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B-130515
7-23-70



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

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OEO

RELEASED

JUL 23 1970

Dear Mr. Gonzalez

In accordance with your request of March 16, 1970, and subsequent arrangements made with your staff, we have reviewed the administration by the Economic Opportunities Development Corporation of San Antonio and Bexar County, Texas--a community action agency funded by the Office of Economic Opportunity (OEO)--of grant funds provided three neighborhood service corporations. The corporations, which were established to operate multipurpose service centers in designated areas within the city of San Antonio and Bexar County, were provided grant funds in January 1970 for a 3-month period at about \$33,300 each.

Then, In April 1970, the Economic Opportunities Development Corporation authorized the establishment of four additional neighborhood service corporations. The seven corporations were to be funded at a total of about \$532,000 for a 10-month period ending March 31, 1971.

Our examination was directed toward (1) evaluating the controls over, and the propriety of, the expenditure of grant funds by the first three neighborhood service corporations established, (2) determining the extent of coordination with other social service agencies in the area, and (3) investigating certain matters brought to our attention.

We audited the three corporations' expenditures through April 1970, reviewed applicable OEO and Economic Opportunities Development Corporation procedures, regulations, correspondence, and other pertinent documents and records, and interviewed individuals associated with OEO, the Economic Opportunities Development Corporation, the three neighborhood service corporations, and certain other persons who we had reason to believe had information pertaining to the matters under review.

The goals of the multipurpose neighborhood service centers are to promote and facilitate effective involvement of neighborhood residents in the solution of neighborhood problems and to implement a system whereby existing antipoverty programs, public and private, are

- extended to the disadvantaged,
- coordinated with one another;
- responsive and relevant to the range of community, family, and individual problems, and

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--fully adapted to neighborhood needs and conditions.

In order that these goals may be met, OEO requires neighborhood centers to contact and inform neighborhood residents of services available and, at the same time, gather detailed information on their needs; provide neighborhood residents with direct assistance, such as transportation, refer neighborhood residents coming into the centers for help to appropriate public or private agencies; follow-up to ensure that services provided to an individual meet his needs, and promote maximum participation of residents in center planning, policymaking, and administration.

In August 1968, the Economic Opportunities Development Corporation adopted the concept of direct funding of autonomous neighborhood-based organizations to be operated by the residents of defined geographical areas for the purpose of assisting the poor of these areas. OEO concurred in this decision. Three neighborhood service corporations were established, each of which is governed by a board of directors made up of neighborhood residents. A majority of the directors were elected directly by the residents of the areas. As of April 30, 1970, the three corporations--United Community Development Corporation (Westside), Citizens' Community Development Corporation (Southside), and Citizens' Committee for Action Development Corporation (Eastside)--had full-time staffs of four, eight, and eight members, respectively.

Through April 30, 1970, reports from the three neighborhood service corporations showed that 4,697 persons had been contacted by the corporations from inception of the corporations in January 1970 and that the corporations had referred 1,149 individuals to social agencies for assistance involving employment, education, housing, health, food, legal aid, and welfare, as follows

<u>Corporation</u>	<u>Number</u>	
	<u>Contacts</u>	<u>Referrals</u>
Westside	2,738	357
Southside	420	406
Eastside	<u>1,539</u>	<u>386</u>
	<u>4,697</u>	<u>1,149</u>

ADMINISTRATION OF FUNDS

Expenditures incurred by the three neighborhood service corporations totaled about \$67,400 through April 1970. Expenditures of the corporations were monitored, reviewed, and approved by officials of the Economic Opportunities Development Corporation to ensure that the expenditures did not exceed the authorized budgets and were made only for authorized purposes. In our opinion, these procedures provided for adequate administrative control over the financial transactions of the corporations.

We found no evidence that the corporations had incurred any improper expenditures or that there were shortages of grant funds. We brought some minor bookkeeping errors, such as errors in computing employees' tax withholdings and overpayment of bills, to the attention of corporation personnel who took corrective actions.

We noted that Southside had wall-to-wall carpeting installed in its offices at a cost of about \$1,100, although the approved budget contained no provision for such an item. Economic Opportunities Development Corporation officials informed us that they initially had taken the position that they would not reimburse Southside for the cost of the carpeting because it had not been included in the approved budget. The Southside director informed us that he had installed the carpeting upon the recommendation of the Southside architect-consultant and that he had asked the Economic Opportunities Development Corporation to reconsider its position. At the completion of our review, a final decision had not been reached by the Economic Opportunities Development Corporation.

COORDINATION WITH OTHER AGENCIES

Each of the three corporations was coordinating its efforts with established social service agencies and was initiating arrangements to provide local residents with the services of these agencies. However, because the corporations had been in existence for only a short time during which they had to locate quarters and hire and organize staff, arrangements with many of the social service agencies had not been completed.

Available records indicated that Southside had contacted 44 social service agencies, all of whom responded favorably to a request for providing services although not all were able to provide staff at the center because of their lack of resources. Eastside had established working relationships with six schools and 22 social service agencies to work on common problems and/or provide services for individuals coming to the center. At the time of our review, Westside had not completed refurbishing its center and, because it was unable to provide space for staff of social service agencies, its clients were referred to the agencies for service. We were unable to determine the number of agencies that Westside contacted but it was making arrangements with at least 13 agencies to provide staff at the center.

Southside and Eastside were successful in obtaining staff of several agencies to provide services at their centers on a once-a-week basis. The agencies involved were

<u>Agency</u>	<u>Southside</u>	<u>Eastside</u>
Project SER (Service, Employment Rehabilitation)	X	
Texas Employment Commission	X	
State Department of Public Welfare	X	X
Bexar County Legal Aid Association		X
Planned Parenthood Center of San Antonio		X
Social Security Administration		X

INVESTIGATION OF CERTAIN CHARGES

We investigated into charges that (1) funds had disappeared from Southside, (2) employees who handled funds of the three corporations were not bonded, and (3) individuals who studied the local poverty situation and who recommended the establishment of the corporations obtained leading positions with the corporations.

As previously stated, we found no evidence of improper spending or shortages of grant funds.

The corporations' records indicated that all employees who were responsible for handling the funds of the three neighborhood corporations were bonded.

Several employees of the Economic Opportunities Development Corporation assisted in the establishment of the neighborhood corporations by providing technical assistance in organizing the communities where the corporations were to be located. Three of these employees were employed by the corporations, although there was no evidence that these employees had recommended, or been influential in, establishing neighborhood service corporations.

The three employees who obtained leading positions with the neighborhood corporations were

1. Mr. William Donohue, formerly a community organizer at an annual salary of \$8,000, was hired by Eastside as director at a salary of \$9,600 (he was one of six applicants considered by the board prior to his selection).
2. Mrs. Effie Pope, formerly a community organizer at an annual salary of \$7,200, was hired by Eastside as assistant director at a salary of \$8,400.
3. Mr. Norman Guerrero, formerly a technical assistant at an annual salary of \$5,600 (assigned to work in the area where Westside was established), was hired by Westside as director at a salary of \$6,480. Mr. Guerrero terminated his employment with Westside in April 1970.

An Economic Opportunities Development Corporation official told us that the corporations had hired these individuals for the leading positions because, in assisting in organizing the corporations, they had demonstrated their expertise in community action activities and because the experience they had gained in organizing the corporations would be invaluable in those positions.

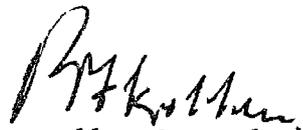
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Officials of OEO, the Economic Opportunities Development Corporation, and the three neighborhood service corporations have not been given an opportunity to formally examine and comment on the contents of this report. As agreed with Mr. Meek of your staff, we are sending copies of this report to the Director, OEO, for his information and for any action he may deem to be appropriate.

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 the contents of the report.

We trust that this information will be of assistance to you.

Sincerely yours,



Assistant Comptroller General
of the United States

The Honorable Henry B. Gonzalez
House of Representatives