged receipt of the application and requested copies of the relevant notice of grant award (3080-I) and audit report (04-86264). These two documents were provided on May 23, 1979. An Order to Develop the Record was issued by the Board Chairman on February 14, 1980. The grantee responded to the Order on March 10, 1980; the Agency was not required to respond and did not do so.

Statement of the Case

The notification of disallowance itself does not set forth the reasons for the disallowance in detail but merely refers the grantee to the audit report. The audit report states that AOHP operates full-year Head Start and Handicapped programs in Anderson and Oconee Counties, South Carolina. For the budget year ended March 31, 1978, according to the audit report, AOHP was budgeted to receive \$643,200 in program funds from the Office of Child Development (OCD), OHDS, for the Head Start Full Year/Part Day program. The grantee was budgeted to contribute \$323,580.

The "Statement of Revenues, Expenditures and Changes in Funds Balance" contained in the audit report shows, under OCD's share of direct costs of Head Start expenses, that the grantee spent \$23,590 more than the amount of federal funds budgeted in the "fringe benefit" category, \$15,441 in the "food" category, \$16,110 in the "other supplies" category and \$19,401 in the "other" category for a total of \$74,542 in over-expenditures. There is no indication that any of the costs were otherwise unallowable. The grantee spent \$35,692 less than the amount of federal funds budgeted in four other categories. According to the audit report,

there was, therefore, a net of \$38,850 in over-expenditures. The audit report further shows that the grantee contributed and spent \$338,106 of its own funds, thus exceeding the amount originally budgeted for the non-federal share. The grantee has stated that the non-federal share was completely composed of in-kind contributions.

It was noted in the Order that the audit report of the Head Start Handicapped program shows the grantee spent less than the authorized OCD share of direct costs in the actual budget by \$16,206. AOHP stated in response to the Order that it never requested permission to use excess funds in its Handicapped program to offset over-expenditures in the Head Start program.

Grantee's Argument

The grantee admits that there was an "overexpenditure of HEW funds," but blames it on the "ever-increasing costs of running our program, namely fringe benefits, utilities and food costs." It notes that it budgeted and received more non-federal matching funds than was required, which it claims indicates an effort to reduce HEW's burden. AOHP also states that it is making positive efforts to avoid further over-expenditures.

AOHP claims that it requested additional funds during the year but did not receive a response from the regional office. It has not supplied any documentation to support its claim.

Finally, AOHP states that if "these overexpenditures are sustained," it has no non-federal funds with which to repay the deficit. It has asked that it be allowed to "use underexpenditures from future and prior years plus any balances remaining in our Handicap account for the year ended March 31, 1980." AOHP believes that it "could make up this deficit within five years of the 1979 year-end."

Discussion

AOHP's arguments do not furnish the Board with any substantial reason upon which to base a decision in its favor. The amount of federal funds to be made available to the grantee for the budget year in question is clearly set forth in the notice of grant award issued by the Agency. We are aware of nothing in the notice of grant award or elsewhere which could reasonably have led the grantee to believe that any additional funds would be made available. Program materials issued by the Agency clearly indicate that the contrary would be the case:

OHD assumes no liability for project costs which exceed the total amount of Federal funds authorized on the Notice of Grant awarded for that budget period.

OHD Grant Administration Manual (January 1, 1977), Chapter 1-1-4.

Even if this Board found in favor of the grantee, there is no relief that could be granted. This Board has previously stated that it "will not engage in grant administration by transferrring authorizations from one account to another, at least in the absence of a showing that the administering officials arbitrarily refused to make such a transfer." (Community Action Agency of Memphis and Shelby County, DGAB Docket No. 76-9, Decision No. 38, July 5, 1977.) Accordingly we would not direct that the unexpended funds in the Handicapped account be set off against the over-expenditures in question. It would also be an inappropriate exercise in grant administration for the Board to authorize the use of possible future under-expenditures to offset the over-expenditures. Further, even if the grantee had specifically identified the unexpended balances from prior Head Start Full Year/Part Day grants which it requested be used to offset the over-expenditures, it is not clear that the application of such funds to a subsequent grant project would be permissible. (Pinellas Opportunity Council, Inc., DGAB Docket No. 79-58, Decision No. 80, February 6, 1980.) In addition, we note that grantee's contribution in excess of the budgeted non-federal share would not be available since it was made in-kind. (Yakima Public Schools, DGAB Docket No. 79-3, Decision No. 81, February 6, 1980.) Finally, forgiveness of the over-expenditure is not a form of relief within the Board's authority. The forgiveness of an over-expenditure would be tantamount to the awarding of a supplemental award. The Board is not vested with the authority to make an award of grant funds. (Pinellas Opportunity Council, Inc., cited supra.)

Conclusion

For the reasons stated above, the appeal is denied.

/s/ Clarence M. Coster

/s/ Bernard E. Kelly

/s/ Frank Dell'Acqua, Panel Chairman