



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Donna J. Mansfield - Claim for Payment under
Administration on Aging Grant

File: B-226439

Date: July 31, 1987

DIGEST

Claim against Administration on Aging (AOA) by former employee of grantee is denied where there is no contract between agency and former grantee employee upon which to base agency liability, nor is the grantee an agent of the agency for purposes of holding the federal government liable for the actions of the grantee.

DECISION

This decision is in response to a request from Ms. Donna J. Mansfield, for a review of our Claims Group Settlement, Z-2863394, December 18, 1986, which determined that Ms. Mansfield was not entitled to reimbursement of \$9,326.52 plus interest for work done on a grant project incident to her employment with the New England Innovation Group (NEIG), the project's designated grantee. For the reasons set forth below, we hold that Ms. Mansfield's claim must be denied.

BACKGROUND

Ms. Mansfield was employed by the NEIG, a non-profit Rhode Island Corporation, from May 1980 to June 1983. The Administration on Aging (AOA) made a grant award based on a proposal from NEIG, written by Ms. Mansfield. The project started in October 1982 and was to last 12 months with Ms. Mansfield acting as the Project Manager. A portion of the grant funds were to be used to pay three-fourths of Ms. Mansfield's salary and benefits during the project year in addition to reimbursing her for other allowable grant expenses that were incurred by her. Ms. Mansfield resigned by early June because of NEIG's failure to pay her and other irregularities. The grant agreement was suspended for a period and then terminated in mid-July after NEIG failed to provide AOA with assurances that NEIG would be able to complete the project. AOA has apparently determined that the corporation no longer exists. The grant account which remains open shows that a total of \$50,600 was received by NEIG; however, only \$23,687 of that amount was

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demonstrated by a status report to have been legitimately expended.

On August 28, 1984, Ms. Mansfield obtained a default judgment against NEIG for unpaid salary, benefits and expenses totaling \$9,326.52. Ms. Mansfield was unable to collect from NEIG and filed her initial claim with our Claims Group to get this amount, plus interest, from the AOA. Ms. Mansfield's basic contention is that she should be paid by the government the amount NEIG owes her for services performed on the grant project. In addition, she criticizes the agency for terminating the grant project, instead of reassigning the grant.

DISCUSSION

NEIG's liability to its former employee, Ms. Mansfield, does not create a liability on the part of the AOA under the grant agreement. The agreements represented here are separate and distinct contractual arrangements. B-209649, December 23, 1983. There is a contractual relationship between the AOA and the NEIG and an employment contract between NEIG and Ms. Mansfield. There is no contract between the AOA and Ms. Mansfield. Further, under the grant agreement, NEIG is not an agent of AOA for purposes of holding the federal government liable for the actions of NEIG. Because of the autonomy of grantees under grant agreements, courts have refused to characterize grantees as agents of the federal government and have declined to hold the federal government liable for a grantee's debts to a third party. See D.R. Smalley & Sons, Inc. v. United States, 372 F.2d 505 (Ct. Cl. 1967).

The only obligation of AOA under the grant agreement was to provide NEIG with funds to cover the allowable grant costs incurred by the grantee. There is no claim, nor any reasonable inference, that this obligation was not met. In fact, it seems clear that although enough funds were provided NEIG to cover all properly payable costs, a large amount of these funds were not used for legitimate grant expenditures.

Under these circumstances, there is no reasonable basis for finding the federal government liable for the improper actions of its grantee.

Ms. Mansfield's criticisms concerning the agency's decision to terminate the project have no direct bearing on the validity of the claim before us. However, we note that the

record we have does not indicate any actions by AOA which went beyond agency discretion in administering the grant agreement.

Accordingly, the determination of our Claims Group is hereby sustained.

for 
Comptroller General
of the United States