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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20540

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Dear Mr. Meskill:

This letter is in response to an informal request from Mr. Lewis D. Andrews of your staff on April 15, 1969, that the General Accounting Office inquire into whether Federal funds were used to transport members of the Bedford-Stuyvesant Youth In Action Community Corporation (Youth in Action) from New York, N.Y., to Washington, D. C., on April 14, 1969, to protest reductions in Federal antipoverty funds.

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Our examination consisted primarily of monitoring work performed by auditors of the Office of Economic Opportunity (OEO) and the Department of Labor (DOL) to establish the facts in this matter. On the basis of the work performed by the OEO and DOL auditors and our review of their work, it appears that Federal funds were not used by the Youth in Action group for the rental of busses on April 14, 1969. The auditors' review indicates that New York City tax funds were used to pay for the bussing costs. There are indications, however, that a number of employees whose salaries were being paid with Federal funds were granted administrative leave on April 14, 1969, to make the trip to Washington, D. C. Details on the results of the OEO and DOL inquiries follow.

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Administration of Federal antipoverty activities in New York City is the responsibility of the Human Resources Administration (HRA), which is located organizationally within the Mayor's Office. A subdivision of HRA, designated as the Manpower and Career Development Agency (MCDA), exercises immediate responsibility for supervising certain specific antipoverty activities through agreements with various local community organizations. One such organization is the Bedford-Stuyvesant Youth in Action Community Corporation. Certain of the organizations under agreement with MCDA are funded with Federal funds provided through DOL and/or OEO, and others are funded entirely from New York City tax funds.

We were advised by Mr. Andrews of your staff that the Washington Post carried a story in its April 15th edition that Youth in Action members were transported to Washington, D. C., on April 14, 1969, to protest cuts in Federal antipoverty funds. Pursuant to Mr. Andrews' request, we inquired into this matter at OEO and found that OEO had made preliminary inquiries into the matter. Subsequently, on April 17, 1969, the Administrator of OEO's Northeast Regional Office Community Action Program requested the regional OEO auditors to make a review at the Youth in Action agency because OEO believed that its funds had been used to transport the protesters to Washington, D. C.

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The OEO auditors made a limited investigation and on April 22, 1969, reported that OEO funds had not been involved in the bussing. The audit report stated that a check for \$8,220, payable to the Allstate Bus Corporation for the rental of 30 busses to make a trip from Brooklyn, New York, to Washington, D. C., was drawn on a bank account set up solely for the use of Youth in Action's Employment Service Activity of its Data Processing Department. The report pointed out that the Employment Service Activity (ESA) performed a job placement function for local community corporations and that deposits into the ESA bank account had been made from payments received from 15 local community corporations. The report also stated that an examination had been made of payments by 4 of the 15 community corporations which showed that the source of funds used by these corporations to pay Youth in Action for job placement services was MCDA.

DOL was advised by OEO of the results of the OEO review and on April 29, 1969, DOL initiated its own inquiry into the matter.

On May 7, 1969, DOL auditors issued an interim report in which they concluded that it appeared that city tax funds, rather than DOL funds, had been used to pay for renting the busses which transported the Youth in Action group to Washington. The auditors' conclusion was based on a review of the payments made to Youth in Action's Data Processing Department by the four local community corporations cited in the OEO audit report. The DOL auditors' review indicated that the payments made to the Data Processing Department by the four corporations had been made from city tax funds and that DOL funds had not been involved.

On August 1, 1969, the DOL auditors issued a final report stating that Federal funds were not used to pay for the bussing costs. In support of their conclusion, the auditors attached a memorandum from the Commissioner, HRA, which stated that Federal funds had not been involved in the bussing.

Subsequent to the issuance of DOL's final audit report, we were advised by the acting DOL Regional Audit Manager in New York City that he had personally checked the accounts at the Youth in Action agency and at the New York City Comptroller's Office and had verified that the funds utilized were city tax funds. The acting Regional Audit Manager stated that a separate bank account had been established by Youth in Action for Federal funds and that the check for the rental of the busses was not written against this account.

The DOL auditors' report of August 1, 1969, stated that 25 staff members of Youth in Action, whose salaries were paid from DOL funds, went on the trip to Washington, D. C., and that 15 of the 25 staff members took leave using compensatory time, one used vacation leave, and the remaining nine had no leave to use and were granted administrative leave. The report stated that the total amount paid for administrative leave was about \$400.

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The report stated also that the auditors believed that many enrollees in federally sponsored programs in New York had made the trip to Washington, D. C., but that they were unable to ascertain their names or the number who participated because there were no lists of the names of the passengers.

On the basis of the work performed by the OEO and DOL auditors, it appears that Federal funds were not used by Youth in Action for the rental of the busses. With regard to the possible unauthorized use of Federal funds to pay the salary of certain staff members and enrollees of federally funded programs on the day of their trip to Washington, we were advised by the acting DOL Regional Audit Manager in New York City that DOL auditors would examine into this matter during their next scheduled audit of the Youth in Action contract that expired July 7, 1969. He said that the audit would be made sometime during the first part of calendar year 1970.

We plan to monitor the DOL auditors' examination of the Youth in Action contract, and, as part of this activity, we will also be concerned with the possibility that the local agency might erroneously claim, as part of its required matching share of project expenditures, the salaries of the staff members or enrollees, and the costs incurred by the city in transporting them to Washington, D. C.

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 its contents.

We hope the above information is satisfactory to your needs.

Sincerely yours,


Acting Comptroller General
of the United States

The Honorable Thomas J. Meskill
House of Representatives