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**REPORT TO THE SUBCOMMITTEE
ON CHILDREN AND YOUTH
COMMITTEE ON LABOR AND
PUBLIC WELFARE
UNITED STATES SENATE**

74-0170

**Information Concerning Voluntary
Foreign Aid Programs** B-179284

Agency for International Development
Department of State

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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JUNE 6, 1974

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-179284

✓ CIH R The Honorable Walter F. Mondale, Chairman
Subcommittee on Children and Youth
Committee on Labor and Public Welfare S1103
United States Senate

Dear Mr. Chairman:

This is our response to your July 23, 1973, letter requesting information on the voluntary foreign aid program administered by the Advisory Committee on Voluntary Foreign Aid and the Agency for International Development.

We are performing a follow-on examination into the relationship between the Committee and selected registered voluntary agencies you requested on November 12, 1973. A separate report will be provided in response to that request.

This report would be of interest to other Committees and Members of Congress. However, we will release it only if you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "A. J. Kellen".

Acting Comptroller General
of the United States

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ABBREVIATIONS

AID Agency for International Development
AG Auditor General
Area AG Area Auditor General
CPA certified public accountant
GAO General Accounting Office
VOLAG voluntary agency

REPORT TO THE SUBCOMMITTEE
ON CHILDREN AND YOUTH,
COMMITTEE ON LABOR AND PUBLIC
WELFARE, UNITED STATES SENATE

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D I G E S T

WHY THE REVIEW WAS MADE

GAO was asked to obtain data concerning the voluntary foreign aid program administered by the Advisory Committee on Voluntary Foreign Aid and the Agency for International Development (AID).

Through that program, AID supports qualifying private U.S. voluntary agencies involved in humanitarian and human development programs abroad.

Data requested included information on voluntary agency registration criteria and their enforcement, the extent to which agencies are monitored and evaluated and by whom, a list of disqualified agencies, and the legislative authority for this program. (See app. I.)

FINDINGS AND CONCLUSIONS

Registration is required if an agency is to receive subventions under the program; i.e., Public Law 480, title II, commodities; ocean freight reimbursement for supplies shipped; and the use of U.S. Government excess property. (See p. 1.)

During fiscal years ending in 1971 or 1972, registered voluntary agencies obtained about \$652 million from private organizations, individuals,

and the U.S. Government to support their programs abroad--about \$431 million from private contributions and \$221 million from the U.S. Government.

Of the \$221 million of U.S. Government support, about \$196 million was in the form of registration benefits; i.e., Public Law 480, title II, commodities; ocean freight reimbursements; and U.S. Government excess property. The remainder was the value of U.S. Government grants and contracts. (See p. 2.)

Legislative authority and criteria for registration

Legislative authority for the voluntary foreign aid program is contained in the Foreign Assistance Act of 1961, as amended, and the Agricultural Trade Development and Assistance Act of 1954, as amended. Appendix III contains a synopsis of the pertinent legislative sections.

In general, registration criteria provide that a voluntary agency must:

- Be a U.S. organization with a primary purpose of engaging in voluntary foreign aid.
- Be controlled by a responsible body which exercises satisfactory control to insure that its services and resources are administered competently and in the public interest.

--Have a continuing voluntary, non-religious aid program outside the United States; records indicating financial stability and efficiency; and proof that contributions to it are tax deductible. (See ch. 2.)

Enforcing criteria

AID regulations imply that the Advisory Committee will enforce registration criteria not only when an agency applies for registration but also after it is registered.

Reports furnished to the Committee by agencies deal with their financial situations but are not designed to show compliance with all criteria. (See p. 5.)

The Committee has developed guidelines for maximum fundraising costs, but not for costs of administration, promotion, and publicity. (See pp. 6 and 7.)

Disqualified voluntary agencies

Since July 1, 1948, 26 agencies have been removed from registration. Records on eight of these showed that most of the eight requested removal from the list because they had dissolved or completed their programs.

Another eight have been denied registration. Most common reasons for denial were (1) no programs abroad and (2) poor financial situations.

A list of these 34 agencies has been provided to the Subcommittee. (See p. 8.)

Evaluating and monitoring voluntary agencies

Advisory Committee efforts in monitoring and evaluating benefiting agencies have consisted principally of reviewing documentation submitted by agencies to show compliance with registration criteria.

Agency operations have been monitored and evaluated by AID; the Department of Agriculture; and the Inspector General of Foreign Assistance. Agencies audited had received registration benefits, grants, or contracts from the U.S. Government.

During fiscal years 1971-73 the AID Auditor General performed 255 audits of registered voluntary agencies. These audits concerned agency handling of Public Law 480, title II, food programs; handling of excess property, contracts, grants, and other programs; and voluntary agency activities within a country. Other auditing organizations performed fewer but similar audits. (See ch. 3.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

AID said reasonable men might draw differing implications concerning the responsibility to enforce criteria after an agency registers.

GAO believes that nonenforcement of all registration criteria after an agency has registered severely diminishes effectiveness of these criteria to identify agencies that do not merit registration.

CHAPTER 1

INTRODUCTION

Senator Walter F. Mondale, Chairman, Subcommittee on Children and Youth, Senate Committee on Labor and Public Welfare, asked us on July 23, 1973, to evaluate the voluntary foreign aid program administered by the Agency for International Development (AID). (See app. I.)

Data requested included information on (1) the criteria that voluntary agencies (VOLAGs) are required to meet for registration, (2) the enforcement of these criteria by the Advisory Committee on Voluntary Foreign Aid, (3) the extent to which VOLAGs' activities are monitored and evaluated, (4) the legislative authority for this program, (5) a list of VOLAGs disqualified from registration, and (6) a list of registered VOLAGs that have been audited, by whom they were audited, and the results of these audits.

We are performing a follow-on examination into the relationship between the Advisory Committee and selected registered VOLAGs, requested by the Chairman on November 12, 1973. A separate report will be provided in response to that request.

BACKGROUND AND LEGISLATIVE AUTHORITY ON THE VOLUNTARY FOREIGN AID PROGRAM

AID believes that voluntarism should be used in assisting the humanitarian and human development priorities of developing nations. AID financially supports the work of others to contribute to the evolution of capabilities and institutions within assisted countries. AID supports certain VOLAGs involved abroad in humanitarian and human development programs, such as child-feeding and welfare programs, agricultural technical assistance, vocational education, and capital development.

To receive registration benefits from AID--i.e., Public Law 480, title II, commodities; ocean freight reimbursement for supplies shipped; and the use of U.S. Government excess property--a VOLAG must be registered with the Advisory Committee. Registration is not required for other forms of assistance, such as grants.

The Committee consists of 11 members appointed by the AID Administrator who meet 5 to 10 times annually. Authority for the Committee was established by directive of the President on May 14, 1946, which states that the Committee's purpose is "* * * to tie together the governmental and private programs in the field of foreign relief and to work with interested agencies and groups * * *." Similarly, the new charter for the Committee dated January 5, 1973, states the objective: "To serve as a focal point for relations between the U.S. Government and U.S. private and voluntary organizations active in the fields of relief, rehabilitation, and development overseas."

The Committee is responsible to the AID Administrator. AID provides the Committee with a staff.

As of January 1973, 89 VOLAGs were registered. During fiscal years ending in 1971 or 1972, these VOLAGs obtained about \$652 million from private organizations, individuals, and the U.S. Government to support their programs abroad--about \$431 million from private contributions and \$221 million from the U.S. Government. More than \$500 million was spent for programs in agriculture and rural development, community development, family planning, health and nutrition, housing construction, refugee assistance, relief and rehabilitation, vocational education, and related projects.

The \$221 million provided by the U.S. Government included \$146 million of Public Law 480, title II, food; \$48 million for overseas freight reimbursements; and \$2 million of U.S. Government excess property made available under the registration program. U.S. Government grants and contracts valued at \$25 million were also awarded to the registered VOLAGs.

The legislative authority for the voluntary foreign aid program is contained in six sections of the Foreign Assistance Act of 1961, as amended, and two sections of the Agricultural Trade Development and Assistance Act of 1954, as amended. Appendix III contains a synopsis of these sections.

SCOPE OF REVIEW

Our review was limited to an examination of records at AID/Washington, and we interviewed responsible officials of the Advisory Committee on Voluntary Foreign Aid; the Office of Private and Voluntary Cooperation, Bureau for Population and Humanitarian Assistance; the Office of the AID Auditor General; the Inspector General of Foreign Assistance, Department of State; and the Office of the Inspector General, Department of Agriculture.

CHAPTER 2

REGISTRATION AND ENFORCEMENT

REGISTRATION CRITERIA

The conditions governing the registration of VOLAGs are provided in the Code of Federal Regulations, title 22, chapter II, part 203, as follows:

- Any individual or nongovernmental organization engaged in nonprofit activities in the United States may apply to the Chairman of the Advisory Committee for registration to further or engage in voluntary non-religious aid outside the United States.
- The applicant must establish that its primary purpose is to engage in voluntary foreign aid. Its charter, articles of incorporation, constitution, and bylaws are among the documents used to provide the required evidence. The applicant must also establish that:
 1. Its principal place of business is in the United States and its books and records are maintained there.
 2. It is controlled by a responsible active body consisting primarily of U.S. citizens, who carry out the activities of the organization without compensation and who exercise satisfactory controls to insure that its services and resources are administered competently in the public interest.
 3. It has received Internal Revenue Service authorization to inform donors that their contributions are deductible for Federal income tax purposes.
 4. It will undertake only activities consistent with the accomplishment of objectives filed with the Committee.
 5. It will obtain, expend, and distribute its resources in conformity with accepted ethical standards, without unreasonable cost for

promotion, publicity, fundraising, and administration at home and abroad.

6. It will time fundraising drives and attendant publicity to avoid conflict with national appeals for public support during limited periods of countrywide campaigns.
7. It will notify the Committee of any programs involving the contractual support of the United States or international governmental organizations so that coordination may be insured.
8. It will provide such current and periodic reports and information as the Committee may require pertaining to the registrant's organization, programs, projects, and finances, including audits by a certified public accountant (CPA), or other pertinent activities. Material changes in these activities will be reported to the Committee in writing.

Once these requirements are met, the applicant is issued a certificate of registration unless the Committee considers it appropriate to withhold the certificate until the applicant has filed the initial request for assistance and the Committee has reviewed it.

The Committee is authorized and directed to establish and maintain a register of qualified VOLAGs voluntarily accepting registration. As of August 31, 1973, 91 VOLAGs were registered. However, during calendar year 1972, only about 30 received registration benefits, such as donated Government excess property. VOLAG officials stated the reason so many VOLAGs are registered is that it is like having the "Good Housekeeping Seal of Approval."

ENFORCING REGISTRATION CRITERIA

AID regulations imply that the Advisory Committee will enforce the registration criteria, not only when a VOLAG applies for registration but also after it is registered. The extent to which registration has been denied and registered VOLAGs have been removed from the registration list is discussed on page 8.

From a practical standpoint, documentation furnished to the Committee does not permit a determination of the extent to which VOLAGs are complying with some of the criteria. The CPA reports and the statement of income and expenditures furnished to the Committee, as discussed below, deal mainly with a VOLAG's financial situation. They are not designed to show compliance with such criteria as whether the Board of Directors exercises satisfactory controls to insure that the VOLAG's services and resources are administered competently in the public interest. Similarly, the scope of the audits discussed in chapter 3 does not provide for evaluations of the extent of compliance with these criteria for both those registered VOLAGs receiving and not receiving registration benefits.

From the standpoint of enforcement, much of the Committee's emphasis has been on financial matters. One registration requirement is that the applicant establish that its activities will conform with accepted ethical standards without unreasonable cost for promotion, publicity, fundraising, and administration at home and abroad. Guidelines formally adopted by the Advisory Committee in March 1971 address the fundraising portion of this requirement as follows:

"When a registered agency's fundraising costs reach 20% of its cash income and the value of publicly contributed gifts in kind, the staff will notify the agency of our concern and seek remedial action. If corrective action is not taken within a reasonable time, the agency will be called in for review by the Subcommittee on Fund Raising and Finance* * *. Registered agencies whose fundraising costs equal or exceed 30%, when this same formula is applied, will be brought to the attention of the Subcommittee without prior notice."

No written guidelines exist expressing a desirable maximum for administration, promotion, and publicity costs. An AID official stated, however, that in monitoring agency activities regarding these guidelines, AID considers the reasonableness of administrative expenses. One surveillance method is to compare expenses between agencies. Officials review statements of income and expenditures required to be

submitted by VOLAGs and cross-reference them to CPA reports on audits of VOLAGs' financial statements. An official stated that high expenditures of a VOLAG merit an inquiry.

The registration documents of a sample of nine presently registered VOLAGs registered at the time of our review indicated that none have specifically violated criteria (recognizing the limitations noted above) even though Advisory Committee records show that, before registration, the combined administrative and fundraising costs of three VOLAGs were high. After registration, AID suspended payment of ocean freight costs for one of the three VOLAGs for 6 months because (1) the VOLAG had financial problems and (2) two Board members were being compensated. The VOLAG, however, has continued to incur high administrative and fundraising costs.

An AID official stated that classification of fundraising and administrative expenditures into expense categories is often difficult. In fact, AID's computation of such costs, using records provided by VOLAGs, excluded certain expenditure categories which possibly should have been included, according to a VOLAG official.

Further, total administrative costs could not be determined from a majority of the CPA audit reports examined. In addition, some of the audit reports were not in the AID files and AID officials acknowledged that VOLAGs were not submitting them annually, though required by the Advisory Committee. In fact, AID records show that one VOLAG had not submitted a CPA report since 1965.

Agency comments

AID stated that reasonable men might draw differing implications concerning the responsibility to enforce criteria after a VOLAG registers, and that the Committee's monitoring has been essentially on the financial side, with only occasional examination of those programs supported by VOLAGs' funds.

We believe that nonenforcement of the registration criteria after a VOLAG has registered severely diminishes the effectiveness of these criteria to identify VOLAGs that do not merit registration.

DISQUALIFIED VOLAGs

VOLAGs must meet certain criteria to be registered. Likewise, provisions exist for the removal of VOLAGs that no longer meet registration criteria from the registration list.

Advisory Committee records indicated that since July 1, 1948, 26 VOLAGs have been removed from the list. Records were available at AID/Washington for only eight of these; the remainder had been retired. In most of these eight cases, the VOLAGs requested removal from registration because they had dissolved or completed their programs.

Committee records also indicated that eight VOLAGs were denied registration. The most common reasons for denial were (1) no programs abroad and (2) poor financial situations. According to AID officials, other VOLAGs may have been refused registration but, if so, these records would have also been retired.

A list of the VOLAGs deregistered or denied registration was provided to the Subcommittee office at its request. That list included the reasons for deregistration or denial as condensed from VOLAG or AID correspondence on behalf of the Committee, for those 16 VOLAGs for which correspondence was available.

We invited 28 of the 34 listed VOLAGs (those for which we could find addresses) to comment on the information provided to the Subcommittee.

Eight of the 28 letters to these VOLAGs were returned as undeliverable. Ten of the remaining 20 VOLAGs commented on the information provided to the Subcommittee. With one exception, they did not disagree with this information. In the instance when there was disagreement, no information was provided to show that AID's reason for denial of registration was not valid.

CHAPTER 3

EXTENT THAT VOLAGs ARE MONITORED AND EVALUATED

The Advisory Committee's efforts in monitoring and evaluating VOLAGs have consisted principally of reviewing documentation submitted by VOLAGs to show compliance with registration criteria. VOLAG operations, however, are monitored and evaluated by a number of auditing organizations.

These audit groups include elements of the AID Auditor General's (AG's) organization; i.e., the Area Auditors General (Area AGs), the Operations Appraisal Staff, the Office of Audit, and the Office of Inspections and Investigations. Other U.S. Government organizations that have audited the activities of VOLAGs are the Inspector General of Foreign Assistance and the Office of the Inspector General, Department of Agriculture. Appendix II lists the registered VOLAGs that have been audited and who audited them. In addition, we reviewed AID's administration of the voluntary foreign aid program.

In March 1970 audit responsibility for the food donation program under Public Law 480, title II, was transferred from the AID Mission Controller to AG.

AREA AGs

Area AGs are responsible for audit work in their respective geographic territories and are required to periodically review VOLAG programs in their areas. These reviews are geared toward management actions of VOLAGs and the Mission.

AG documents showed that Area AGs made 201 audits of registered VOLAGs during fiscal years 1971-73. Of these, 129 audits concerned the handling of Public Law 480, title II, food programs; 2 concerned the handling of excess property; and the remaining 70 concerned other programs, grants, contracts, and activities within a country. A total of 26 registered VOLAGs were audited.

According to Area AG reports, most of the deficiencies in the Public Law 480 programs were in (1) program operations and (2) commodity procurement. Other reported deficiencies dealt with administration, financial management, and program planning. For example, concerning the

administration of the Public Law 480, title II, program in Korea, the Area AG reported on April 9, 1973:

"Primary responsibility for planning, implementing, and evaluating projects is placed with the applicable VOLAG (voluntary agency) or ROKG (Republic of Korea Government) cooperating sponsor. Our review of the overall Title II Program in Korea showed that shortcomings in all three major areas of management have resulted in ineffective use of Title II inputs. Project goals were not fully achieved in six of the seven major programs. Progress toward U.S. general country objectives was poor, especially in those programs and segments of programs directed to improvements in rural living standards and economic development. Some short-term benefits have accrued in that food has been distributed to needy people and temporary work was provided for others under several programs. However, meaningful progress toward long range goals in agricultural and social welfare areas was negligible because of poor management performance * * *."

This report contained 37 deficiency findings in program planning, program operations, commodity procurement, and administrative operations that resulted in 10 recommendations. As of August 31, 1973, eight recommendations were still open.

An earlier Area AG report dated June 30, 1972, on "Food for Peace Project Activities" in Indonesia included nine findings but no recommendations. Some findings showed that VOLAG programs were not coordinated with those of the Indonesian Government agencies, technical divisions of AID, other participating VOLAGs, or other agencies. It also showed that VOLAG internal audit reports were occasionally incomplete.

According to AG records, only 5 of the 129 audits in this Public Law 480 area have open recommendations that are over 6 months old. AG officials advised that the remaining recommendations have been brought to the attention of the appropriate VOLAGs, which took corrective action when appropriate.

AID enters into contracts with many U.S. private, nonprofit organizations, including both registered and nonregistered VOLAGs, to further U.S. foreign policy aims. Typical of the projects for which such contracts are awarded are those that relate to nutrition, health care and facilities, education, and population control.

Some typical contract audit findings by the Area AGs were:

1. The contractor did not have required reports for U.S. property.
2. The contractor lacked required supporting records for costs.
3. Direct costs charged by the contractor were not allowable.

Only one of these contract audit reports had an open recommendation more than 6 months old.

Though most of the reported deficiencies related to contracting, many related to program operations, financial and administrative management, commodity procurement, and program planning.

OPERATIONS APPRAISAL STAFF

AG records showed that one audit was made in July 1970 by the Operations Appraisal Staff. The staff reported that improvements were needed in grant programing and management of a VOLAG involved in population programs.

OFFICE OF AUDIT

According to AG records, during fiscal years 1971-73, the Office was responsible for 52 audits of contracts, grants, or proposals for grants involving 25 registered VOLAGs. Some of these audits were made by the Defense Contract Audit Agency at the request of the Office of Audit.

AG records indicated that 81 deficiency findings were reported with respect to the contracts and grants. No records were kept of deficiencies reported on proposals. Most of the deficiencies (76) were in the contracting area, and

most of these dealt with disallowed contractor costs. Six of the 52 reports have open recommendations at least 6 months old. The audited agencies have taken corrective action in all other cases.

OFFICE OF INSPECTIONS AND INVESTIGATIONS

This Office performed only one VOLAG audit. It was done in Panama in July 1970 and dealt with food programs. The auditors found that commodities received in Panama were damaged. The problem was rectified and the file was closed in October 1970.

INSPECTOR GENERAL OF FOREIGN ASSISTANCE

According to Inspector General of Foreign Assistance reports, approximately 30 audits involving 7 registered VOLAGs were performed during fiscal years 1971-73 on Public Law 480, title II, and other VOLAG programs. These programs were administered through VOLAGs and United Nations organizations (e.g., World Food Program, UNICEF) and involved 18 countries.

The findings concerned the need for improved coordination between VOLAGs and the United Nations, problems in administering the food distribution system, and an inadequate reporting system.

Records show that corrective action on the findings and recommendations either had been taken by AID or was under consideration by the concerned VOLAG.

OFFICE OF THE INSPECTOR GENERAL

According to an official of the Office of Inspector General, Department of Agriculture, that Office does not audit VOLAG activities because AID has assumed that responsibility. It normally confines its overseas audits to Public Law 480, title I, programs; occasionally it will make special surveys or investigations at the request of, and in coordination with, the State Department and AID. One such investigation, performed in conjunction with the Inspector General of Foreign Assistance and the AG's Office of Inspections and Investigations, concerned the diversion of food shipments during the Pakistan-Bangladesh conflict.

SELF-AUDITS

Under the self-audits concept, AID regulations place primary audit responsibility for Public Law 480, title II, programs with VOLAGs. AID regulations require at least one comprehensive internal audit annually by VOLAGs or a series of audit examinations which, when combined, will represent a complete review of the title II programs under a VOLAG's jurisdiction. Except for one VOLAG, the self-audit reports are not sent to AID/Washington but are provided to the appropriate Area AG and AID Mission.

GAO AUDITS

We performed two audits in 1967 which involved reviews of AID's administration of the VOLAG program. The first, dealing with AID's audits of VOLAGs concluded that there had been only limited audit coverage of the large and widely dispersed program. This audit recommended expansion of VOLAG self-audit programs.

The second audit dealt with the problem of processing claims against VOLAGs for loss and spoilage of Government-supplied commodities. We recommended that some attention be given to the reasonableness of regulations governing these claims.

COMMITTEE STUDY

The Advisory Committee on Voluntary Foreign Aid is preparing a report on a study of "The Role of Voluntary Agencies in International Assistance - A Look to the Future." At the time of our review, this report was in draft form and following public review was to be published in May 1974. Recommendations and remarks include:

- Amend the General Authorities section of the Foreign Assistance Act to provide legislation that would direct the executive branch to encourage and support VOLAGs.
- Establish closer cooperation and standards for VOLAGs' collaboration with United Nations field projects.

- VOLAGs should be given a broader role in program implementation.
- Registration should be continuously reviewed in the light of the evolving needs, roles, and opportunities of VOLAGs in foreign assistance. This review must consider the different kinds and intensities of registration suitable to different categories of service and the maintenance of good standing of registered VOLAGs.
- The voluntary sector's innovative history in programming U.S. agricultural commodities has been limited to a small number of VOLAGs. At no one time has the number exceeded 14, and currently only 8 are engaged in Public Law 480 programs, 2 of which account for about 90 percent of the commodities programmed through the voluntary sector.

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United States Senate

COMMITTEE ON
 LABOR AND PUBLIC WELFARE
 WASHINGTON, D.C. 20510

July 23, 1973

Honorable Elmer B. Staats
 Comptroller General of the
 United States
 General Accounting Office
 Washington, D.C. 20548

Dear Mr. Staats:

As Chairman of the Senate Subcommittee on Children and Youth, I am undertaking a study of charities that purport to benefit children.

I would appreciate your assistance in evaluating the voluntary foreign aid programs administered by the Agency for International Development, through which some charities receive direct government assistance, such as payment of overseas freight costs, donations of excess property and other supplies and equipment, donations of P.L. 480 food, and payments through government grants and contracts. To receive this assistance, charities must register with AID's Advisory Committee on Voluntary Foreign Aid. Registrants are required to meet certain criteria and to file annual reports in order to be eligible for the programs.

Please consider this a formal request for investigation and analysis of the administration of the voluntary foreign aid programs, including:

- A. The criteria which charities are required to meet in order to be eligible for the programs;
- B. The enforcement of the criteria when a charity applies for registration;
- C. A detailed account of the extent to which the activities of benefiting charitable organizations are monitored and evaluated;

D. A list of all charitable organizations which have been disqualified from participation since the inception of the program and explanation of why each such organization was disqualified;

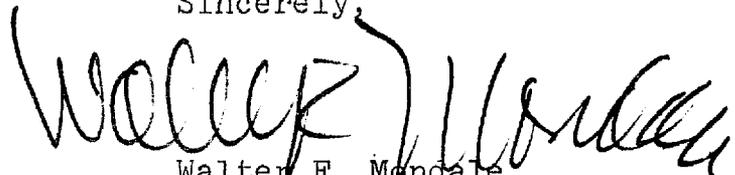
E. The legislative authority for this program;

F. A list of the participating charities which have been audited since the program began, by whom each audit was conducted, and the results of each such audit.

Once the results of this initial study have been received, it is my intention to request individual audits of some of the participating charities.

I appreciate the cooperation your staff has provided the Subcommittee so far on this matter, and hope that this study can be initiated soon and completed by October 1.

Sincerely,

A handwritten signature in dark ink, appearing to read "Walter F. Mondale". The signature is written in a cursive, somewhat stylized hand.

Walter F. Mondale
Chairman
Subcommittee on Children
and Youth

BEST DOCUMENT AVAILABLE

REGISTERED VOLAGs AUDITED DURING FISCAL YEARS 1971-73

The following VOLAGs have been audited by the organizations indicated. Chapter 3 discusses the number of audits and the nature of the findings.

	<u>AID</u> <u>Auditor</u> <u>General</u>	<u>Inspector General</u> <u>of Foreign</u> <u>Assistance</u>
ACCION International	x	
American Institute for Free Labor Development	x	x
American Jewish Joint Distri- bution Committee	x	
American ORT Federation	x	
American Relief for Poland	x	
Asian-American Free Labor Institute	x	
Catholic Relief Services	x	x
Children's Medical Relief International	x	
Church World Service	x	x
Community Development Foundation	x	
CARE	x	x
Cooperative League of the USA	x	
Franklin Book Programs	x	
HADASSAH	x	
International Development Foundation	x	
International Eye Foundation	x	
International Rescue Committee	x	x
International Social Services	x	
International Voluntary Services	x	x
Lutheran World Relief	x	x
Medical Assistance Programs	x	
Mennonite Central Committee	x	
Near East Foundation	x	
OXFAM	x	
Operation Crossroads, Inc.	x	
Pan American Development Foundation	x	

APPENDIX II

	<u>AID</u> <u>Auditor</u> <u>General</u>	<u>Inspector General</u> <u>of Foreign</u> <u>Assistance</u>
Pathfinder Fund	x	
Salvation Army	x	
Seventh Day Adventist Welfare Service	x	
Unitarian Universalist Service Committee	x	
United Israel Appeal	x	
VITA	x	
World Education	x	
World Relief Commission	x	
World Vision Relief	x	

LEGISLATIVE AUTHORITY FOR
THE VOLUNTARY FOREIGN AID PROGRAM

The sections of the Foreign Assistance Act of 1961, as amended, which authorize the voluntary foreign aid programs follow.

Sec. 102 (22 U.S.C. 2151)--Statement of Policy

States that it is important to our national security that the United States, through private and public efforts, assist peoples of less developed countries.

Sec. 216 (22 U.S.C. 2176)--Voluntary Agencies

Authorizes the President to pay freight charges on shipments of the American National Red Cross and U.S. voluntary nonprofit relief agencies registered and approved by the Advisory Committee on Voluntary Foreign Aid.

Sec. 491 (22 U.S.C. 2292)--Refugee Relief Assistance

Authorizes appropriations for relief and rehabilitation of refugees from East Pakistan and for humanitarian relief in East Pakistan. This relief is to be distributed as much as practicable through international institutions and relief agencies or U.S. VOLAGs.

Sec. 607 (22 U.S.C. 2357)--Furnishing of Services and Commodities

States that, if the President determines it to be consistent with and within the limitations of this act, any U.S. Government agency may furnish services and commodities to friendly countries, international organizations, the American National Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee.

Sec. 612 (22 U.S.C. 2362)--Use of Foreign Currencies

Authorizes excess foreign currency to be made available to private nonprofit U.S. VOLAGs for voluntary family-planning programs.

Sec. 635 (22 U.S.C. 2395)--General Authorities

States that it is the sense of Congress that the President, in furthering the purposes of this act, shall use to the extent practicable the services and facilities of nonprofit VOLAGs registered with and approved by the Advisory Committee.

The following sections of the Agricultural Trade Development and Assistance Act of 1954, as amended, also provide legislative authority for the voluntary foreign aid program.

Sec. 104 (7 U.S.C. 1704)--Promotion of Agricultural and Economic Development

The President may use nonprofit VOLAGs registered with and approved by the Advisory Committee to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries.

Sec. 202 (7 U.S.C. 1722)--Furnishing of Commodities for Famine, Relief, etc.

The President shall, to the extent practicable, use nonprofit VOLAGs registered with, and approved by, the Committee to furnish agricultural commodities to relieve famine and malnutrition and to promote economic and community development in friendly developing areas.