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**Review Of Certain Activities
Of The Economic Opportunity
Board Of Washoe County,
Reno, Nevada** B-130515

Office of Economic Opportunity

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

~~900728~~ 092535

AUG. 10, 1971



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

B-130515

Dear Mr. Baring:

In accordance with your request of March 29, 1971, we have examined into the statements of Mr. Onie Cooper concerning certain activities of the Economic Opportunity Board of Washoe County, Reno, Nevada, (agency). The agency is an Office of Economic Opportunity (OEO) community action agency that administers antipoverty programs in Reno, Nevada, under grants from OEO and the Department of Labor.

In a letter to you dated November 20, 1970, Mr. Cooper stated that the agency had disregarded its personnel procedures in his on-the-spot dismissal from employment with the agency and that the agency had made certain questionable expenditures.

During our review we met with Mr. Cooper, who provided us with additional information on his dismissal and the expenditures which he had questioned in his letter. He claimed that (1) his dismissal was not in accord with the agency's personnel manual, because he had not received the required hearing prior to the termination of his employment, (2) Mrs. Juliette Porter had benefited personally from the funds provided to her for a dance, (3) funds provided to the Washoe County Task Force had not been used to benefit the poor, (4) Mr. Archie Curtis, who was paid to provide technical assistance to the agency, had no previous experience or training in or with OEO and had produced nothing from which the agency or its staff could benefit, (5) agency employees had been paid wages while picketing the U.S. Census Bureau in Reno, Nevada, and (6) a bill for attorney fees had been sent to the agency for two persons who had been arrested while picketing the Census Bureau. Mr. Cooper also pointed out another questionable expenditure involving food provided to picketers.

Our examination included (1) a review of applicable OEO instructions and records and pertinent records of the agency and (2) interviews with officials of OEO, the agency, the State of Nevada Department of Economic Opportunity and with Mr. Cooper and certain other persons.

TERMINATION OF MR. COOPER'S EMPLOYMENT

Mr. Cooper claimed that the agency's termination of his employment was not in accord with the agency's personnel manual because he had not received the required hearing prior to the termination of his employment. Mr. Cooper was employed as the coordinator of the agency's Neighborhood Youth Corps program.

The agency's personnel manual provides that the executive director of the agency may--after an employee has been given an opportunity to be heard--suspend without pay, demote, or dismiss an employee when other forms of disciplinary or correctional action have proved ineffective or when the seriousness of the offense warrants.

The manual specifies reasons for disciplinary or corrective action against an employee, including (1) incompetency, inefficiency, or negligence in the performance of duty, (2) insubordination, (3) activity which is incompatible with employment, and (4) falsification of records. The manual provides also for a chain of command within the agency for appealing supervisory decisions and for filing grievances. If still dissatisfied, the employee may bring the matter before the Personnel Committee of the Board of Directors and the Board of Directors of the agency.

The interim deputy director of the agency notified Mr. Cooper, by letter dated July 17, 1970, that his employment with the agency would be terminated within 30 days unless changes took place in his performance and attitude. The letter cited the following reasons: (1) the placing by Mr. Cooper of his name as signatory to a checking account of the agency without authority, (2) insubordination toward the executive director and the interim deputy director, (3) issuing press releases involving the agency without the consent of the executive director, (4) Mr. Cooper's behavior at a public meeting, and (5) not efficiently working toward the goals of the Neighborhood Youth Corps Program.

In a letter dated July 21, 1970, Mr. Cooper responded to the interim deputy director's letter of July 17, 1970, and requested a hearing on this matter. Prior to a hearing, the interim deputy director, on July 22, 1970, terminated Mr. Cooper's employment because of the attitude displayed by

Mr. Cooper in his July letter. After his termination Mr. Cooper again requested a hearing. Agency records showed that hearings were held on this matter before the executive director on August 3, 1970, the Personnel Committee on September 28, 1970, and the Board of Directors on October 29, 1970. These hearings upheld the termination of Mr. Cooper's employment.

Consequently, although the agency has not followed its personnel manual by terminating Mr. Cooper's employment prior to a hearing, the required hearing was held by the agency shortly after the termination of Mr. Cooper's employment.

FUNDS PROVIDED BY AGENCY TO BELL STREET CLUB

Mr. Cooper claimed that Mrs. Juliette Porter had benefited personally from \$500 of OEO funds provided to her by the agency to hold a dance. He stated that the dance was held in March 1970 by an organization called the Bell Street Club and that a \$1 admission fee had been charged.

The agency's executive director informed us that the Bell Street Club, of which Mrs. Porter was president, was a private social club. Agency records showed that it had disbursed \$500 to the club for the purpose of purchasing 500 dance tickets which were to be distributed to poor and minority group youths so that they would be able to attend the dance. The agency's executive director informed us that the \$500 was given to the club to entertain youth during a period of unrest.

Mrs. Porter informed us that she had given the dance tickets to two agency employees for distribution to youths. The two agency employees, a community worker and a nutrition worker, informed us that the dance tickets had been given to a number of youths for distribution to their friends.

The agency check for \$500 was made payable to the Bell Street Club. Bank officials informed us that Mrs. Porter had endorsed and cashed the check for the club which did not have an account with the bank.

We were unable to determine the extent to which the \$500 was used to support the dance, because Mrs. Porter would not discuss this matter with us and would not grant us access to

the financial records of the club. One of the agency officials who had handled the distribution of the tickets attended the dance and informed us that about 200 to 300 people had attended the dance, which was held at an American Legion hall, and that entertainment had been furnished by a band. Mrs. Porter informed us that the club had not provided refreshments at the dance.

OEO instructions permit youth recreation activities, such as dances, to be conducted by community action agencies under special summer programs. The agency's grant for the program year in which the \$500 was expended provided for a special summer program but did not provide for youth recreation activities to be conducted under the program. OEO officials, however, informed us that, although the agency's grant did not authorize recreation activities, they were of the opinion that the expenditure for the dance was appropriate because it was OEO's policy to give grantees some flexibility in the use of grant funds.

We were unable to determine, on the basis of information made available to us, whether Mrs. Porter had benefited personally from the \$500 of OEO funds provided to her by the agency to hold a dance.

FUNDS PROVIDED BY AGENCY TO TASK FORCE

Mr. Cooper claimed that over \$3,000 of OEO funds had been provided by the agency to the same Mrs. Porter for an organization called the Washoe County Task Force and that the expenditure of these funds had not benefited the poor. Mrs. Porter is one of the founders of the task force.

Agency records showed that the agency had made a grant to the task force of \$3,000--\$2,000 in July 1970 and \$1,000 in September 1970--for the purpose of purchasing materials in connection with a cooperative marketing club established by the task force to produce and sell hand-crafted articles at a profit. An agency official informed us that the task force was comprised of poor people.

The amount of the grant was based on a listing of materials and expenses for freight, kiln repairs and components and an item classified as miscellaneous. The specified materials

included clay, glazes, jewelry chain and findings, and molds. The grant specifically excluded the use of funds for salary, insurance, and fringe-benefit expenses.

The task force received from the agency two checks totaling \$3,000. Both checks were endorsed by Mrs. Porter and another member of the task force; \$1,600 was deposited to the checking account of the task force and \$1,400 was taken in cash.

At the time of our review, the task force's records were not maintained in a manner which would enable their being audited to readily verify the purposes for which the \$3,000 was used. At our request the task force furnished us with a list of grant disbursements totaling \$2,483 for the period July through November 1970, which are summarized as follows:

<u>Purpose of expenditure</u>	<u>Amount</u>
Materials	\$1,009
Miscellaneous	427
Repairs	255
Travel	250
Purchase of kiln	146
Purchase of shed	120
Freight	101
Food	62
Purpose not shown	<u>113</u>
Total	<u>\$2,483</u>

The list of disbursements furnished by the task force did not show the purpose for which \$113 was expended and did not account for \$517 of the grant of \$3,000.

The expenditures totaling \$578 for food, travel, and the purchases of a shed and kiln appeared questionable because such expenditures were not included in the listing of materials and other expenses on which the amount of the grant was based.

We brought the questionable expenditures and lack of accountability to the attention of OEO's San Francisco Regional Office officials who informed us that they would arrange to have the task force's books audited.

EMPLOYMENT OF ARCHIE CURTIS AS A CONSULTANT

Mr. Cooper claimed that over \$700 of OEO and State of Nevada Department of Economic Opportunity funds were paid to a Mr. Archie Curtis, at \$75 a day, for technical assistance to the agency. He stated that Mr. Curtis had no previous experience or training in or with OEO and that Mr. Curtis produced nothing from which the agency or its staff could benefit.

Mr. Archie Curtis was employed under a contract with the State of Nevada Department of Economic Opportunity to furnish consulting services. Agency records showed that the services to be performed under the contract were to be provided to the agency. Agency officials informed us that Mr. Curtis was to determine the needs of the poor and to evaluate the agency's field workers. Agency and State of Nevada Department of Economic Opportunity records showed that Mr. Curtis had been paid \$750 (\$75 a day for the period January 5 to January 15, 1970) from OEO grant funds provided to the State for training and technical assistance.

Under section 231 of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2824), OEO can provide financial assistance to State agencies to enable them to provide technical assistance to local agencies in developing and carrying out community action programs authorized under the act.

We were informed by officials of the agency and the State of Nevada Department of Economic Opportunity that records on Mr. Curtis' qualifications or the results of his study had not been maintained. The executive director of the agency stated that Mr. Curtis' qualifications had been considered by the agency and by the State of Nevada Department of Economic Opportunity. He stated also that, even though Mr. Curtis did not have a college degree or the formal education for the job, he was considered to be the ideal man to provide the assistance, because, being poor and exposed to poverty, he had the ability to see, feel, and relate to the plight of the poor and to communicate with them to find out their needs. The executive director stated further that Mr. Curtis had submitted satisfactory oral reports on the results of his work and that he did not expect or desire to receive written reports.

Although we found that Mr. Curtis had been paid \$750 from OEO grant funds provided to the State to furnish consulting services to the agency, we were unable to make a determination concerning his qualifications for rendering assistance or the benefits derived from his work because of the absence of documentation of Mr. Curtis' experience and training and the results of his study.

PAYMENT OF WAGES TO AGENCY EMPLOYEES
ENGAGED IN PICKETING

Mr. Cooper claimed that the staff of the agency had been paid wages while picketing the U.S. Census Bureau office in Reno, Nevada. The executive director of the agency stated that the purpose of the picketing, which occurred during the first two weeks of April 1970, was to seek gainful employment for poor people at the Census Bureau.

The executive director of the agency informed us that about nine agency employees had participated in the picketing during work hours. Records were not available which would show the total number of employees participating or the number of work days spent by agency employees in the picketing. Agency records showed, however, that leave slips had been submitted by nine employees requesting leave without pay for a total of 27 work days during the period April 1 through April 3, 1970.

The executive director of the agency informed us that the requests for leave without pay had been made by the employees so that they could participate in the picketing. He said that, because the reason for the picketing was, in his opinion, within the goals of the agency, he had disapproved the leave requests. Agency records showed that, for the first 2 weeks of April 1970, the nine employees who had submitted requests for leave without pay had been paid their regular salary without charges being made for leave.

OEO Instruction 6907-3, dated December 14, 1968, allows community action agency employees to participate in direct action activities. Specifically it states, in part, that:

"In the course of carrying out their advocacy responsibilities, community action agencies may sometimes determine that the best available (or the only apparent) means for self-help involvement of

the poor lead to such direct action activities as peaceful and lawful assembly to obtain redress of grievances from those believed capable of alleviating them."

* * * * *

"Lawful direct action is permissible, and often necessary, as an intermediate step in promoting institutional changes that can lead to permanent improvements in the community's efforts to eliminate the causes and consequences of poverty."

* * * * *

"However, such direct action must meet the following tests of permissibility in order for a community action employee or volunteer to participate while in performance of his duties:

- "a. It must not be forbidden under paragraph 3 below.
- "b. It must be directly related to the program objectives of the grantee or delegate agency.
- "c. It must have been planned as a result of a decision by a neighborhood or other representative group or by program beneficiaries, not solely by staff workers."

With regard to point (b) in the preceding paragraph, the agency's grant agreement did not provide that a program objective of the agency was to obtain employment for the poor. Both agency and OEO officials informed us, however, that correspondence from OEO's Washington headquarters, addressed to various agencies, contained information about jobs which were available at the Census Bureau and requested the agencies to attempt to get the poor to apply for the jobs. Agency officials stated that this correspondence constituted OEO authorization to obtain jobs for the poor.

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OEO officials have expressed the opinion that the Economic Opportunity Act implies that an objective of a community action agency is to obtain employment for the poor and that therefore it need not be specifically provided for in the grant agreement to be an objective of the program. They stated, however, that, if they had been asked, they would have counseled against the agency's involvement in the picketing at the Census Bureau because of political implications.

The Regional Director of OEO's San Francisco Regional Office, in his letter of December 16, 1970, informed you that, to the best of his knowledge, the picketing by agency employees at the Census Bureau had not involved the use of OEO funds. The Regional Director told us in May 1971 that OEO had been misinformed concerning the picketing by the agency employees at the Census Bureau. The OEO official who prepared the December 1970 letter informed us that OEO's reply had been based on information provided by the agency's executive director.

Although we were unable to determine the total number of agency employees participating or the number of work days spent by agency employees in the picketing, at least nine agency employees were paid wages while participating in the picketing at the Census Bureau.

ATTORNEY FEES FOR SERVICES
PROVIDED TO ARRESTED PICKETERS

Mr. Cooper claimed that a bill for over \$200 in attorney fees had been sent to the agency for legal services provided to two persons who had been arrested while picketing at the Census Bureau in April 1970.

Agency officials informed us that an attorney who defended two arrested picketers had submitted a bill to the agency for \$848 for fees associated with the trial. They stated that they turned the bill over to a private individual, not associated with the agency, for payment. On October 5, 1970, the attorney submitted directly to the private individual another bill for \$649 for fees associated with the trial of the two arrested picketers. The executive director of the agency provided us with the canceled checks which evidenced payment of the bills by the private individual. Agency records showed that neither of the arrested picketers had been

employed by the agency at the time of his arrest and that no disbursements had been made by the agency to the attorney.

Consequently, although a bill for attorney fees had been sent to the agency for legal services provided to two persons who had been arrested while picketing at the Census Bureau, agency funds were not used to pay for the legal services provided.

AGENCY FUNDS USED TO PAY FOR PICKETERS' FOOD

Mr. Cooper informed us that the agency's Head Start program had paid for, and had cooked, food for persons who had participated in the picketing at the Census Bureau in April 1970.

We were unable to determine from agency records whether the agency's Head Start program had paid for, or whether its facilities had been used to cook, food for the picketers. The agency's executive director and its former deputy director informed us, however, that, as private citizens, they had each received a check for \$600 from a private individual to pay for the food and ancillary needs of the picketers and that they had used the funds for that purpose. According to these officials, most of the food was precooked or was prepared at the site of the picketing and, to the best of their knowledge, the facilities or personnel of Head Start were not involved in the food preparation. The two canceled checks were made available to us. They showed that, on April 7, 1971, the agency's executive director and the former deputy director had each received from the private individual a check for \$600 in his own name.

We could find no evidence, on the basis of information made available to us, that the agency's Head Start program had paid for, or its facilities had been used to cook, food for persons who had participated in the picketing at the Census Bureau in April 1970.

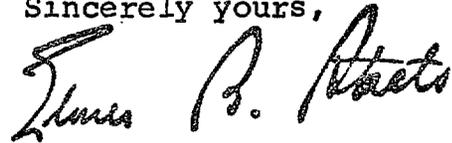
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Officials of OEO, the agency, and other organizations and individuals mentioned in this report have not been given an opportunity to formally examine and comment on the contents of this report.

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

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Roberts".

Comptroller General
of the United States

The Honorable Walter S. Baring
House of Representatives