

**Table 1**  
DCC Did Not Follow Certain Grant Management Best Practices

BEST PRACTICE	IMPLEMENTED BY DCC?	WHAT DCC COULD HAVE DONE	WHAT DCC DID	EFFECT
Announce funding opportunities publicly and describe application requirements.		Posted information about the availability of funds and provided guidelines and instructions for applying for them.		Grantees were alerted to their eligibility to apply for the grant funds and how to do so.
Provide recipients with clear performance goals, indicators, targets, and baseline data.		Provide specific criteria that it could use to determine whether the grantee has made measurable progress, such as by creating target dates for certain percentages of provisional licenses to be transitioned or by requiring grantees to provide metrics for each of the goals they established, such as timelines for completing environmental compliance-related reviews.	<p>Did not require grantees to establish timelines for the action items associated with their goals.</p> <p>Did not initially define the criteria it would use to determine whether grantees would receive the remaining 20 percent of the funds.</p>	<p>Of the 51 grantee-established goals, there were only 13 instances in which grantees identified a timeline for completing one or more of the associated action items.* Consequently, DCC cannot determine whether grantees' progress is appropriate or aligns with their plans. Such determinations will be necessary for DCC's decisions about when and how to allocate remaining funds, whether grantees should revise their use of funds, or whether DCC needs to recapture any funds from the grantees.</p> <p>Without clear performance metrics, it may have been challenging for grantees to effectively plan for their use of funds or take corrective actions.</p>
Evaluate applicants' financial stability, management systems, and standards.		Review recent audited financial statements and internal control reports for relevant findings and provide technical assistance and site visits for those identified to be at higher risk of financial mismanagement.	Did not perform risk assessments or determine whether grantees had sufficient internal controls in place to properly account for the grant funds.	Two grantees received adverse opinions on portions of their recent financial statements, and there were material weaknesses identified in their internal control reports. An <i>adverse opinion</i> indicates that an entity's financial statements do not fairly present its financial position, and <i>material weaknesses</i> in internal controls may indicate an increased risk of noncompliance with grant terms.
Limit advance payments to the minimum amounts needed and time those payments to the actual, immediate cash requirements.		Disburse funds on a reimbursement basis or determine the amounts recipients need immediately and limit disbursements to those amounts.	Disbursed 80 percent of funds immediately without verifying recipients' immediate need for funds or the minimum amounts needed.	Most grantees reported that they spent little to no funds in the program's first year, and several are not earning interest on the unspent funds in their accounts. In addition, one grantee conveyed that the grants it received in the past were paid on a reimbursement basis, and the way that Grant Program funds were distributed caused problems because its systems and processes were not set up to process grants in this way.
Maintain a process to ensure that costs charged to grants are allowable, necessary, and reasonable.		Request accounting records to verify the expenditures reported by grantees in their biannual reports and confirm selected expenditures by reviewing invoices, staff timekeeping reports, and other documentation.	Did not request any supporting documentation for the expenditures reported by grantees and relied solely on the information in the biannual reports, some of which was inconsistent and inaccurate.	DCC did not identify problems with grantees' expenditures that our review identified, including two grantees that were not tracking staff time dedicated to the Grant Program, one grantee that spent funds on items unrelated to the Grant Program, and one grantee that may have used the grant funds to supplant other funds.

Source: State law; the Code of Federal Regulations, Title 2, Part 200; GFOA's best practices for grants administration; grant agreements; interviews with DCC staff; the Public Company Accounting Oversight Board's auditing standards; and auditor analysis.

\* Four grantees did not complete the "Goals" section of their grant applications and only completed the "Action Items" section. We considered those grantees to have established only one goal, but we did not consider these action items to be individual goals.