

Office of Inspector General

Audit Report

West Virginia High Technology Consortium Foundation

Grant No. SBAHQ-96-I-0003

Report No. 7-7-H-001-007

February 10, 1997

Summary

Unexpended Advance of \$435,000 in Expired Grant

During the performance of a pre-award audit of West Virginia High Technology Consortium Foundation's grant proposal, it was found that the Consortium had an outstanding advance of \$434,755 from a prior Federal grant. The funds had not been expended or obligated and the prior grant has expired.

The Code of Federal Regulations states that when a funding period is specified, a grantee may only charge to the grant costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted. The grant award did not provide for the carryover of unobligated balances. The grantee received an extension of the grant period to July 30, 1996. Since the extended grant period expired and there is no provision for carryover of funds, no further obligations after July 30, 1996, should be charged to the grant.

The audit recommended that the Associate Administrator for Administration (AA/A) require the West Virginia High Technology Consortium Foundation to remit to SBA the outstanding advance of \$434,755. The AA/A stated that the West Virginia High Technology Consortium Foundation has been requested to provide a complete report of their progress and financial activity. After receipt and review of the data, he will respond to the recommendation.

Audit Update

After receiving the data from the grantee and a legal opinion from the Office of General Counsel, the AA/A extended the grant period.

*To receive a copy of this report under the Freedom of Information Act,
send your request citing the title, report number, and date of issue to:*

**Small Business Administration
Office of Inspector General
Management and Legal Counsel Division
409 Third St., SW
Washington, DC 20416-4111**