FAA'S OVERSIGHT OF INACTIVE AIRPORT IMPROVEMENT PROGRAM GRANT OBLIGATIONS

Federal Aviation Administration

Report Number: AV-2007-073

Date Issued: September 13, 2007

Memorandum

U.S. Department of Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: <u>ACTION</u>: FAA's Oversight of Inactive
Airport Improvement Program Grant
Obligations
Federal Aviation Administration
Report Number AV-2007-073

Date: September 13, 2007

From: David A. Dobbs
Principal Assistant Inspector General for
Auditing and Evaluation

Reply to
Attn. of: JA-10

To: Federal Aviation Administrator

This report presents the results of our audit of the Federal Aviation Administration's (FAA) oversight of inactive Airport Improvement Program (AIP) grant obligations. The objectives of our audit were to: (1) assess the effectiveness of FAA's policies and procedures for identifying, reviewing, and de-obligating unneeded AIP grant obligations and (2) determine the extent to which unneeded AIP grant obligations should be liquidated and put to better use on other projects or returned to the Airport and Airway Trust Fund (Trust Fund). Based on our initial results, we limited our audit to inactive and old AIP grants[1] administered by FAA's New England, Southwest, and Western-Pacific regional offices. We conducted the audit from June 2006 through May 2007 in accordance with generally accepted <u>Government Auditing Standards</u> prescribed by the Comptroller General of the United States. Exhibit A details our audit scope and methodology.

RESULTS IN BRIEF

In fiscal year (FY) 2006, FAA resolved (i.e., reactivated, closed, or withdrew)[2] a significant number of inactive and old AIP grants, including 95 percent (1,071 of 1,125) of inactive grants and 90 percent (774 of 857) of old grants. Despite this progress, we identified two areas for improvement. Specifically, we found that

---

[1] FAA defines inactive grants as those involving no financial draws for 18 months or longer and old grants as those that are 4 years or older.

[2] FAA also allows some grants to remain inactive or old provided that sufficient justification exists, such as ongoing litigation.

FAA's process for overseeing inactive grants allowed some to remain idle for periods of time that exceeded the Agency's standard measure of 18 months; these included two open grants with $572,318 in remaining obligations that should have been closed over 2 years earlier. We also found that approximately $9.7 million in obligations had remained on 76 closed grants, on average, for 21 months. For most of these grants, FAA either failed to de-obligate unneeded funds or allowed airport sponsors to continue expending funds after the grants were closed—both of which are actions contrary to FAA policy. If FAA had addressed these grants sooner, the funds could have been put to better use on other projects. While Agency officials have taken some corrective steps to address these weaknesses, FAA still needs to:

- **Strengthen its review process to ensure that grants do not remain idle longer than 18 months.** FAA allowed grants to remain inactive for periods in excess of its standard measure of 18 months due to shortfalls in its policy, performance measure, and oversight. In our sample of 26 inactive grants, we found that all of them had been idle between 19 and 30 months (an average of 23 months)—5 months longer than FAA's standard measure of 18 months. One of these grants, for example, could have been closed 22 months earlier, and $251,108 in unneeded funds could have been de-obligated. Also, apart from our statistical sample, we found two grants with $572,318 in remaining obligations that had been inactive for over 2 years. FAA closed these grants and de-obligated the funds only after we brought them to its attention in September 2006.

- **Establish a process for ensuring that grants are not closed prematurely and do not retain any unneeded funds.** FAA allowed grants to be closed before all requirements were met and funds to remain on closed grants that should have been de-obligated. In August 2006, an internal FAA assessment identified 76 closed grants with $9.7 million in remaining obligations even though they had been closed, on average, for 21 months. This occurred because FAA did not have a process for ensuring that (1) grants were only closed after projects were complete and all administrative and financial requirements were met and (2) funds were de-obligated when the grants were closed. During the course of our review, FAA took steps to resolve most of the $9.7 million. FAA officials noted that $5.4 million was eventually expended by airport sponsors, $2.7 million was de-obligated, and $1.1 million involved accounting adjustments, with $432,290 still in question.[3] Both the expenditure of obligations and retention of unneeded obligations after grant closure are

---

[3] Figures do not add up exactly due to rounding.

contrary to FAA policy. Exhibit B lists the grants that needed to be resolved as of May 2007.[4]

Our recommendations focus on improving the oversight of inactive grants, enforcing grant close-out policy, and ensuring the timely de-obligation of unneeded grant funds. Our full recommendations are listed on pages 7 and 8.

BACKGROUND

For FY 2006, Congress appropriated about $3.5 billion for AIP grants from the Trust Fund.[5] FAA uses these grants as a primary means of enhancing airport safety, security, infrastructure, and capacity. After an AIP grant is awarded, FAA records an obligation in the Department's financial accounting system (Delphi) for the full grant amount, which is then disbursed over the life of the grant. Each year, the FAA Administrator is required to certify to the Treasury that obligated amounts are accurate and continue to represent valid obligations. If AIP grant obligations are found to be no longer valid or needed, FAA is to de-obligate the funds and reapply them to other projects.

FAA's "Airport Improvement Program Handbook,"[6] provides guidance on AIP grant administration. At the Headquarters level, the AIP Branch within FAA's Office of Airport Planning and Programming is responsible for overall administration of the AIP grant program. These responsibilities include monitoring the status of all open grants via the Agency's airport grants management system (i.e., System for Airport Reporting or SOAR). At the regional level, the airport division and district offices are responsible for monitoring individual grants; entering data into SOAR, such as award amount and closure date; and requesting de-obligation of remaining grant funds. These offices, based on input from the airport sponsors, are also responsible for ensuring that grants are not closed and funds are not de-obligated unless the project is complete and all administrative and financial requirements are met. FAA's Office of Financial Management, in turn, processes payments and de-obligates funds in Delphi.

To improve its oversight of AIP grants, FAA established two performance measures in 2004: one for grants inactive for 18 months or longer (inactive grants) and another for grants 4 years or older (old grants). The performance measure for inactive grants requires 99 percent of all grants that could become inactive for 18 months by the end of the fiscal year to be made active, withdrawn, or closed by September 30. Likewise, the performance measure for old grants

---

[4] In its response to our report, FAA stated that it had resolved all but one of the grants as of August 2007.

[5] The Trust Fund was established by the Airport and Airway Revenue Act of 1970 and receives its revenue from taxes paid by passengers and airlines, including taxes on passenger tickets, fuel, and cargo.

[6] FAA Order 5100.38C, "Airport Improvement Program Handbook," June 28, 2005.

requires 95 percent of all grants that could become 4 years or older by the end of the fiscal year to be closed by September 30. To track its performance, FAA annually develops and monitors lists of all grants that will be inactive and old—if no action occurs—by the end of the fiscal year.

FINDINGS

FAA's policies and procedures ensure that most AIP grants are processed and unneeded obligations are reapplied to existing or new projects. However, FAA allowed open AIP grants to remain inactive for excessive periods of time and obligations to remain on closed grants. These conditions existed because of weaknesses in FAA's monitoring of inactive and closed grants, which resulted in (1) FAA failing to identify and de-obligate $572,318 on two inactive grants until we brought the grants to its attention and (2) $9.7 million in obligations remaining for 21 months, on average, on 76 closed grants. For most of the 76 grants, FAA failed to de-obligate unneeded funds or allowed airport sponsors to continue expending funds after the grants were closed—both of which are actions contrary to FAA policy.

FAA Needs To Strengthen Its Review Process To Ensure That Grants Do Not Remain Inactive Longer Than 18 Months

While FAA and airport sponsors reactivated, withdrew, or closed approximately 95 percent (1,071 of 1,125) of the inactive AIP grants in FY 2006, we found that some grants were allowed to remain inactive for periods longer than the Agency's standard measure of 18 months. For example, as of June 2006 (9 months into the fiscal year), 130 grants were identified by FAA as being inactive for at least 18 months. We sampled 26 of the 130 grants and found that they had been idle between 19 and 30 months, or an average of 23 months—5 months longer than FAA's definition of an inactive grant. Moreover, we found that one of these grants with $251,108 in unneeded funds could have been closed approximately 22 months earlier. We also identified two open grants apart from our statistical sample that had been inactive for more than 2 years, with $572,318 in unneeded obligations. These grants were idle for excessive periods of time because of shortfalls in FAA policy, performance measure, and oversight.

Neither the AIP Handbook nor FAA guidance letters require continous monitoring of inactive grants to ensure their timely reactivation, withdrawal, or closure. For instance, the AIP Handbook states that a grant is to be closed after the project is complete and all administrative and financial requirements are met but gives no indication as to when this action should occur. Instead, FAA relies on a performance measure as a means of encouraging regional action on inactive grants. This performance measure, which defines a grant as being inactive at 18 months, requires that grants identified by the AIP Branch at the beginning of

the fiscal year (those 6 months or older) be resolved by the end of the fiscal year.[7] Overall, FAA reactivated, closed, or withdrew approximately 95 percent of inactive grants in FY 2006—4 percentage points less than the Agency's performance goal of 99 percent.

Nevertheless, this process allows FAA to wait until the end of the fiscal year to address inactive grants. As a result, some grants can be inactive longer than 18 months. For example, although all 26 inactive grants in our statistical sample had been addressed by the end of the fiscal year, 10 had been inactive for 2 years or longer.

In comparison, the Federal Highway Administration (FHWA) considers a project inactive if no Federal expenditures have occurred for 12 months. For those grants exceeding this timeframe, with $500,000 or more in unexpended balances, FHWA requires quarterly reviews to determine if remaining funds are needed. If any of the funds are determined to be unneeded, FHWA requires that these funds be de-obligated within 90 days. If FHWA's timeliness standard had been applied to our sample of inactive AIP grants, 15 out of the 26 grants we reviewed would have received quarterly reviews—grants that were inactive on average 2 years and totaled nearly $35.7 million in remaining obligations.

In September 2006, we identified two inactive grants with $572,318 in remaining funds apart from our sample that should have been closed nearly 2 years earlier. These grants were issued to Buckeye, Arizona, and Elko County, Nevada. FAA closed the two grants and de-obligated the funds only after we brought them to its attention. FAA attributed the delays in closing the Buckeye and Elko County grants to personnel changes, poor accounting, and insufficient oversight. In our opinion, these grants were inactive because FAA policies did not require periodic reviews or set specific timeframes for closing completed grants. If FAA had addressed these grants sooner, the unneeded funds could have been put to better use on other projects.

FAA recognizes the limitations in its performance measure and is considering replacing it with one focused on "burn rate," as established by the Office of Management and Budget. According to the AIP Branch Manager, this new performance measure would require Airport District Offices (ADO) to regularly monitor grant status and reduce excessive periods of grant inactivity. While this appears to be a positive step, it is too soon to tell whether this new performance measure will reduce the number of inactive grants, lessen the length of time that such grants are inactive, and ensure the timely de-obligation of unneeded funds.

---

[7] For instance, a grant that had been inactive for 6 months as of October 1, 2006, would be inactive a total of 18 months by September 30, 2007, and therefore identified by the AIP Branch.

Overall, FAA needs to establish a process for continuously monitoring inactive grants and ensuring the timely de-obligation of unneeded funds.

FAA Needs To Establish a Process for Ensuring That Grants Are Not Closed Prematurely and Do Not Retain any Unneeded Funds

Under FAA's current process, numerous AIP grants are closed each year and remaining funds are reapplied to other airport projects. In 2006, for instance, FAA closed 2,232 grants nationwide and de-obligated nearly $200 million. Despite this effort, however, we found that FAA allowed grants to be closed before all requirements were met and funds to remain on closed grants that should have been de-obligated. FAA needs to enforce existing policy to ensure that grants are only closed after projects are complete and administrative and financial requirements are met. Moreover, FAA needs to establish a process to ensure that no obligations remain on closed grants.

While FAA provides guidance on closing out grants in SOAR and liquidating associated funds in Delphi, no process exists to ensure that all such funds are fully de-obligated. For instance, in accordance with FAA policy, airport sponsors initiate grant close-out, which is then processed by the ADO. The AIP Handbook states that grants are to be closed after projects are complete and all administrative and financial requirements are met. If any funds remain on the grant, the ADO requests that the Office of Financial Management de-obligate these funds. FAA policy, however, does not require the ADO to follow up and verify that the Office of Financial Management actually did so. Moreover, once grants are closed in SOAR, FAA does not monitor whether any obligations remain or are later added in Delphi.

In the summer of 2006, FAA's Southwest Region initiated an informal process to identify closed grants with remaining obligations. As of August 2006, this effort had identified 76 closed grants nationwide, with nearly $9.7 million in potentially unneeded obligations. During the course of our review, the Southwest Region began distributing its findings to other FAA regions to determine whether the funds could be de-obligated or represented accounting adjustments. We found that the 76 grants had been closed in SOAR for 21 months, on average, with most of the funds eventually expended by airport sponsors or de-obligated by FAA. We also found that various factors had resulted in the remaining obligations on these grants, such as insufficient oversight, disregard for FAA's grant close-out policy, and misuse of Agency performance measures. The following three examples illustrate how funds can remain on closed grants.

- **City of Los Angeles, California:** This grant was closed in SOAR on May 26, 2004, but the ADO never requested that the Office of Financial Management de-obligate $697,055 in remaining obligations. Over the next

2 years, the ADO did not verify that the funds were de-obligated. Moreover, this grant did not appear on the AIP Branch's inactive grant list since it had been closed in SOAR.

- **Washoe County, Nevada:** This grant was closed in SOAR on July 24, 2002, with no funds remaining. Then, in March 2005, the Office of Financial Management added $141,484 to the grant in Delphi because the airport sponsor had reimbursed FAA for an overpayment. However, the ADO was never informed by the Office of Financial Management, and there was not a written requirement to do so. The ADO remained unaware of the reimbursed funds because FAA had no formal process to monitor funds on closed grants.

- **Commonwealth Port Authority, Marianas Islands:** This grant was closed in SOAR on August 24, 2004, although ADO personnel knew that the project was incomplete and the airport sponsor would continue drawing on the remaining grant obligations. This decision violated FAA's policy of closing a grant only after the project is complete and all administrative and financial requirements are met. ADO personnel took this action in order to meet the 4-year performance measure for old grants. As a result, the ADO allowed the airport sponsor to draw $1.8 million between August 2004 and February 2007.

As of May 2007, FAA had resolved most of the 76 closed grants with remaining balances. For example, of the nearly $9.7 million in obligations, $5.4 million was eventually expended by airport sponsors, $2.7 million was de-obligated, and $1.1 million involved accounting adjustments, with $432,290 still in question (see exhibit B for a list of closed grants with remaining obligations). While we support FAA's current efforts to address closed grants with remaining funds, the existence of such funds indicates insufficient oversight and enforcement of FAA policies relating to grant closure. Not only were unneeded funds left on these closed grants for extended periods of time, but airport sponsors were allowed to make disbursements after the grants were closed.

At a minimum, therefore, FAA needs to establish a process to ensure that grants are not closed prematurely and excess funds are de-obligated when the project is completed. FAA also needs to resolve the remaining $432,290 on eight closed grants identified by the Southwest Region and de-obligate any unneeded funds.

RECOMMENDATIONS

We recommend that FAA:

1. Establish a process for continuously monitoring inactive grants and ensuring the timely de-obligation of any unneeded funds (e.g., $572,318 associated with the Buckeye and Elko County grants).

2. Establish a process for ensuring that grants are not closed prematurely and that excess funds are de-obligated and put to better use on other projects when the project is completed (e.g., 76 closed grants involving subsequent expenditures of $5.4 million and de-obligations of $2.7 million in unneeded funds).

3. Resolve the remaining $432,290 on eight closed grants identified by the Southwest Region and ensure the timely de-obligation of any unneeded funds.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

We provided FAA with our draft report on July 12, 2007. On August 6, 2007, FAA provided us with its formal response, which is contained in its entirety in the appendix to this report. FAA concurred with all three recommendations. We consider the recommendations resolved but open pending FAA's completion of its planned actions. FAA's response is summarized below:

Recommendation 1: FAA stated that it plans to issue a Program Guidance Letter, by October 31, 2007, requiring progressively increasing responses to grant inactivity, beginning with grants inactive for 6 months. FAA also stated that it has implemented quarterly inactive grant reviews and developed an improved database that provides field personnel with several tools to track grant payments.

Recommendation 2: FAA stated that it plans to establish a formal process, by December 31, 2007, ensuring that grants are not closed prematurely.

Recommendation 3: FAA stated that it has addressed seven of the eight grants identified by the Southwest Region and will resolve the final grant by September 30, 2007.

We appreciate the courtesies and cooperation of FAA representatives during this audit. If you have any questions concerning this report, please contact Robin K. Hunt at (415) 744-0420 or Darren Murphy, Program Director, (206) 220-6503.

#

cc: FAA Deputy Administrator
    Associate Administrator for Airports
    Anthony Williams, ABU-100
    Martin Gertel, M-1

EXHIBIT A. SCOPE AND METHODOLOGY

To accomplish our objectives, we interviewed officials from FAA's Office of Airports; the Office of Financial Management; the New England, Southwest, and Western-Pacific regional offices; and selected ADOs. We also reviewed FAA policies and performance measures relating to AIP grants. Due to difficulties in integrating grant files from FAA's financial and grant management systems, we relied on data provided by Agency officials in drawing a nationwide universe of 442 inactive and old grants. From this universe, we selected a statistical sample of 45 AIP grants. Table 1 lists our sample by grant category and universe.

Table 1. Sample of Inactive and Old AIP Grants

Grant Category	Sample	Universe
Inactive 12 to 17 months[*]	10	215
Inactive 18 months or more[*]	26	130
Grants 4 years or older[**]	9	109
Total	**45**	**442*****

[*]   Inactive grants as of June 30, 2006
[**]   Old grants as of August 1, 2006
[***]   Since 12 of the inactive grants were also 4 years or older, the universe total is less than the sum of the 3 grant categories.

Source: Office of Inspector General and FAA's Office of Airports and Office of Financial Management

To verify the accuracy of FAA's data, we examined grant lists, files, records, and funding documents and interviewed regional staff. In doing so, we identified 27 inactive grants that had not been part of FAA's original universe of inactive grants. FAA officials noted that the initial data extract had excluded some grants that were later found using an improved tracking system and more current financial data. To compensate for the increased number of grants, therefore, we examined those inactive grants (12 of 27) administered by the 3 regions visited. As with the 45 grants in our original sample, we found the data for the 12 grants to be sufficiently reliable for our findings and recommendations.

We performed the audit from June 2006 through May 2007 in accordance with generally accepted Government Auditing Standards prescribed by the Comptroller General of the United States. Our audit included such tests of procedures and records as we considered necessary, including those providing reasonable assurance of detecting abuse and illegal acts.

EXHIBIT B. CLOSED AIP GRANTS WITH REMAINING BALANCES (AS OF MAY 2007)

Table 2. Closed AIP Grants That FAA Needs To Resolve

No.	AIP Grant Number	Date Closed in SOAR	Remaining Balance in Delphi
1	3-34-0042-016-1997	6/13/2000	$173.11
2	3-36-0085-018-1994	9/19/2001	$36,000.00
3	3-36-0085-020-1994	9/20/2001	$23,877.00
4	3-36-0033-017-1998	8/29/2002	$6,929.00
5	3-36-0024-017-1997	9/10/2002	$16,860.00
6	3-02-0133-025-1998	9/11/2003	$315,269.00
7	3-02-0284-002-2000	8/26/2004	$32,020.97
8	3-36-0026-035-2002	2/2/2005	$1,161.00
		Total:	**$432,290.08**

Source: FAA's Office of Financial Management

Note: In its response to our draft report, FAA stated that it had addressed seven of these eight grants (numbers 2 through 8) and would de-obligate $173.11 remaining on the first grant by September 30, 2007.

.

Exhibit B. Closed AIP Grants With Remaining Balances (as of May 2007)

APPENDIX. AGENCY COMMENTS

Federal Aviation Administration

Memorandum

Date: August 6, 2007

To: Robin K. Hunt, Acting Inspector General for Aviation and Special
                 Program Audits

From: Ramesh K. Punwani, Assistant Administrator for Financial Services/CFO

Prepared by: Anthony Williams, x79000

Subject: OIG Draft Report: FAA's Oversight of Inactive Airport Improvement
                 Program/Grant Obligations

As requested in your memorandum dated July 12, the following is the Federal Aviation
Administration's (FAA) response to the subject draft report.

General Comments:

We agree that FAA's procedures for overseeing grants allowed some grants to remain
inactive longer than 18 months. However, the procedures used the best data available to
the Office of Airports at the time the Office of Inspector General (OIG) began its audit.
As new data becomes available, the FAA is continuing to develop and improve the
review of inactive grants.

Specifically, the Office of Airports gained access to data from the agency's financial
system of record, Delphi. Using this data, we developed a Microsoft Access "Grant
Payment Tracking" database, which is available to all FAA field personnel on a
nationwide server. The database provides graphical and tabular reports, grant duration,
payment frequency and amounts, deobligations, and remaining balances. In addition, the
FAA Internal Controls Division (AFM-600) set up quarterly reviews, documentation, and
reporting requirements on all obligations in the Delphi accounting system that are
financially inactive for 18 months or longer. The Office of Airports expanded the report
to include relevant grant information from the System of Airports Reporting (SOAR),
and shared the report for regional review and reporting. FAA is also conducting periodic
regional evaluations and performing tests to measure each region's progress on
deobligating unneeded grant funds. In fact, this draft report resulted from an FAA

request for OIG technical support in evaluating the extent of irregularities identified during a regional evaluation.

Finally, while we are committed to improving our procedures, we have a concern that the draft report does not fully capture the effectiveness of our existing procedures. Information provided by the OIG shows that roughly $1 million from 28 inactive grants was deobligated when the grants were closed. Total Airport Improvement Program (AIP) obligations managed by the three regions audited were about $1.3 billion. The amount deobligated represents less than one-tenth of one percent of the three regions' entire program. This information is critical to the context of the overall audit report. The OIG concluded that "If FAA had addressed these grants sooner, the funds could have been put to better use on other projects." (Results In Brief, p. 2). However, compared to the overall outstanding grants, only a minor amount was not being "put to use on other projects."

Response to Recommendations

Recommendation 1: Establish a process for continuously monitoring inactive grants and ensuring the timely deobligation of any unneeded funds (e.g., $572,318 associated with the Buckeye and Elko County grants).

FAA Response: Concur. We agree that a process for continuously overseeing inactive grants and ensuring the timely deobligation of any unneeded funds is critical to the effective and efficient use of AIP funds. As discussed more fully above, the FAA's Office of Internal Controls has set up a quarterly review requirement for all grants inactive for 18 months or longer. In addition, FAA developed a "Grant Payment Tracking" database that will aid FAA field offices with continuously monitoring inactive grants.

Finally, FAA drafted a new Program Guidance Letter (PGL) to address this issue. The PGL, entitled "Grant Payment Oversight", will use two new data sources to strengthen FAA grant inactivity oversight. The PGL requires a progressively increasing response to grant financial inactivity, beginning when a grant first reaches six months of inactivity. The FAA expects to issue the PGL by October 31. We were unable to issue the PGL sooner because the data reports allowing easy and continuous overseeing of grant financial activity were only recently available. In addition, we must complete internal coordination within FAA before completion of the PGL.

Recommendation 2: Establish a process for ensuring that grants are not closed prematurely and that excess funds are deobligated when the project is completed and put to better use on other projects (e.g., 76 closed grants involving subsequent expenditures of $5.4 million and deobligation of $2.7 million in unneeded funds).

FAA Response: Concur. As noted in the draft audit report, FAA's Southwest Region set up an informal process to identify closed grants with remaining obligations. The FAA will develop and implement a formal process ensuring that future grants are not closed prematurely. The FAA will set up this process by December 31.

Appendix. Agency Comments

Recommendation 3: Resolve the remaining $432,290 on eight closed grants identified by the Southwest Region and ensure the timely deobligation of any unneeded funds.

FAA Response: Concur. Seven of the eight grants have been addressed and no longer have remaining balances. The remaining obligation on the final grant is being deobligated and will be resolved by September 30. The remaining balance on the grant is approximately $173.

If you have any questions, please contact Anthony Williams, Budget Policy Division, ABU-100 at 202-267-9000.

Appendix. Agency Comments

The following pages contain textual versions of the graphs and charts found in this document. These pages were not in the original document but have been added here to accommodate assistive technology.

FAA's Oversight of Inactive Airport Improvement Program Grant Obligations

Section 508 Compliant Presentation

Table 1. Sample of Inactive and Old Airport Improvement Program Grants

Due to difficulties in integrating grant files from FAA's financial and grant management systems, we relied on data provided by Agency officials in drawing a nationwide universe of 442 inactive and old grants. From this universe, we selected a statistical sample of 45 AIP grants. The table 1 data below presents our sample by grant category and universe.

- For grants inactive 12 to 17 months, we selected a sample of 10 out of the universe of 215. These are grants inactive as of June 30, 2006.

- For grants inactive 18 months or more, we selected a sample of 26 out of the universe of 130. These are grants inactive as of June 30, 2006.

- For grants 4 years or older, we selected a sample of 9 out of the universe of 109. These are grants categorized as "old" as of August 1, 2006.

The total number of grants in our sample from these three grant categories was 45 out of the total grant universe of 442 inactive and old grants.

Note: Since 12 of the inactive grants were also 4 years or older, the universe total is less than the sum of the 3 grant categories.

Source: Office of Inspector General and FAA's Office of Airports and Office of Financial Management.

Table 2. Closed Airport Improvement Program Grants With Remaining Balances (as of May 2007)

- Number 1. AIP Grant Number 3-34-0042-016-1997. Closed in System for Airport Reporting (or SOAR) on June 13, 2000. Remaining balance in Delphi is $173.11.

- Number 2. AIP Grant Number 3-36-0085-018-1994. Closed in SOAR on September 19, 2001. Remaining balance in Delphi is $36,000.00.

- Number 3. AIP Grant Number 3-36-0085-020-1994. Closed in SOAR on September 20, 2001. Remaining balance in Delphi is $23,877.00.

- Number 4. AIP Grant Number 3-36-0033-017-1998. Closed in SOAR on August 29, 2002. Remaining balance in Delphi is $6,929.00.

- Number 5. AIP Grant Number 3-36-0024-017-1997. Closed in SOAR on September 10, 2002. Remaining balance in Delphi is $16,860.00.

- Number 6. AIP Grant Number 3-02-0133-025-1998. Closed in SOAR on September 11, 2003. Remaining balance in Delphi is $315,269.00.

- Number 7. AIP Grant Number 3-02-0284-002-2000. Closed in SOAR on August 26, 2004. Remaining balance in Delphi is $32,020.97.

- Number 8. AIP Grant Number 3-36-0026-035-2002. Closed in SOAR on February 2, 2005. Remaining balance in Delphi is $1,161.00.

- These grants' total remaining balance in Delphi is $432,290.08.

Source: Federal Aviation Administration Office of Financial Management

Note: In its response to our draft report, FAA stated that it had addressed seven of these eight grants (numbers 2 through 8) and would de-obligate $173.11 remaining on the first grant by September 30, 2007.