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RELEASED

Certain Activities Of The Guadalupe Organization, Incorporated, Guadalupe, Arizona

B-130515

Office of Economic Opportunity

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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SEPT. 21, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-130515

SEP 21 1972

Dear Mr Rhodes

This is our report on certain activities of the Guadalupe Organization, Incorporated, Guadalupe, Arizona, a grantee of the Office of Economic Opportunity. Our review was made in response to your request of September 3, 1971, and subsequent discussions with you and included an audit of the financial transactions of the organization as well as an examination of various aspects of the organization's programs.

The Office of Economic Opportunity, the organization, and other affected parties have not been given an opportunity to formally examine and comment on the report. However, we have discussed our findings with officials of the Office of Economic Opportunity and with representatives of the organization.

In accordance with our agreement, we are sending copies of this report to the Director of the Office of Economic Opportunity. We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning this report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "A. M. T. H.", written over a solid black rectangular redaction mark.

Deputy  Comptroller General
of the United States

The Honorable John J Rhodes
House of Representatives

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	5
Scope of review	6
2 ADMINISTRATION OF GRANT FUNDS	7
Expenditures in excess of authorized grant	7
Tests of grant expenditures	8
Accuracy of program accounts	12
Recommendation	13
3 SOURCES OF FUNDING OF GO'S DENTAL CLINIC	14
4 PERSONS SERVED, FEES CHARGED, AND INCOME COLLECTED BY GO	15
Persons served by GO	15
Fees charged and income collected by GO	18
5 OEO FUNDING OF TWO ORGANIZATIONS IN GUADALUPE	20
Recommendation	22
6 COORDINATION WITH OTHER PROGRAMS	23
Program year 1971-72 coordination	23
Program year 1972-73 coordination	25
APPENDIX	
I Schedule of OEO title II and title III, part B, grants made to GO through February 29, 1972, and GO's expenditures through October 31, 1971	27

ABBREVIATIONS

GAO General Accounting Office

GO Guadalupe Organization, Incorporated

MCCAA Maricopa County Community Action Agency

OEO Office of Economic Opportunity

CHAPTER 1

INTRODUCTION

Guadalupe Organization, Incorporated (GO), a grantee of the Office of Economic Opportunity (OEO), is located in Guadalupe, Arizona. Guadalupe, an unincorporated area in Maricopa County, is about 15 miles southeast of Phoenix and has an estimated population of 3,500.

Pursuant to a request from Congressman John J. Rhodes, dated September 3, 1971, and subsequent discussions with the Congressman, we reviewed GO's administration of grant funds, the sources of funding of GO's dental clinic, persons served by GO, and GO's coordination with other agencies. We also determined the legality of OEO's funding of two anti-poverty organizations in Guadalupe.

OEO has awarded funds to GO for a community action program under authority of title II and for a migrant and other seasonal farmworker program under title III, part B, of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701). Initially GO received title II funds directly from OEO. Beginning in 1966, however, OEO funded the Maricopa County Community Action Agency (MCCAA) to conduct anti-poverty programs in Maricopa County under title II of the act and GO received title II funds pursuant to a delegate agency¹ contract with MCCAA. GO severed this delegate agency relationship in February 1970 and, although it continued as a title III grantee with direct funding from OEO, has not received any title II funds through MCCAA since that time. In program year 1971-72 (March 1971 through February 1972), GO, with its title III, part B, grant funds, conducted an adult basic education and vocational training program and provided various services to the residents of Guadalupe and the surrounding area. The OEO Migrant Division directly administers the title III grant.

¹A delegate agency is any organization which is given, under formal agreement, responsibility for carrying out a portion of a community action program.

All nine members of GO's board of directors reside in, and represent the poor of, the Guadalupe area. GO also has an advisory board composed of individuals representing local educational, professional, governmental, and religious organizations. On October 31, 1971, GO had 24 employees whose salaries were funded under its OEO grant.

Since 1965 OEO awarded GO \$1,228,847 in title II and title III, part B, grants, of which GO expended \$1,112,949 through October 31, 1971. (See app. I.) On June 21, 1972, OEO approved, with certain conditions, GO's proposal for a grant of \$195,000 for a migrant and other seasonal farmworker program for the 1972-73 program year (March 1972 through February 1973). As of August 1972, OEO and GO had not reached agreement on the final grant document.

SCOPE OF REVIEW

We reviewed pertinent legislation; financial and program records, OEO regulations, and reports on GO's activities prepared by a public accountant, by OEO regional auditors, and by the OEO Inspection Division. We interviewed residents of Guadalupe and representatives of GO; Federal, State, and local agencies; and a public accounting firm retained by GO. We did not evaluate the effectiveness of GO's antipoverty programs.

Our review generally covered the period March 1 through October 31, 1971.

CHAPTER 2

ADMINISTRATION OF GRANT FUNDS

Our examination showed that GO's expenses, except for travel expenses, were generally supported. However, we noted that expenditures were in excess of the authorized grant, travel expenses were not authorized in writing in advance, and eligibility of education and training program enrollees receiving stipends was not documented. Also GO was not following OEO instructions regarding fees charged and income collected, which is discussed in chapter 4.

GO officials stated that proper accounting procedures would be followed in the future to insure that charges to program accounts are authorized and documented. They also stated that budget controls were being strengthened to help prevent expenditures in excess of the authorized grant and that all data necessary to determine the eligibility of education and training program enrollees receiving stipends would be obtained and documented.

EXPENDITURES IN EXCESS OF AUTHORIZED GRANT

GO exceeded its authorized grant expenditures for program year 1970-71 (April 1970 through February 1971) by \$18,024 and used \$20,180 of funds authorized for stipends for other program expenses.

OEO instructions require that, if a grantee incurs expenditures in excess of the total amount of an approved grant, the amount of overexpenditure must be absorbed by the grantee. Also, OEO instructions to 1970-71 program year grantees required that, without prior OEO approval, funds budgeted for stipends could be used only for that purpose.

The details of the overexpenditure for program year 1970-71 are as follows:

<u>Budget categories</u>	<u>Authorized budget</u>	<u>Actual</u>	<u>Over or under (-) authorized budget</u>
Personnel	\$74,737	\$112,041	\$37,304
Stipends	71,760	51,580	-20,180
Other	<u>15,490</u>	<u>16,390</u>	<u>900</u>
Total overexpenditure			<u>\$18,024</u>

To finance the \$18,024 overexpenditure, GO transferred funds from its own account to its OEO grant account and borrowed money from outside sources. GO repaid its own account and the outside sources with grant funds that were received from OEO for the following program year (1971-72) rather than absorb the overexpenditure as required by the OEO instructions. Also, GO did not obtain OEO approval to use \$20,180 of unexpended program year 1970-71 stipend funds for the payment of personnel and other program expenditures.

The overexpenditure was originally reported to OEO by a public accounting firm in its audit report on GO's program year 1970-71 activities. In February 1972, in response to this report, GO informed the Migrant Division that budget controls were being streamlined to help prevent future overexpenditures.

OEO Migrant Division officials informed us in July 1972 that, because the overexpenditure had been incurred for allowable program purposes, OEO planned to retroactively approve the use of stipend funds and would probably give GO a supplemental grant to replace the program year 1971-72 funds used by GO to reimburse its account.

TESTS OF GRANT EXPENDITURES

To test the propriety of expenditures and the adequacy of accounting procedures and practices, we examined \$35,636, or about 28 percent, of the \$127,601 in title III, part B, grant funds expended by GO from March 1 through October 31, 1971.

Personnel and payroll

During the period examined, GO recorded payroll costs of \$75,744, about 59 percent of the total expenditures

We reviewed the July 1971 payroll of \$10,837 and the \$5,060 in health insurance premiums and payments under the Federal Insurance Contribution Act for the period March 1 to October 31, 1971

OEO instructions require that grantees maintain appropriate time and attendance records to substantiate payroll and leave records for each employee, showing balances of annual, sick, and other types of leave. We found that payroll expenditures of about \$15,339 were adequately supported. However, we noted overpayments or questionable payments of \$558, as follows:

1. An employee was paid \$100 which was not supported by timecards.
2. During July 1971 seven of GO's 22 employees, whose salary costs were funded under the OEO grant, were overpaid a total of \$164 because clerical errors were made in computing hours recorded on timecards for six employees and because one employee was paid at a rate in excess of that authorized.
3. GO did not maintain leave balance records showing the amount of accumulated annual, sick, or other types of leave due its employees. From data available at GO, we constructed such records and found that leave paid for generally had been earned. We noted, however, that one GO employee had been paid \$150 for 75 hours of sick leave in excess of the amount earned.
4. In computing Federal Insurance Contribution Act taxes due for the second quarter of 1971, GO overpaid \$144 because it did not deduct the gross wages of two employees who were members of a religious order and who were exempt from these taxes.

Travel

We reviewed GO's entire recorded local and out-of-town travel expenditures of \$4,690, which represented about 4 percent of the total expenditures.

OEO instructions require that travel by employees of grantees be authorized, fully documented, and paid for in accordance with the Standardized Government Travel Regulations. Our review showed that

- Prior written authorization had not been obtained for any of the travel. We were advised by GO's executive director that such authorization had been given orally.
- About 40 percent, or \$1,886, of the claims for reimbursement for travel expenses did not contain all the required supporting information, such as purposes of travel, details of points visited and of expenditures incurred, and times of departures and arrivals.

Other costs

Expenditures recorded on GO's books as other costs totaled \$42,174, or about 33 percent of the total recorded expenditures. Of this amount, \$37,003 was for stipends to education and training program enrollees, \$1,661 was for enrollee accident insurance, \$3,023 was for utilities, \$185 was for building materials, and \$302 was for miscellaneous items.

We reviewed the July 1971 stipend expense of \$4,885 and the entire \$5,171 of the other expenditures. Of the \$5,171, about \$280 expended for truck liability insurance and building materials was not adequately documented. The \$280 had been paid to a GO employee to reimburse him for insurance on his personal truck used in GO training program activities and for building supplies that he had purchased and provided to GO. The lack of documentation was apparently due to the informality of the arrangement with the employee.

Our examination of the supporting documentation for the stipend expense showed that 26 of the 30 education and

GO officials advised us that, in the future, all data necessary to determine eligibility of enrollees receiving stipends would be obtained and documented.

Consumable supplies

We reviewed GO's recorded expenditures of \$2,509 for consumable supplies, or 2 percent of the total expenditures, and found that all expenditures, except one disbursement of \$33, were adequately supported by vouchers and receipts

Consultant and contract services

GO recorded \$1,784 in consultant and contract expenses, or about 2 percent of the total expenditures. The \$1,784 was spent for the annual audit and was adequately supported.

Rental, lease, and purchase of equipment

We reviewed the entire \$700 which GO recorded in this category. GO paid the \$700, which was less than 1 percent of the total expenditures, for the rental of a copying machine. The payments for this rental were made in April, May, and July 1971 and were adequately supported.

ACCURACY OF PROGRAM ACCOUNTS

OEO instructions state that grantee accounting records shall provide the information needed to adequately identify the receipt and expenditure of all program funds and that such records shall provide accurate and current financial information.

GO used OEO grant funds to pay salary and travel expenses incurred for activities funded by another Federal agency and by a private organization and did not make appropriate, timely adjustments in the OEO grant accounts. As a result, GO's records and its monthly financial reports to OEO prepared from them did not provide an accurate and current picture of the expenses incurred under the OEO grant

From March through October 1971, for example, \$5,967 in salaries of employees involved in activities funded by the Economic Development Administration and by a private organization were charged to the OEO grant as salary expenses. On

October 31, 1971, GO made entries to properly charge the salaries to the other accounts. In the meantime, however, the seven financial reports which GO sent to OEO from March through September showed an inflated salary expense figure.

In addition, several misclassifications or other book-keeping errors were made in recording GO's expenditures in the OEO grant accounts. For example:

--For the 5-month period ended July 31, 1971, GO overstated its insurance expense by approximately \$908 because it had erroneously recorded the employees' contributions toward a group health insurance plan as an expense.

--In two cases expenditures of \$1,084 were misclassified as consumable supplies. In one case \$417 for tool kits for stipend students, who were to repay GO for the kits, should have been recorded as an accounts receivable rather than charged to the consumable supplies account. In the other case an expenditure of \$667 for repairing the GO office was charged to the consumable supplies account rather than, as OEO regulations provide, recorded as space cost and rental.

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GO's executive director informed us that proper accounting procedures would be followed in the future to insure that charges to program accounts are authorized and documented and that the accounts and reports present an accurate and current picture of the status of the OEO grant.

RECOMMENDATION

OEO should oversee the corrective actions promised by GO to improve its financial management practices. We suggest that, to determine whether these actions are being effectively carried out, OEO request GO's public accountant to comment on these matters in his next audit report.

CHAPTER 4

PERSONS SERVED, FEES CHARGED,

AND INCOME COLLECTED BY GO

For program year 1971-72, GO received its OEO title III, part B, grant to conduct an education and training program, to operate a credit union, and to provide supportive services to community residents. The services, which for the most part were provided at GO's community center, included income tax return preparation, sale of money orders, referrals to other agencies, counseling, collection of utility bill payments, clothing donations, home visits by health aides, and local transportation to service agencies. In addition, GO provided space in the center for legal assistance which was furnished by the Maricopa Legal Aid Society and by law students of the Arizona State University.

PERSONS SERVED BY GO

By paying \$3 annual dues, persons can become GO members. As of October 1971, GO had 405 members.

To determine whether persons who were not GO members were being denied services, we interviewed residents of 15 blocks randomly selected from the 50 blocks in Guadalupe. These 15 blocks contained a total of 211 homes at which we were able to conduct 107 interviews.

Of the 107 persons interviewed, 106 stated that they had received services from GO and 50 stated that they were GO members. Of the 57 persons who were not GO members, 52 told us that they had never been denied services by GO. The remaining five persons stated that they had been denied loans by the GO credit union and/or treatment in GO's dental clinic.

Those who had been denied loans stated that the loans had been denied because the credit union officials had determined that their potential resources were insufficient to repay the requested loan. Those who had been denied dental treatment stated that the reason for such denial was that they were not GO members. The dental clinic was not

federally funded (see ch. 3), and its policy was to provide only emergency treatment to nonmembers.

Following are the additional questions we asked and responses to them.

Do you feel that GO has helped you and/or the community?

Yes	80
No	16
No opinion	11

If you have received services from GO, what was the quality of the services received?

Excellent	13
Satisfactory	87
Unsatisfactory	3
No opinion	3

We also interviewed enrollees in GO's education and training program and asked whether they were members of GO and, if so, whether membership was a prerequisite to their enrollment in the program. Of the 15 enrollees interviewed, 12 stated that they were members and three stated that they were not members. The 12 who were members stated that they had not been required to become members to enter or remain in the education and training program.

Number of migrant or other seasonal farmworkers in the community

A condition in GO's grant for program year 1971-72 stated, in part, that those eligible to participate in the grant program should be from migrant or other seasonal agricultural families. We asked the 122 persons interviewed whether the heads of the households were migrant or other seasonal farmworkers. All 15 of the education and training program enrollees answered positively, but only nine of the 107 community residents interviewed answered positively. The remaining 98 answered that the heads of the households were not migrant or other seasonal farmworkers but that GO had provided them with such services as cashing checks, collecting utility bill payments, and selling money orders.

GO's executive director informed us that GO was serving migrant and other seasonal farmworkers as required and that, because services were also provided to other community residents, OEO grant funds were being effectively used. In its 1971-72 application for OEO assistance, GO stated that 75 percent of the total Guadalupe population was below the OEO poverty level. Also, GO officials provided us with information showing that at least 327 migrant and other seasonal farmworkers were in the Guadalupe area.

In May 1972 an OEO Migrant Division official informed us that, in other than the education and training program, OEO would not oppose providing services to poor persons in general as long as primarily migrant and other seasonal farmworkers benefited. In June 1972 OEO added special conditions to GO's 1972-73 program year grant, providing for the Arizona State Employment Service to conduct a manpower survey by November 1972 to determine the number of migrant and other seasonal farmworkers residing in the area served by GO and for GO to require proof of eligibility before providing individuals with other than over-the-counter services. On the basis of the manpower survey, OEO plans to determine whether to continue funding GO.

Persons receiving dental clinic services

The application form for care at GO's dental clinic stipulated that, to receive dental services, the patient must be a GO member. As noted previously, however, non-members received emergency treatment at the clinic. OEO officials have maintained that, since OEO funds do not support the operation of the clinic, they have no authority over the clinic.

The local church asked GO to sign a contract for the use of the church's parish center where the clinic was located. Because of a disagreement over the church's proposed contract terms concerning lease clauses and clinic operations, GO closed the clinic in July 1971 rather than accept the church's offer. At the time of our review, GO was planning a campaign to raise funds to finance a new location for the dental clinic.

FEES CHARGED AND INCOME COLLECTED BY GO

OEO instructions, incorporated by reference in the grant agreement, require that (1) grantees obtain OEO approval before charging fees, (2) all receipts, including any income earned from fees charged to program beneficiaries, be accounted for in the grantees' records, and (3) income received by grantees from program activities be reported as available OEO funds in the grantees' financial reports to OEO.

Although GO collected income for providing its services, GO did not (1) obtain prior OEO approval for charging fees, (2) record the money collected in its OEO grant account, or (3) report the collection of such income to OEO. GO's records showed that, from January to November 1971, GO collected \$3,000 for providing certain services. Of this amount, \$2,500 was for providing transportation services, selling money orders, and collecting utility bill payments. Brief descriptions of some of the services provided follow.

Transportation

GO provided community residents with transportation to such places as the county hospital and the social security office, but only when no other transportation was available. GO charged its members 50 cents and nonmembers \$1 for this service. From January to November 1971, fees collected for transportation services totaled \$68. GO employees, whose salaries were funded under the OEO grant, provided the transportation, generally in their own automobiles, and were reimbursed for mileage from OEO grant funds.

Money orders

GO employees, whose salaries were paid with OEO grant funds, sold money orders in the community center. Of the 30-cent fee GO charged per money order, 15 cents was paid to the bank for the blank money order forms and 15 cents was kept by GO as a charge for the service. From January to November 1971, GO received \$1,600 for selling money orders.

Utilities

GO had arrangements with utility companies whereby community residents could pay their utility bills at GO's community center. From January to November 1971, GO received \$864 from the utility companies for providing this service.

Income tax returns

GO's application for its 1971-72 program year OEO grant stated that GO would provide income tax service to community residents. GO officials informed us that, as part of GO's grant program, community center volunteers provided free tax service. In addition, they informed us that GO's administrative assistant prepared income tax returns at home on her own time for fees which she donated to GO.

The administrative assistant informed us that, depending on the complexity of the return prepared, she charged \$1 to \$1.50 to GO members, \$4 to \$7.50 to nonmembers, and 50 cents to students. She collected \$227 for preparing 1970 tax returns from January to April 1971.

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An OEO Migrant Division official informed us that the Division would request the OEO auditors to review GO's activities to determine whether income from OEO-funded programs had been properly accounted for and, on the basis of the findings, to take the appropriate action. In June 1972 OEO added a special condition to GO's grant, requiring GO to account for fees and income collected on OEO-funded programs and to charge both members and nonmembers the same fee for services provided. GO's executive director advised OEO that GO had ceased collecting fees for transportation services and that fees collected from money order sales would be used to reduce the Federal cost of the program.

CHAPTER 5

OEO FUNDING OF TWO ORGANIZATIONS IN GUADALUPE

OEO funds two antipoverty agencies in Guadalupe--GO, operating a migrant and other seasonal farmworker program under title III, part B, of the act, and MCCA, operating a community action program under title II of the act

The act does not preclude OEO from funding, under different titles of the act, two organizations in the same community. The program activities under title II of the act are intended to focus all available resources on enabling low-income families to become self-sufficient. Title III, part B, program activities have similar goals but for a specific occupational group--migrant and other seasonal farmworkers. In reporting on the act in Senate report 1218 (88th Cong. 2d sess.), the Committee on Labor and Public Welfare stated:

"Although *** [the problems of migrant farmworkers] will receive important attention under other titles of *** [the act], the committee feels that their solution warrants the initiation of special programs devoted to aiding migrant workers and their families."

GO was incorporated in 1964, and in 1965 it became the first OEO-funded title II community action agency grantee in Arizona. In 1966 OEO funded MCCA to conduct antipoverty programs in Maricopa County under title II of the act, and in mid-1966 GO became a delegate agency under contract with MCCA. Beginning in 1966 OEO began providing funds to GO under title III, part B, of the act to operate a migrant and other seasonal farmworker program.

In early 1970 MCCA became an agency of the Maricopa County government and informed GO that, to continue receiving title II funds as a delegate agency, GO would be required to expand its board of directors to include county government officials and to discontinue charging membership dues. GO refused to take such actions, and the delegate agency relationship was severed in February 1970. GO has not received any title II funds since that time.

As discussed in chapter 4, GO operates an education and training program and provides a number of services to Guadalupe area residents, primarily at its community service center.

MCCAA conducts antipoverty programs in offices throughout Maricopa County (including Guadalupe), except for the city of Phoenix. In July 1970 MCCAA opened a Guadalupe branch office about one-half mile from the GO office. During program year 1972-73, MCCAA budgeted \$29,924 for the operation of the branch office, which has four employees.

The branch office serves the same geographical area as does GO and conducts programs and services selected by MCCAA. According to information provided to us by MCCAA in October 1971, the branch office conducted no specific programs, such as an education and training program or a dental clinic, and operated only as a neighborhood center providing residents with such community services as income tax preparation, emergency transportation, clothing, counseling, letterwriting, notary public, sale of money orders, and utility bill collection--most of which are also provided by GO.

In January 1972 an OEO regional office official informed us that, in his opinion, one agency could adequately provide the services which both agencies now provide. He believed that, as an alternative, a special condition could be added to MCCAA's grant, requiring MCCAA to provide services in its Guadalupe branch office different from those provided by GO. In March 1972 an OEO Migrant Division official concurred that only one agency was needed in Guadalupe.

Migrant Division officials stated that, in their opinion, it would be unjust for OEO to stop funding GO and to continue to fund MCCAA's branch office because GO had been in the community since the early 1960s and had conducted an effective antipoverty program. They further stated that the branch office, opened in July 1970, had an OEO-funded budget of \$29,924 compared with GO's budget of \$195,000 and had not had sufficient time to demonstrate its effectiveness. Migrant Division officials added that, if duplicate services had been provided, it was MCCAA's branch office and not GO which duplicated services already provided.

RECOMMENDATION

Because OEO has funded two organizations which have been providing some of the same types of services in Guadalupe, OEO should take appropriate action to insure that the limited antipoverty funds available are used most effectively in the Guadalupe area. It seems to us that, as a condition for future OEO funding of antipoverty programs in Guadalupe, a number of options are available, such as (1) assigning to GO and MCCAAs branch office specific responsibility for the various types of services and persons to be served, (2) requiring GO and MCCAAs branch office to consolidate their operations, or (3) funding only one organization to provide OEO antipoverty services in Guadalupe.

CHAPTER 6

COORDINATION WITH OTHER PROGRAMS

Our examination of agency reports submitted to OEO and our interviews with agency officials in the Guadalupe area revealed that GO had coordinated its activities with many of the agencies reporting to OEO or interviewed by us.

PROGRAM YEAR 1971-72 COORDINATION

OEO instructions require that applicants for OEO funds ask other agencies involved in aiding the poor in their areas to submit to OEO Community Action Program Forms 46 containing the following question "Will the proposed project(s) complement and be coordinated with your current and planned efforts to eliminate poverty?"

We reviewed all 11 Forms 46 on file for the 1971-72 program year and met with officials from 11 other organizations that provided services or carried out programs directed to poverty or poverty-related problems in the Guadalupe area. Of the 22 organizations reporting to OEO or contacted by us, 10 stated that GO had coordinated its activities with them, eight stated that GO did not currently coordinate its activities with them, and four provided other responses.

Examples of each of these types of responses follow.

Positive responses

- A local elementary school district informed us that it provided classroom space for GO's education and training program.
- The Arizona State Division of Vocational Rehabilitation stated that it accepted persons referred to its program by GO.

Negative responses

- MCCAA's director informed us that MCCAA's branch office in Guadalupe had invited GO to sit on the branch's policy board and on the Guadalupe fire

protection committee, which the branch established, but that GO had declined the invitations. The Guadalupe area coordinator of MCCAIA informed us that, when the branch office first came into existence, he had asked GO for assistance in improving services to and relations with the community but that GO had refused to help. According to the area coordinator, the branch office has not returned to GO for assistance.

--According to officials of the State Economic Opportunity Office, the State office's prime responsibility is advisory and the State office does not have any binding authority in its relationships with OEO grantees. The officials informed us that, until a few years ago, GO had coordinated its activities with the State office but that, since then, it had not.

The director of the State office stated that, just before GO's request for OEO program year 1971-72 funds, he had contacted GO officials to assure them that his office was willing to assist GO in any matter. According to the director of the State office, GO's executive director informed him that his help was not needed.

Other responses

--The director of the State Division of Adult Education informed us that the division and GO had not had any contact in the 18 months that he had been director. He stated that the division could give GO such services as classroom material and teacher aide training and that the division would inform GO of the services that it could give to GO.

--Officials of the Migrant Opportunity Program, an OEO grantee in Phoenix, Arizona, advised us that the Form 46 had been completed by an official who had just joined the Migrant Opportunity Program and who was unaware of the extent of coordination with GO. The officials stated that there had been considerable coordination between the Migrant Opportunity Program

and GO and cited as an example of their coordination the Migrant Opportunity Program's tuition assistance program, under which funds were provided to a number of college students who had been referred to the program by GO. Also, these officials stated that on certain occasions the Migrant Opportunity Program, with OEO permission, had loaned GO funds that were needed to continue GO's program while GO was awaiting OEO funds.

GO's executive director stated in December 1971 that GO does not attempt to coordinate its activities with some agencies, including the State Economic Opportunity Office, MCCA, and MCCA's branch office in Guadalupe, because, in his opinion, these agencies would not be able to assist GO in planning or conducting its programs.

PROGRAM YEAR 1972-73 COORDINATION

In July 1971 OEO issued revised instructions requiring applicants to submit, in addition to the Forms 46, comments regarding proposed projects from State clearinghouses established pursuant to Office of Management and Budget Circular A-95.¹ The instructions also require applicants to submit to OEO, with their completed applications, any comments or recommendations received from the clearinghouses, along with statements that such comments have been considered before submitting the applications. Further, the instructions provide that the clearinghouses inform State and local agencies of any proposed project which might have an impact on their programs and, if the agencies express an interest, permit them to participate in followup conferences and transmit their comments to the applicants. In accordance with the instructions, the applicants must then submit all comments

¹This circular, dated July 24, 1969, encouraged the establishment of State, regional, and metropolitan clearinghouses and required Federal grant applications for social, economic, and physical development projects and programs to be routed through the clearinghouses, when established, so that Federal, State, and local activities could be better coordinated.

from the other agencies, as well as from the clearinghouses, with their applications.

Arizona has set up a State clearinghouse for grant programs. GO channeled its OEO grant request for program year 1972-73 through the clearinghouse. On February 1, 1972, the clearinghouse notified GO that it had reviewed GO's application and that the application could be submitted to OEO as received by the clearinghouse.

Of the 48 Forms 46 on file in March 1972 for GO's program year 1972-73 request for OEO funds, 33 had positive responses to the question on coordination, four had negative responses, and 11 had other or no responses. The negative responses were from MCCA; the Maricopa County Board of Supervisors; the Maricopa County Neighborhood Youth Corps; and the Tempe, Arizona, Elementary School District No. 3.

SCHEDULE OF OEO TITLE II AND TITLE III, PART B, GRANTS
MADE TO GO THROUGH FEBRUARY 29, 1972, AND
GO'S EXPENDITURES THROUGH OCTOBER 31, 1971

<u>Program year ended</u>	<u>Award (note a)</u>	<u>Expended</u>
Title II (note b).		
8-31-66	\$ 57,405	\$ 57,405
2-28-67	65,485	29,736
2-28-68	63,904	66,689
2-28-69	67,838	64,861
2-28-70	<u>67,838</u>	<u>67,076</u>
	<u>322,470</u>	<u>285,767</u>
Title III, part B:		
3-31-67	175,466	175,446
3-31-68	98,939	92,665
3-31-69	124,061	103,007
3-31-70	151,047	148,452
2-28-71	161,987	180,011 ^c
2-29-72	<u>194,877</u>	<u>127,601</u>
	<u>906,377</u>	<u>827,182</u>
Total	<u>\$1,228,847</u>	<u>\$1,112,949</u>

^aThis represents the total award, including carryovers--funds not expended in previous years.

^bIn 1965 GO received title II funds directly from OEO. Beginning in 1966, OEO funded MCCAAs under title II and GO received title II funds pursuant to a delegate agency contract with MCCAAs. This delegate agency relationship was severed in February 1970, and GO has not received any title II funds since that time.

^cSee chapter 2 for the details concerning the overexpenditure of funds for the 1970-71 program year.