



095624

1.20.12

21

71-0083



Activities Managed  
By Community Action  
Migrant Program, Inc.  
Fort Lauderdale, Florida

B-130515

Office of Economic Opportunity

UNITED STATES  
GENERAL ACCOUNTING OFFICE

700621095624

JUNE 16, 1971



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

B-130515

Dear Mr. Carlucci:

This is our report on activities managed by Community Action Migrant Program, Inc., Fort Lauderdale, Florida.

Our findings, conclusions, and recommendations are summarized in the digest which is bound in the report. Your attention is invited to section 236 of the Legislative Reorganization Act of 1970 which requires that you submit written statements of the action taken with respect to the recommendations. The statements are to be sent to the House and Senate Committees on Government Operations not later than 60 days after the date of this report and to the House and Senate Committees on Appropriations in connection with the first request for appropriations submitted by your agency more than 60 days after the date of this report.

We shall appreciate being advised also of the action taken on our recommendations.

Copies of this report are being sent to Representative Paul G. Rogers and to the Director, Office of Management and Budget, to the House and Senate Committees on Government Operations, and to the House and Senate Committees on Appropriations.

Sincerely yours,

*A. T. Samuelson*

Director, Civil Division

The Honorable Frank C. Carlucci  
Director, Office of Economic Opportunity

D I G E S T

WHY THE REVIEW WAS MADE

The Community Action Migrant Program, Inc. (CAMP), Fort Lauderdale, Florida, conducts migrant and seasonal farmworker antipoverty programs.

CAMP received Federal funds of about \$1.1 million during the period May 1969 through June 1970. The funds were provided under grants by the Office of Economic Opportunity (OEO) and under a contract with the Office of Education, Department of Health, Education, and Welfare.

OEO provided funds to CAMP for (1) the administration and operation of education, training, housing, senior citizens, and other programs directed toward improving the living conditions of migrant and seasonal farmworkers and their families and (2) a research and demonstration project designed to find alternative ways to improve the life of families who want to leave the migrant stream and obtain permanent employment.

The Office of Education provided funds to CAMP for the operation of an educational talent search program designed to encourage migrant youths who had dropped out of school to reenter or seek vocational training and to assist youths to continue their education.

The General Accounting Office (GAO) examined into CAMP's management of grant funds and inquired into selected aspects of program operations.

FINDINGS AND CONCLUSIONS

CAMP administered a variety of antipoverty programs that provided beneficial services to migrant and seasonal farmworkers in southern Florida; however, certain employment projects were experiencing difficulties. (See p. 6.)

Of the 308 persons enrolled in training programs involving stipends, about 218, or 71 percent, were not eligible to participate in the programs under applicable OEO criteria, in GAO's opinion. CAMP paid stipends of about \$71,300 to these ineligible persons. Also, CAMP spent about \$8,000 for travel, meals, and housing for ineligible participants in one of its employment projects.

The high incidence of ineligible participants detracted from the effectiveness of CAMP's programs. Persons who were ineligible to participate in CAMP programs could have received similar types of assistance under other programs designed for those who were not migrants or seasonal farmworkers. (See p. 14.)

None of the 72 residents living in a CAMP-sponsored housing project met OEO eligibility criteria because 61 residents were not migrant or seasonal farmworkers and 11 residents earned incomes in excess of the prescribed limitations. (See p. 19.)

The executive director of CAMP disagreed with GAO that ineligible persons participated in the training programs and in the housing project. He stated that the information on such participants in CAMP's files was not necessarily valid because many participants did not want to show that they were farm laborers on their applications for enrollment in the programs. He stated also that the information shown on loan applications was the type required by the Federal Housing Administration before it would approve loans for the purchase of units in the housing project. (See pp. 16 and 19.)

Although the executive director indicated that the participants included misleading information on their applications for enrollment in the program, GAO interviews of 20 participants who received stipends under the training programs indicated, in general, that the information was accurate.

GAO also noted that the information contained on applications for loans to purchase housing units had been verified by the CAMP housing staff and by credit bureaus before the applications were submitted to the lending institution and to the Federal Housing Administration for review and approval. (See pp. 16 and 19.)

Improvements were needed in CAMP's accounting for employee leave and compensatory time, travel, purchases of supplies and equipment, and accountable property. GAO noted some expenditures which had not been budgeted or authorized by OEO. Also controls over program revenues were not adequate. (See p. 21.)

CAMP has taken certain actions to correct some of the weaknesses in the administration of grant funds. Additional actions, however, are needed to improve the accounting for travel, property, and revenues and to avoid expenditures which have not been budgeted, authorized, or approved by OEO in advance. (See p. 27.)

#### RECOMMENDATIONS OR SUGGESTIONS

The Director, OEO, through the Office of Operations should

--ensure that CAMP, in selecting participants for its various programs, adheres to OEO's eligibility requirements (see p. 20) and

--closely monitor CAMP's financial management practices to ensure that corrective actions regarding travel practices; control over, and use of, accountable property; fund expenditures; and accounting for program revenues are implemented (see p. 28).

Tear Sheet

## C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1	INTRODUCTION 4
2	PROGRAM ACTIVITIES 6
	Regional offices 6
	Employment projects 7
	Senior citizen program 12
	Housing program 12
	Talent search program 13
3	IMPROVEMENTS NEEDED IN SELECTING PROGRAM PARTICIPANTS 14
	Training programs involving stipends 14
	Housing project 19
	Conclusions 20
	Recommendation 20
4	IMPROVEMENTS NEEDED IN ADMINISTRATION OF GRANT FUNDS 21
	Payrolls and related costs 21
	Travel 22
	Procurement 23
	Controls over accountable property 23
	Expenditures for items not budgeted or authorized 25
	Accounting for program revenues 26
	Conclusions 27
	Recommendation 28
5	SCOPE OF REVIEW 29
APPENDIX	
I	Funds received by CAMP, and related expenditures for the 1969-70 grant year 33
II	Salaries of principal CAMP officials as of July 1, 1970 34

APPENDIX

Page

III Members of the CAMP board of directors as  
of July 1, 1970

35

ABBREVIATIONS

CAMP Community Action Migrant Program, Inc.

GAO General Accounting Office

OEO Office of Economic Opportunity

## D I G E S T

### WHY THE REVIEW WAS MADE

The Community Action Migrant Program, Inc. (CAMP), Fort Lauderdale, Florida, conducts migrant and seasonal farmworker antipoverty programs.

CAMP received Federal funds of about \$1.1 million during the period May 1969 through June 1970. The funds were provided under grants by the Office of Economic Opportunity (OEO) and under a contract with the Office of Education, Department of Health, Education, and Welfare.

OEO provided funds to CAMP for (1) the administration and operation of education, training, housing, senior citizens, and other programs directed toward improving the living conditions of migrant and seasonal farmworkers and their families and (2) a research and demonstration project designed to find alternative ways to improve the life of families who want to leave the migrant stream and obtain permanent employment.

The Office of Education provided funds to CAMP for the operation of an educational talent search program designed to encourage migrant youths who had dropped out of school to reenter or seek vocational training and to assist youths to continue their education.

The General Accounting Office (GAO) examined into CAMP's management of grant funds and inquired into selected aspects of program operations.

### FINDINGS AND CONCLUSIONS

CAMP administered a variety of antipoverty programs that provided beneficial services to migrant and seasonal farmworkers in southern Florida; however, certain employment projects were experiencing difficulties. (See p. 6.)

Of the 308 persons enrolled in training programs involving stipends, about 218, or 71 percent, were not eligible to participate in the programs under applicable OEO criteria, in GAO's opinion. CAMP paid stipends of about \$71,300 to these ineligible persons. Also, CAMP spent about \$8,000 for travel, meals, and housing for ineligible participants in one of its employment projects.

The high incidence of ineligible participants detracted from the effectiveness of CAMP's programs. Persons who were ineligible to participate in CAMP programs could have received similar types of assistance under other programs designed for those who were not migrants or seasonal farmworkers. (See p. 14.)

None of the 72 residents living in a CAMP-sponsored housing project met OEO eligibility criteria because 61 residents were not migrant or seasonal farmworkers and 11 residents earned incomes in excess of the prescribed limitations. (See p. 19.)

The executive director of CAMP disagreed with GAO that ineligible persons participated in the training programs and in the housing project. He stated that the information on such participants in CAMP's files was not necessarily valid because many participants did not want to show that they were farm laborers on their applications for enrollment in the programs. He stated also that the information shown on loan applications was the type required by the Federal Housing Administration before it would approve loans for the purchase of units in the housing project. (See pp. 16 and 19.)

Although the executive director indicated that the participants included misleading information on their applications for enrollment in the program, GAO interviews of 20 participants who received stipends under the training programs indicated, in general, that the information was accurate.

GAO also noted that the information contained on applications for loans to purchase housing units had been verified by the CAMP housing staff and by credit bureaus before the applications were submitted to the lending institution and to the Federal Housing Administration for review and approval. (See pp. 16 and 19.)

Improvements were needed in CAMP's accounting for employee leave and compensatory time, travel, purchases of supplies and equipment, and accountable property. GAO noted some expenditures which had not been budgeted or authorized by OEO. Also controls over program revenues were not adequate. (See p. 21.)

CAMP has taken certain actions to correct some of the weaknesses in the administration of grant funds. Additional actions, however, are needed to improve the accounting for travel, property, and revenues and to avoid expenditures which have not been budgeted, authorized, or approved by OEO in advance. (See p. 27.)

#### RECOMMENDATIONS OR SUGGESTIONS

The Director, OEO, through the Office of Operations should

--ensure that CAMP, in selecting participants for its various programs, adheres to OEO's eligibility requirements (see p. 20) and

--closely monitor CAMP's financial management practices to ensure that corrective actions regarding travel practices; control over, and use of, accountable property; fund expenditures; and accounting for program revenues are implemented (see p. 28).

## CHAPTER 1

### INTRODUCTION

The Community Action Migrant Program, Inc. (CAMP), Fort Lauderdale, Florida, is responsible for conducting migrant and seasonal farmworker antipoverty programs under grants from the Office of Economic Opportunity (OEO) and under a contract with the Office of Education, Department of Health, Education, and Welfare.

CAMP was preceded by a nonprofit agency which was incorporated in 1965 under the name Community Action Fund, Inc., located in St. Petersburg, Florida. In August 1967 the corporation moved to Fort Lauderdale and in 1968 the name was changed to Community Action Migrant Program, Inc.

At July 1, 1970, CAMP had a staff of 80 full-time employees and was governed by a 14-member board of directors, six of whom represented farmworkers. A schedule of the salaries of principal CAMP officials is included as appendix II and a list of board members is included as appendix III.

To assist migrant and seasonal farmworkers in 10 counties located in southern Florida, CAMP received Federal funds of about \$1.1 million during the period covered by our review, May 1969 through June 1970. During this period CAMP expended over \$1 million--\$961,000 from OEO funds, \$43,000 from the Office of Education funds, and \$29,000 from program revenues. (See app. I.)

CAMP stated in its refunding proposal to OEO for the 1969-70 grant year ending May 31, 1970, that it planned to contact and provide services to 20,000 migrant or seasonal farmworkers, of which 4,000 would be heads of households. CAMP reported to OEO that, in fiscal year 1970, it had assisted (1) about 8,800 poor persons through contacts in the field, contacts in its regional offices, referrals to other agencies, and follow-up activities on persons previously assisted and (2) 308 persons enrolled in training programs involving stipends during the 1969-70 grant year.

CAMP was refunded by OEO in the amount of \$840,000 for the 1970-71 grant year and by the Office of Education in the amount of \$63,700 for the program year ended May 31, 1971.

## CHAPTER 2

### PROGRAM ACTIVITIES

During the 1969-70 grant year, CAMP administered a variety of antipoverty programs directed toward assisting migrant and seasonal farmworkers. A brief discussion of the more important programs and projects administered by CAMP is presented below.

Although our review was not directed toward evaluating CAMP's program activities, we noted that certain employment projects were experiencing difficulties. We have included in the discussion, where they were readily identifiable, the reasons for the difficulties.

### REGIONAL OFFICES

CAMP established six regional offices in southern Florida to provide services to migrant and seasonal farmworkers. The regional offices were responsible for (1) organizing and sustaining resident participation in community action and (2) mobilizing the resources of other local agencies in a concerted and unified effort to assist migrant and seasonal farmworkers.

Major activities of the regional offices included

- identifying the poor migrant and seasonal farmworkers in the area and gathering information on their needs, making them aware of available programs, and encouraging them to seek assistance through the regional offices and from other government programs that could provide assistance;
- following up on services provided and on the continuing needs of persons to whom services have been provided;
- forming job clubs to provide initial orientation to migrants and seasonal farmworkers on the responsibilities of obtaining and holding a job; and

--assisting in the operation of Federal credit unions, recommending persons for participation in employment projects, and operating several of the employment projects.

### EMPLOYMENT PROJECTS

Under an OEO research and demonstration grant, CAMP initiated a number of job development, training, and placement projects designed to find alternative ways to improve the life of families who want to leave the migrant stream and obtain permanent employment. Demonstration grant funds were used for the operation of these projects through February 1970, when OEO instructed CAMP to terminate demonstration grant fund expenditures, except for staff salaries.

Upon termination of the demonstration grant, CAMP transferred some of the employment projects to the OEO-funded migrant program and continued the projects. Additionally under the migrant program, CAMP initiated several other employment projects and provided administrative and other support to the employment projects.

Discussions of the more important employment projects follow.

#### Mechanics project

In May 1968 CAMP developed a mechanics-training project for migrant and seasonal farmworkers in cooperation with an automobile manufacturer and several car dealers. Later, CAMP expanded the project to another automobile manufacturer.

During the 1969-70 grant year, CAMP expended demonstration and migrant program grant funds of \$26,186 for 43 trainees to participate in the two manufacturers' mechanics-training programs.

Under the mechanics-training project, CAMP screened and tested applicants and referred them to car dealers for sponsorship in the manufacturers' programs. Upon acceptance by a dealer, the applicant-trainee first received on-the-job training for 30 to 60 days from the dealer before entering one of the manufacturers' training schools in Jacksonville, Florida.

One of the manufacturer's mechanics-training programs lasted 17 weeks--the trainee divided his time between the training school and the sponsoring dealership. The other mechanics-training program lasted 23 weeks--10 weeks of instruction at the training school and 13 weeks of on-the-job training at the sponsoring dealership. Neither a formal contract nor a working agreement existed between CAMP and the sponsoring dealers. The dealers, however, signed letters agreeing to sponsor specific trainees.

CAMP paid the entire cost of room and board and a training cost of \$25 a week for each trainee while the students were in training. Upon successful completion of training, CAMP billed the sponsoring dealer for half of the total cost. CAMP paid each trainee a stipend ranging from \$33 to \$63 a week depending upon the number of his dependents.

After their training the participants returned to the sponsoring dealerships for further on-the-job training, during which time they received at least the minimum wage set by Federal law.

#### Automobile-reconditioning project

In January 1969 CAMP initiated a training project to train migrant and seasonal farmworkers in the skill of reconditioning automobiles.

The project objective was to provide individuals with an opportunity to leave the migrant stream by obtaining jobs with local automobile dealers or with private firms that recondition automobiles. Trainees were scheduled to complete their training in 12 weeks.

CAMP furnished instructors and other personnel to manage the project and provided participants with training and instruction in the methods of reconditioning automobiles. CAMP furnished also the necessary materials for the course. Automobiles to be reconditioned were solicited from automobile dealers and private individuals who were charged a fee of \$18 to \$20 for the service. During the 1969-70 grant year, a total of 67 persons participated in the project.

The automobile-reconditioning project was conducted at two locations. One facility, called Mr. Kar Kleen, began operations at Pompano Beach, Florida, in January 1969. In September 1970 CAMP terminated all financial assistance to the Mr. Kar Kleen facility. However, two CAMP employees, who were being paid salaries totaling \$11,815 annually, continued to provide technical and management assistance to personnel at the facility.

The second facility, called Florida Auto Cleaners, began operations at Fort Lauderdale in June 1969 but was terminated in December 1969 because of insufficient business.

The reconditioning project was initially funded under an OEO demonstration grant, but OEO directed CAMP by letter dated January 28, 1970, not to spend any more demonstration grant funds on the project after February 1970. OEO stated that the Mr. Kar Kleen facility had outlived its usefulness as a demonstration project and that, if CAMP wanted the facility to continue operating, funds from the OEO migrant program grant should be used.

CAMP decided to continue operating the facility with funds from OEO's migrant program grant until the facility became self-sufficient.

During the 1-year period ended May 31, 1970, Mr. Kar Kleen sustained a net loss of about \$66,000 on its operations--costs totaled about \$89,000 and sales totaled about \$23,000. The costs of operating the facility included:

Stipends	\$35,020
Salaries	25,441
Travel	3,147
Lease of facilities	5,900
Supplies, utilities, and petty cash purchases	<u>19,521</u>
Total	<u>\$89,029<sup>a</sup></u>

<sup>a</sup>Does not include an amount for central office administrative costs associated with bookkeeping and cost of supplies consumed at the training facilities.

## Fishing project

In May 1968 CAMP initiated a training project in the operation and maintenance of small boats and in the skills and techniques of ocean fishing. CAMP was to establish a commercial fishing cooperative which would supply fish to local restaurants and provide employment for the individuals trained under the project. Training was scheduled to take from 8 to 9 weeks, during which time the trainees would receive stipend payments.

Training started in CAMP's Pompano Beach region but was later transferred to Bimini Island in the Bahamas because of problems encountered with residents and boat owners in the Pompano Beach area. The cost of operating the training project during the 1969-70 grant year was \$23,365, including stipends totaling \$3,349 paid to 11 trainees.

Another training project in commercial fishing was started in the Fort Myers, Florida, region in July 1969. Costs of \$2,800 were incurred for operating this project. Included in these costs were the instructor's salary of \$1,374 and stipends totaling \$1,263 paid to six trainees.

After an onsite review of the fishing projects, OEO instructed CAMP on September 5, 1969, to close out the fishing projects no later than October 1, 1969. OEO stated that its decision was based on the following factors.

1. Excessive expenditure of funds had been made.
2. Capital equipment that cost in excess of \$500 had been purchased without OEO's prior consent.
3. Funds expended for staff, supplies, and equipment had not been authorized by the terms of the grant.
4. Adequate supervision or direction had not been provided under the project.
5. OEO approval had not been obtained prior to hiring instructors and support staff for the project.
6. Cooperatives had not been established as proposed.

7. Organized instruction had not been provided to project participants.
8. Time and attendance records had not been kept on trainees who had received stipends.

CAMP advised OEO by letter dated September 29, 1969, that its board of directors had unanimously agreed to comply with OEO's instruction. The project had received unfavorable publicity which the board believed could have had an adverse effect on CAMP's overall operations.

#### Farming project

In 1968 CAMP's regional office in Homestead, Florida, started a training project with the objective of establishing a farming cooperative. CAMP leased farmland for use by project participants to grow and harvest crops. The project became inactive in December 1969 and was terminated because financial backing aside from CAMP could not be obtained.

During the 1969-70 grant year, the operating expenses amounted to \$6,601 and stipends paid to the participants amounted to \$3,408. Receipts from sales of farm products totaled \$4,005.

#### Bakery project

A training project was initiated in June 1969 by the regional office in Homestead to organize a cooperative bakery to be operated as an independent business by individuals who had received baker training. Bakery products were sold door to door. The bakery project was terminated in May 1970 because proceeds were not sufficient to cover expenses and CAMP could not obtain financial support from sources other than OEO.

During the 1969-70 grant year, the bakery operating expenses totaled \$14,289, including stipends of \$11,693 paid to five trainees. Receipts from the sale of baked goods during this period totaled \$2,656.

## SENIOR CITIZEN PROGRAM

In July 1969 CAMP was awarded a \$40,000 1-year grant by OEO to operate a senior citizen program through June 1970 for migrant and seasonal farmworkers aged 55 or over.

During the 1969-70 grant year, CAMP expended \$38,800 to operate the program and to provide food, employment assistance, transportation, limited health services, and legal aid to the elderly poor. CAMP reported to OEO that, during this period, 1,534 elderly poor had participated in the program.

In November 1970 OEO awarded a grant of \$40,000 to CAMP to continue the program through June 1971.

## HOUSING PROGRAM

During the 1969-70 grant year, CAMP expended about \$44,000 to operate a housing program, the primary purpose of which was to encourage migrant families to settle in one locality and thereby have an opportunity to seek year-round employment, to provide their children with a normal education, and to become citizens in the local community and thus qualify for community benefits.

Most of the funds were expended to operate a CAMP-sponsored housing project that was established in March 1968 under section 221(h) of the National Housing Act, as amended (12 U.S.C. 1715).

In July 1968 the housing project borrowed \$73,700 from a lending institution to rehabilitate and convert an apartment building into 72 two-, three-, and four-bedroom townhouses to be sold to migrant farm laborers. The loan was insured by the Federal Housing Administration, Department of Housing and Urban Development.

In the spring of 1969, the rehabilitation of the units was completed and the housing project began taking applications from CAMP's program participants for the purchase of the townhouses. The amount of the purchase price of the townhouses was loaned to the residents by the lending institution, and the loans were insured by the Federal

Housing Administration. The residents' loan applications were approved by CAMP, the lending institution, and the Federal Housing Administration.

#### TALENT SEARCH PROGRAM

CAMP entered into a cost-reimbursable contract not to exceed \$50,000 with the Office of Education, Department of Health, Education, and Welfare, for a talent search program to be operated during the 1969-70 grant year. The program was designed to assist migrant youths from the seventh grade through college to continue their education and to encourage migrant youths who had dropped out of school to reenter school or seek vocational training. CAMP expenditures under the program were about \$43,000.

CAMP's efforts under the talent search program were directed toward (1) assisting youths to obtain high school equivalency certificates through programs funded by OEO and operated by various colleges, (2) referring students with high potential but low achievement to colleges, under an Office of Education-sponsored college education achievement program, and (3) providing students with college placement services.

The talent search annual report for the year ended June 1, 1970, showed that, of 3,614 students contacted by CAMP, 204 had been placed in the high school equivalency program, 174 had been placed in college, and 673 had been referred to colleges and were awaiting acceptance and approval of financial aid.

The Office of Education awarded CAMP a cost-reimbursable contract for about \$64,000 to continue the program through May 31, 1971.

## CHAPTER 3

### IMPROVEMENTS NEEDED IN SELECTING PROGRAM PARTICIPANTS

The purpose of CAMP's programs was to assist poor migrants and seasonal farmworkers and their families to improve their living conditions and to develop the necessary skills for a productive and self-sufficient life in an increasingly complex and technological society. In selecting persons to participate in its training programs involving stipends and in its housing project, however, CAMP had not established policies and procedures to inform interview counselors at the regional offices of applicable OEO eligibility requirements. As a result, a large number of program participants were selected by CAMP who were not migrants or seasonal farmworkers.

The high incidence of ineligible participants detracted from the effectiveness of CAMP's programs. If CAMP had followed applicable eligibility requirements, the ineligible participants who were poor would not have been without help because other programs were available under which those who were not migrants or seasonal farmworkers could have received similar types of assistance offered by CAMP.

### TRAINING PROGRAMS INVOLVING STIPENDS

Of the 308 persons enrolled in training programs during the 1969-70 grant year, CAMP paid stipends totaling about \$71,300 to 218 participants, or 71 percent, who, in our opinion, were not eligible for participation in the programs under applicable OEO criteria. In addition, CAMP spent about \$8,000 for travel, meals, and housing for ineligible participants in the mechanics-training project.

Special conditions of OEO migrant and seasonal farmworker program grants under title III, part B of the Economic Opportunity Act, as amended, restrict eligibility for enrollment in the programs to migrant and other seasonally employed agricultural families who, during the year preceding the commencement of the program have

- earned at least 50 percent of their total income as agricultural employees,
- been employed only on a seasonal basis and not by one employer for the entire calendar year, and
- earned incomes below the poverty level as defined by OEO.

In addition, the participants must have been classified according to OEO definition as migrant farmworkers or farm laborers.

OEO grant agreements required that, for persons to be eligible to participate in programs involving stipends, they must be:

1. Migrant or seasonal farmworkers who are unemployed at the time they enter the program.
2. Heads of households. The head of a household shall be a male unless there is no adult male in the household.

Our review showed that 218 persons who had received stipends while enrolled in training programs were not eligible to participate in the programs for one or more of the reasons listed below.

<u>Reason for ineligibility</u>	<u>Number</u>
Not a migrant or seasonal farmworker	103
Not head of household	71
Employed at the time of entering the program	<u>44</u>
Total	<u>218<sup>a</sup></u>

<sup>a</sup>CAMP records for 14 other participants did not contain sufficient information to determine whether they were eligible.

Of the 218 ineligible participants, 116 were ineligible for more than one reason, but the three reasons shown above

were most common. Following are examples of ineligible participants in the various training programs.

- A participant in the mechanics-training project who received stipends of \$495, was employed by a bus company prior to participating in the project and had not been a farmworker. Also, he lived with his parents and was not the head of the household.
- Another participant in the mechanics-training project, who received stipends of \$819, was employed by a lawn-mowing service prior to participating in the project and had not been a farmworker. Also, he was not the head of the household.
- A participant in the automobile-reconditioning project, who received stipends of \$554, had not been a farmworker, was not head of the household, and was employed prior to participating in the project.

We are aware that, of the 218 ineligible participants, 73 were paid stipends under the OEO demonstration grant authorized by title II, part C of the Economic Opportunity Act, as amended, and that this part of the act does not contain the specific eligibility restrictions contained in title III, part B of the act. The purpose of demonstration projects, however, is to "test or assist in the development of new approaches or methods that will aid in overcoming special problems," in this case, the training of migrant and seasonal farmworkers to develop the necessary skills to obtain permanent employment.

In our opinion, it is not appropriate under a demonstration project to use significant resources on activities which, after the pilot stage had been completed, would not be appropriate for funding on a continuing basis under other sections of the Economic Opportunity Act. We believe that OEO's eligibility requirements for title III, part B programs should also be applicable to persons who participated in the demonstration project.

CAMP's executive director disagreed with our finding on ineligible participants. He stated that the information on the participants contained in CAMP's files had been what

the participants wanted to show on their application for enrollment in a program and was not necessarily valid. He stated also that many of the participants did not want to show that they were farmworkers.

We interviewed 20 program participants receiving stipends, who were readily available for interviews at the time of our fieldwork, to determine whether the information on their applications was correct. In general, they confirmed that the information in their application files was correct and not misleading as claimed by the executive director of CAMP.

The executive director also made the following comments concerning our basis for concluding that participants were ineligible for training.

Not a migrant or seasonal farmworker--the executive director stated that, in certain areas of southern Florida, farmwork was the only employment available for poor people. In these areas there was no need for CAMP to verify the eligibility of the applicant, because he was either a farmworker or a potential farmworker, regardless of the information furnished on his application for CAMP programs.

CAMP officials could not provide us with supporting data on the percentage of residents who lived in these areas of southern Florida that were farmworkers. They stated that they had obtained the information verbally over the telephone from the Department of Labor.

We subsequently contacted the Farm Labor Area supervisor in Miami, Florida, who was responsible for Department of Labor activities in most of the areas serviced by CAMP. The supervisor informed us that in certain small sections in southern Florida--areas of less than a square mile each--there would be concentrations of farmworkers as high as 50 percent of the population. The supervisor also furnished us with employment statistics which showed that, for eight of the 10 counties serviced by CAMP, farmworkers, including migrant and seasonal farmworkers, accounted for less than 10 percent of the total population even during the peak period of farmworker employment.

Participant was not a head of household--the executive director challenged the definition of a head of household in OEO's eligibility criteria. He stated that, when there was only a female adult in the family and most of the income was contributed by the children, the adult female and the children contributing to the family income would be considered the head of the household and that OEO's definition of a head of household would not apply, that is, there was no one head of household.

In February 1971 OEO officials informed us that in December 1969 OEO relaxed its head of household criteria for use in deciding whether participants were eligible for training stipends. We found no evidence however, that the special conditions of CAMP's grant were modified for the 1969-70 program year, the period covered by our review. Under the revised special grant conditions for migrant and seasonal farmworker programs, training stipends may be provided either to the head of household or to a child of the household who would benefit more from the training than the head of household. Some of the participants whom we considered ineligible because they were not a head of household may have been eligible under the revised guidelines.

Participant was not unemployed--the executive director stated that all participants were unemployed at the time they entered the program. He said that they might have been employed the minute before entering the program, but when entering the program they became unemployed.

Our interpretation of OEO's eligibility criteria as set forth in its grant agreements is that persons must be unemployed prior to acceptance into training programs involving stipends.

## HOUSING PROJECT

None of the 72 residents living in the CAMP-sponsored housing project met OEO eligibility criteria because 61 residents were not migrant or seasonal farmworkers and 11 residents earned incomes in excess of the prescribed limitations. Following are the income and other characteristics of two ineligible residents.

1. The credit report and verification of employment of the head of a household of a family of five showed that he had an annual income of \$5,700 and had been employed as a plumber's helper for over 8 years when he applied to purchase an apartment. OEO's income limitation for a family of five at the time of application was \$3,900 for a nonfarm family and \$2,800 for a farm family. Since he was neither a migrant nor seasonal farmworker and his income exceeded the limitation, he was not eligible to participate in the housing project.
2. The mortgage application, credit report, and verification of employment for the head of a household of a family of six showed that he had an annual income of \$5,240 and had been working as a construction worker for 14 months when he applied to purchase an apartment. OEO's income limitation for a family of six at the time of application was \$4,400 for a nonfarm family and \$3,100 for a farm family. Since he was neither a migrant nor seasonal farmworker and his income exceeded the limitation, he was not eligible to participate in the housing project.

The executive director, CAMP, agreed that some of the occupants of the housing project were not migrant and seasonal farmworkers according to information shown in the credit reports and loan applications. He stated, however, that the information shown was the type of information required by the Federal Housing Administration before it would approve loans for the purchase of units in the housing project.

Although the executive director indicated that the residents of the housing project included misleading information in their loan applications, we noted that the

information contained in the applications had been verified by the CAMP housing staff and by credit bureaus before the applications were submitted to the lending institution and to the Federal Housing Administration for review and approval.

With regard to income limitations, the executive director stated that most of the migrants and seasonal farmworkers did not know how much they earned each year because they did not keep records and the growers or farmowners did not give them earnings statements. He stated also that in 1 week farmworkers might earn \$150 and the next week they might earn nothing.

### CONCLUSIONS

CAMP needs to improve its policies and procedures for ensuring that persons selected for participation in CAMP programs are migrant and seasonal farmworkers and otherwise meet OEO eligibility requirements. Further, because of the high incidence of ineligible persons participating in the training programs and CAMP's lack of emphasis on ensuring that persons are eligible for enrollment, OEO should closely monitor the actions taken by CAMP to ensure that Federal funds are expended to assist only those persons for whom CAMP programs were intended.

The high incidence of ineligible participants detracts from the effectiveness of CAMP's programs in providing assistance to the sizable migrant and seasonal farmworker population in southern Florida.

### RECOMMENDATION

We recommend that the Director, OEO, through the Office of Operations, ensure that CAMP, in selecting participants for its various programs, adheres to OEO eligibility requirements.

## CHAPTER 4

### IMPROVEMENTS NEEDED IN ADMINISTRATION OF GRANT FUNDS

Improvements were needed in CAMP's accounting for employee leave and compensatory time, travel, purchases of supplies and equipment, and accountable property. We noted some expenditures which had not been budgeted or authorized by OEO. Also controls over program revenues had not been adequate.

### PAYROLLS AND RELATED COSTS

CAMP reported expenditures of about \$616,000 for payrolls and related costs for OEO and Office of Education programs during the 1969-70 grant year. This amount represented about 61 percent of the total grant fund expenditures of about \$1 million recorded by CAMP.

We reviewed payroll and related costs of about \$49,000 incurred for administration and operation of CAMP programs and activities. In general, these payroll costs had been properly supported and accurately computed.

CAMP and OEO regulations require that all absences for compensatory and annual leave be requested, approved, and recorded in advance of such leave. We noted certain instances in which CAMP had not been adhering to the regulations. For example:

1. Compensatory leave of 4,115 hours, valued at \$9,711, was taken by 79 employees. We estimate that, for 3,200 hours valued at \$7,500, leave requests were not prepared as required by regulations. CAMP's director of fiscal affairs stated that all employees would henceforth be required to submit written requests before taking compensatory leave.
2. Payments for accrued annual leave of 674 hours, valued at \$1,963, were made to 12 employees who were continuing their employment with CAMP. CAMP regulations provide for payment for accrued annual leave only upon termination of employment. In June 1970

OEO directed that the practice of making payments for accrued annual leave to those employees who were continuing employment with CAMP be discontinued.

3. Mathematical errors in recording the leave of seven employees resulted in an overstatement of accrued leave of 47 hours. CAMP's director of fiscal affairs stated that a double-check procedure had been initiated to ensure the accuracy of postings to leave records.

### TRAVEL

CAMP reported expenditures of about \$80,000 for travel and local transportation during grant year 1969-70, which was about 8 percent of its total recorded expenditures for the period.

CAMP's travel policy requires that travel be authorized and approved prior to any travel by its employees outside their assigned region. We examined the travel vouchers totaling about \$10,000 for 128 trips made by 13 CAMP employees outside their regions and noted 44 trips for which the files did not contain authorizations for travel. For another 24 trips, a reason for the travel was not stated on the authorization form.

Travel costs for secretarial employees totaled over \$4,000 during the period. CAMP officials stated that the purpose of this travel was to allow the secretaries to attend workshops, staff meetings, and conferences.

In a June 25, 1970, letter to CAMP discussing travel by secretaries, OEO stated that:

"\*\*\* The use of travel funds by clerical personnel seems excessive and the justification for it is questionable. Clerical travel should not be permitted in the future."

CAMP disagreed with OEO on the necessity for travel by the clerical staff but advised OEO on July 14, 1970, that clerical personnel would be invited to meetings requiring travel only when their attendance was necessary. We noted

that from July 14 to October 30, 1970, travel costs for nine secretaries to attend meetings and workshops totaled \$1,052.

With regard to the practice of secretarial travel, the executive director of CAMP stated that it would be continued because he thought it was necessary. He stated also that CAMP secretaries performed functions not usually performed by secretaries, such as filling out forms and reports, and that the workshops were necessary to teach them how to do this; otherwise, supervisory personnel would have to take time off from their other duties to instruct the secretaries on these matters.

### PROCUREMENT

During the 1969-70 grant year, CAMP's procurement costs for supplies, equipment, space, and other items totaled about \$100,000, or about 10 percent of its total expenditures. Our examination of 163 procurement actions involving \$31,570 revealed that 79 procurements totaling \$15,515 were not supported by adequate requisitions or purchase orders as provided for in CAMP's Administrative Manual.

In December 1970 the director of fiscal affairs agreed that deficiencies had existed in the preparation of requisitions and purchase orders for procurements, but that the situation had been corrected and that the purchasing procedures contained in CAMP's Administrative Manual were being followed.

### CONTROLS OVER ACCOUNTABLE PROPERTY

As of June 24, 1970, CAMP had property on hand valued at about \$76,000. The provisions of CAMP's Administrative Manual were not followed in taking physical inventories. Also, property was not adequately safeguarded and effectively utilized, or disposed of, in accordance with procedures prescribed in the manual.

CAMP's Administrative Manual provides that periodic inventories be taken by regional office personnel and verified by central office personnel. Physical inventories, however, were taken personally by the central office's director of fiscal affairs, who was also the property officer.

To maintain proper internal control over property, inventories should be taken by persons independent of the property office and accounting office. Therefore inventories of CAMP's property should be taken by regional office personnel or by persons other than the director of fiscal affairs.

The director of fiscal affairs agreed that internal controls would be strengthened if the inventories were taken by someone else.

We noted evidence of deterioration and inadequate utilization of property at the regional offices. For example, at the Mr. Kar Kleen facility, a truck and two motor scooters valued at \$2,800 had not been used for over 6 months and were deteriorating from exposure to the weather. At the regional office in Homestead, we noted in September 1970 that a tractor and a 44-passenger bus had been exposed to the weather and had begun to rust and deteriorate. This property, valued at \$1,580, had not been used after late 1969 when the farm training project to which the property was assigned was terminated.

We believe that property in excess of CAMP's needs should be identified and transferred to the General Services Administration for disposal.

CAMP employees were permitted to drive CAMP vehicles to their homes at night and on weekends, reportedly so that the vehicles would be protected from possible theft or vandalism. During our review one vehicle was involved in an accident while being used by a CAMP employee for personal reasons. The employee informed us that he had sometimes operated the vehicle for his personal use. We believe that CAMP should not permit its employees to use CAMP vehicles for other than business purposes.

EXPENDITURES FOR ITEMS NOT  
BUDGETED OR AUTHORIZED

During the 1969-70 grant year, CAMP expended grant funds of about \$13,000 budgeted for temporary housing to make payments on mortgages and for utilities relating to its permanent housing project. Under the special conditions of OEO's grant, CAMP was required to obtain written approval from OEO before disbursing any of these funds, which were supposed to be used only for emergency temporary housing for migrants and seasonal farmworkers.

CAMP made the mortgage payments because some housing units were unoccupied and because some slow-paying occupants of other units were renting until their applications to purchase the units were approved by the Federal Housing Administration.

CAMP did not obtain written approval from OEO prior to using the emergency housing funds. On May 25, 1970, about the end of its grant year, CAMP requested permission from OEO to write off the \$13,000 as uncollectible. CAMP justified the write-off as follows:

"\*\*\* We feel that the cost of 'writing off' the loan can be justified in that it was a cost of simply getting migrants into adequate housing; not on a temporary basis but on a permanent basis. Seventy-two (72) migrant families representing approximately 475 persons own their homes and are accruing equity rather than holding a handful of rent receipts. These persons have truly left the migrant stream."

Of the 72 residents occupying the housing project, 61 were not migrants or seasonal farmworkers and 11 had incomes in excess of OEO limitations and therefore were not eligible for housing assistance under OEO's eligibility criteria. (See p. 19.)

On August 11, 1970, the Director, Migrants Division, OEO, approved CAMP's request but made the following stipulation.

"Let me emphasize that despite our approval, we nevertheless have serious reservations about the judgment exercised by CAMP in this matter. Therefore, we will expect in the future where programmatic and financial matters are not clearly within the scope of existing OEO instructions and guidelines that you will consult with this office before taking action."

In January 1970 CAMP obtained OEO approval to use \$16,000 of its emergency housing funds to establish guaranteed loan funds with federally chartered credit unions to loan money to migrants for temporary and emergency housing. CAMP entered into agreements with three credit unions, which provided for making guaranteed loans not to exceed \$125 to eligible program participants. CAMP selected the prospective borrowers and authorized the credit unions to make the loans.

The loans made by the credit unions were not restricted, however, to temporary and emergency housing loans. As of September 1970 the credit unions made 18 loans totaling \$2,170, of which only three loans totaling \$375 were for temporary or emergency housing.

CAMP officials informed us that the restriction that the loans be used only for emergency and temporary housing had been removed by OEO, but they were unable to furnish us with documentation or correspondence to this effect. OEO headquarters officials informed us, however, that the restriction on the use of the \$16,000 for only emergency and temporary housing loans had not been removed.

#### ACCOUNTING FOR PROGRAM REVENUES

During the 1969-70 grant year, CAMP received income of over \$29,000 from program operations in the regional offices. The regional offices, however, did not maintain detailed financial records accounting for sales and receipts for some programs and did not record all sales for other programs. Also revenues from some program operations were not forwarded to CAMP's central office.

We could not verify the amount of Mr. Kar Kleen sales because 206 sales invoices could not be located. Our examination of the sales journal showed that some prenumbered sales invoices had not been accounted for and that others had been voided after being entered in the sales journal. Accounting records of the automobile-reconditioning facility in Fort Lauderdale could not be located, but, on the basis of available sales invoices, we estimated that sales were about \$300 more than shown by the central office records.

For the period September 30 to November 5, 1969, the cash receipts journal for Mr. Kar Kleen showed receipts of \$1,045; however, records at the central office showed that only \$874 in funds were forwarded to the central office. Conversely, for December 15 to 18, 1969, the central office records showed receipts of \$155 in excess of the amount recorded in the Mr. Kar Kleen cash receipts journal.

The director of the Fort Myers region informed us that the Fort Myers fishing cooperative had some revenues from harvesting fish and crabs and that these funds had been distributed to trainees and workers of the fishing cooperative. The director of fiscal affairs informed us that he was aware that the fishing cooperative had revenues of about \$300 to \$400 and acknowledged that the funds had not been forwarded to the central office. He stated, however, that he thought that the funds had been used to offset the expenses of the program and that he was not aware that the funds had been distributed to the trainees and workers.

Because of the lack of adequate records, we were unable to determine whether all revenues had been used for program purposes.

### CONCLUSIONS

Improvements are needed in CAMP's controls over and administration of grant funds. CAMP has taken certain actions to correct some of the weaknesses in the administration of grant funds. Additional actions, however, are needed to improve the accounting for travel, property, and revenues and to avoid expenditures which have not been budgeted, authorized, or approved by OEO in advance.

## RECOMMENDATION

We recommend that the Director, OEO, through the Office of Operations, closely monitor CAMP's financial management practices to ensure that corrective actions regarding travel practices; control over, and use of, accountable property; fund expenditures; and accounting for program revenues are implemented.

## CHAPTER 5

### SCOPE OF REVIEW

Our review was conducted primarily at the CAMP central and regional offices in Florida and included an examination of selected transactions under the following Federal grants and contract:

<u>Program or activity</u>	<u>Period</u>	<u>Amount</u>
OEO migrant program grant (CG 0771-E/O) Conduct and administration Educational training Emergency and temporary housing Credit unions	6- 1-69 to 5-31-70	\$736,000
OEO job development, training and placement pilot project (CG 8216-B/O)	5-12-69 to 5-12-70	250,000
OEO senior opportunities and services (CG 8328-B/O)	7- 1-69 to 6-30-70	40,000
Office of Education migrant education talent search contract [OEC-0-9-716057- 4274(417)]	6- 1-69 to 5-31-70	50,000

Our review was directed toward (1) inquiring into the nature and scope of CAMP program activities, (2) determining whether participants enrolled in certain CAMP programs and residents in its housing project were eligible to receive such assistance, and (3) evaluating CAMP's procedures and controls over expenditures and property.

We reviewed pertinent legislation, OEO policies and procedures, grant agreements, and the contract with the Office of Education. We examined CAMP records and interviewed individuals associated with CAMP, OEO, Office of Education, and certain other persons whom we believed had information pertaining to the matters under review.

**APPENDIXES**

FUNDS RECEIVED BY CAMP AND  
RELATED EXPENDITURES FOR THE 1969-70 GRANT YEAR

	<u>Total</u>	<u>OEO grants</u>	<u>Office of Education contract</u>
<b>FUNDS RECEIVED:</b>			
Carry-over from prior year	\$ 15,734	\$ 15,734	\$ -
New grant funds	<u>1,061,834</u>	<u>1,011,834</u>	<u>50,000</u>
Total funds received	1,077,568	1,027,568	50,000
Program revenues	<u>29,070</u>	<u>29,070</u>	<u>-</u>
Total funds available	<u>1,106,638</u>	<u>1,056,638</u>	<u>50,000</u>
<b>EXPENDITURES:</b>			
Personnel	616,492	589,371	27,121
Consultant and contract services	3,790	3,790	-
Travel	79,841	72,073	7,768
Space cost and rental	30,989	30,989	-
Consumable supplies	13,031	10,980	2,051
Rental, lease, and purchase of equipment	50,990	50,545	445
Stipends	102,398	102,398	-
Other costs <sup>a</sup>	<u>135,182</u>	<u>129,574</u>	<u>5,608</u>
Total expenditures	<u>1,032,713</u>	<u>989,720<sup>b</sup></u>	<u>42,993</u>
UNEXPENDED BALANCE	<u>\$ 73,925<sup>c</sup></u>	<u>\$ 66,918<sup>c</sup></u>	<u>\$ 7,007</u>

<sup>a</sup>Other costs include telephone, utilities, insurance, repairs, and costs associated with the operation of training programs and the housing project.

<sup>b</sup>Includes program revenue of \$29,070 which was applied as offsets to program expenses when received. The net expenditure from OEO grants is \$960,650.

<sup>c</sup>Includes \$16,000 on deposit with three Federal credit unions for guaranteed loan funds.

APPENDIX II

SALARIES OF PRINCIPAL CAMP OFFICIALS

AS OF JULY 1, 1970

<u>Position</u>	<u>Annual salary</u>
Executive director	\$18,020
Director, program operations <sup>a</sup>	15,651
Director, fiscal affairs	12,020
Public relations	9,010
Housing director	10,000
Director, talent search	12,135
Counselor, talent search	10,176
Director, aging	10,812
Regional director, Fort Myers, Florida	11,130
Regional director, Belle Glade, Florida	12,190
Regional director, Boynton Beach, Florida	10,000
Regional director, Pompano Beach, Florida	10,812
Regional director, Homestead, Florida	10,454

<sup>a</sup>Also regional director, Plant City, Florida

MEMBERS OF THE  
CAMP BOARD OF DIRECTORS  
AS OF JULY 1, 1970

Representation

Rev. Samuel W. George, president	Ministerial Association National Association for the Advancement of Colored People
Mr. Willie Cohen	Farmworkers
Mrs. R. W. Glasner	Florida Council on Human Relations
Mrs. Bessie Brunt	National Association for the Advancement of Colored People
Mrs. Willard Findling	Community at large
Rev. C. D. Lazier	National Association for the Advancement of Colored People
Mr. Robert Kaufman	Legal services
Mr. August VandenBosche	Farmworkers
Mr. Albert Lee	Farmworkers
Rev. John Freund	Catholic Archdiocese of Miami
Mrs. Juanita Barrerea	Farmworkers
Mr. Elijah Boone	Farmworkers
Mrs. Ethel Williams	Farmworkers
Mrs. Louise Buie	National Association for the Advancement of Colored People