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Effectiveness Of Project 93
In Providing Food And Other
Assistance To The Poor In Nebraska

B-130515

Office of Economic Opportunity

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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MARCH 29, 1972



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

B-130515

Dear Mr. Martin:

This is our report on review of the effectiveness of Project 93 in providing food and other assistance to the poor in Nebraska. Project 93 is a grantee of the Office of Economic Opportunity in Columbus, Nebraska, working within the State of Nebraska for the elimination of poverty and hunger. In response to your request of July 13, 1971, and to subsequent discussions with you, we have evaluated the effectiveness of Project 93 in meeting the goals and objectives of the grant and have reviewed its financial transactions.

Officials of Project 93 and of the Office of Economic Opportunity and other parties mentioned in this report have not been given an opportunity to formally examine and comment on the matters discussed. However, these matters have been brought to the attention of Project 93 and Office of Economic Opportunity officials.

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.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

gtr
The Honorable Dave Martin
House of Representatives

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ABBREVIATIONS

GAO	General Accounting Office
OEO	Office of Economic Opportunity

D I G E S T

WHY THE REVIEW WAS MADE

Congressman Dave Martin requested the General Accounting Office (GAO) to evaluate the effectiveness of Project 93 in meeting the goals and objectives of the grant and to review its financial transactions. Project 93, a nonprofit organization, was incorporated in May 1970 to work toward eliminating poverty and hunger in Nebraska by attacking their causes.

The Office of Economic Opportunity (OEO), under the Emergency Food and Medical Services program, provided Project 93 with a grant of \$164,000 for the period July 1970 through August 1971. In June 1971 a supplemental grant of \$116,000 was provided, and the grant period was extended through June 1972.

FINDINGS AND CONCLUSIONS

Effectiveness of Project 93

* The project's effectiveness was limited because no detailed plan for accomplishing the goals and objectives of the grant existed and because no firm direction was provided to its staff of community or outreach workers.

The project's major activity was directed toward locating persons eligible for food stamps and then assisting them to become certified to receive food stamps. Canvassing by outreach workers was the primary means of identifying persons needing aid. When persons needing immediate help were identified, emergency vouchers for food or medical services were issued to them. These efforts were confined to 10 counties instead of the 68 planned for in the grant agreement. (See p. 7.)

Project 93 did not have an adequate program or system for accumulating information on the number of persons contacted and assisted. It reported to OEO that as of May 31, 1971, it had assisted about 3,200 persons, primarily by helping them sign up for the food stamp program. This estimate, however, was not supported by project records. (See p. 8.)

Statistics prepared by the State Department of Public Welfare showed a significant increase in the number of persons using food stamps in the 10 counties in which Project 93 operated during the period June 1970 through July 1971. These statistics showed also similar increases for 20 counties not covered by Project 93. (See p. 9.)

Project 93 had implementation problems from its inception. Although the project operations were to begin in July 1970, a project director was not hired until August 1970 and outreach activities did not begin until October 1970. The first project director was discharged in December 1970 for failure to carry out project operations effectively. An interim director headed the project until a new director was hired in February 1971. (See p. 13.)

Outreach workers informed GAO that their basic instruction from Project 93 supervisors was to knock on doors to find persons eligible for food stamps. They said that Project 93 did not provide any guidance for locating eligible persons. Outreach workers told GAO that knocking on doors had been a very unproductive way of locating potential candidates. (See p. 14.)

As of August 1971 outreach workers had become involved in activities, such as legal assistance, which appeared to be outside the scope of the grant. OEO officials agreed to look into this matter. (See p. 15.)

The project director believes that the original project objectives were overly ambitious and that the original target quotas were grossly overstated. He attributed the project's lack of success to the ineffectiveness of the door-to-door method of locating persons eligible for food stamps and to the lack of support for project activities at the State and local levels. (See p. 16.)

OEO officials informed GAO that, although the project initially had problems, the new director appeared to be operating satisfactorily. They said that the supplemental grant was approved because of the recommendation of the State Economic Opportunity Office and because of the positive results still anticipated from the project. OEO does not anticipate funding Project 93 beyond the current grant period, which ends in June 1972. (See p. 17.)

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GAO believes that the OEO Kansas City, Missouri, Regional Office should evaluate the current activities of Project 93 and discontinue those which are outside the scope of the grant. The office should assist the project to use its resources more effectively to achieve the program's intended goals and objectives.

Administration of grant funds

As of August 31, 1971, Project 93 had expended grant funds of about \$134,000. GAO reviewed expenditures of about \$54,000, or 40 percent of the total funds expended.

For the most part expenditures were made for authorized purposes. A lack of adequate documentation prevented conclusive determinations as to the propriety of some expenditures.

Improvements are needed to ensure more accurate accounting for and adequate control over grant funds. For example, GAO found that:

--The project's procedures and records were inadequate to ensure that emergency vouchers were issued for authorized purposes and were proper for payment . (See p. 22.)

--Procurement transactions amounting to \$1,189 were not supported by invoices or other documents showing that they were proper expenses of the project. (See p. 24.)

GAO brought these matters to the attention of the project director, and corrective action was either taken or promised.

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GAO believes that the OEO Kansas City Regional Office should assist the project during the remaining grant period to implement accurate accounting and adequate control procedures and to make more effective use of project funds.

CHAPTER 1

INTRODUCTION

Project 93, a nonprofit organization, was incorporated in May 1970 to work toward eliminating poverty and hunger in Nebraska by attacking their causes.

In July 1970 the Office of Economic Opportunity, under the Emergency Food and Medical Services program, provided Project 93 with a grant of \$164,000 for the period July 1970 through August 1971. In June 1971 a supplemental grant of \$116,000 was provided, and the grant period was extended through June 1972. Of the total grant of \$280,000, about \$210,000 had been paid to Project 93 as of August 31, 1971.

Pursuant to a request by Congressman Martin dated July 13, 1971, and to subsequent discussions with him, we have evaluated the effectiveness of Project 93 in meeting the goals and objectives of the grant and have reviewed its financial transactions.

Our review was conducted during the period August through October 1971 at the main office of Project 93 in Columbus, Nebraska, and at the OEO regional office in Kansas City, Missouri. We reviewed available records, reports, and other information relating to project activities. We also interviewed OEO officials, county welfare directors, Project 93 personnel, the supervisor of the food stamp program for the State of Nebraska, a representative of the OEO-funded State Technical Assistance Agency (commonly known as the State Economic Opportunity Office), and representatives of the Expanded Nutrition Program, Nebraska Agricultural Extension Service, U.S. Department of Agriculture.

Officials of OEO and of Project 93 and other parties mentioned in this report have not been given an opportunity to formally examine and comment on the matters discussed in the report. However, these matters have been brought to the attention of Project 93 and OEO officials.

CHAPTER 2

EFFECTIVENESS OF PROJECT 93

IN MEETING GOALS AND OBJECTIVES OF THE GRANT

The project has not achieved all the goals and objectives of the grant. Its major activity was directed, through outreach efforts, toward locating persons eligible for food stamps but not receiving them and assisting these persons to become certified for food stamp participation. Although the number of people receiving food stamps increased in the 10 counties in which Project 93 operated, data we obtained showed that the percentage of increase was no greater than that experienced in 20 other counties in the State. The project has had little success in accomplishing its other goals and objectives.

PROJECT GOALS AND OBJECTIVES

After the Governor's Conference on Hunger in Nebraska held in March 1970, Project 93 was created--one of its purposes being to establish a successful, workable State-wide program under which the hungry could be fed regularly and properly. The grant agreement between OEO and Project 93 stated that the project would be activated in the 68 Nebraska counties which were not served by OEO-funded community action agencies with emergency food and medical services programs. The project was to be directed toward:

- Making it as easy as possible for eligible Nebraskans to participate in the Department of Agriculture's food and nutrition programs, primarily the food stamp program.
- Encouraging schools to participate in the Department of Agriculture's free or reduced-price breakfast, lunch, and supplemental milk programs.
- Bringing to the attention of all Nebraskans the fact that hunger and malnutrition existed in the State and mobilizing resources to deal with this problem.

--Rendering short-term emergency assistance, including medical assistance if needed, to persons suffering from hunger and/or malnutrition.

The grant application stated that Project 93's goals were to

--educate 150,000 persons about food stamps,

--get 50,000 more persons to participate in the food stamp program,

--enlist 20,000 volunteers to work on the project, and

--train 1,500 volunteers and the Project 93 staff.

Project 93's grant application showed that an estimated 300,000 Nebraskans were eligible for food stamps and that only 20,000 were participating in the program. The State Economic Opportunity Office and the supervisor of the food stamp program for the State of Nebraska, respectively, estimated that 218,000 and 65,000 persons were eligible for food stamps. The difference in these estimates can be attributed to the use of different underlying data and/or criteria. The 300,000 estimate was based on the 1960 census, the 218,000 estimate was based on 1969 population data, and the 65,000 estimate was based on the number of persons on welfare and on factors which would affect eligibility for food stamps, such as personal savings. When OEO funded the project in July 1970, the Nebraska Department of Public Welfare reported that about 42,000 persons were participating in the food stamp program. Therefore estimates of the number of eligible persons not using food stamps at the time Project 93 was funded ranged from a low of 23,000 to a high of 258,000.

IMPACT OF PROJECT

From its inception the project's major activity was directed toward locating persons eligible for food stamps and assisting them in becoming certified to receive them. Canvassing by outreach workers was the primary means of identify persons needing aid. These efforts were confined to 10 counties instead of the 68 planned for in the grant

agreement. Barriers keeping persons from receiving food stamps were to be identified and eliminated. Outreach workers informed us that, although they had identified a number of such barriers, no concerted effort was made by the project to eliminate these barriers.

Persons whom the outreach workers determined to be eligible for food stamps were referred or taken to the county welfare offices responsible for certifying eligibility and selling food stamps. When emergencies were found, vouchers to purchase food or medical services were immediately issued to the persons in need. As of August 31, 1971, the project had paid 771 emergency food and medical assistance vouchers amounting to about \$16,500. Of these vouchers, 17 amounting to \$153 were issued for medical assistance.

Project 93 did not have an adequate program or system for accumulating information on the number of persons contacted and assisted in obtaining food stamps. No information was available at the time of our review on the persons contacted and assisted during the period October 1970 (when outreach activities began) through February 1971. In March 1971 Project 93 adopted the Outreach Data Form and the Outreach Follow-Up Form, designed to provide information relating to the number of persons contacted and assisted to become certified for food stamps. In most cases, however, these forms either were not prepared by the outreach workers or did not contain complete information. Completed forms available at the project office showed that 57 families had been certified to purchase food stamps during the period from March to August 1971.

We interviewed seven of the eight outreach workers employed at the time of our review. Of these workers, five estimated that a total of about 290 families had been certified for food stamps through their outreach efforts during the period from October 1970 to August 1971. The other two made no estimates.

The project reported to OEO that as of May 31, 1971, it had assisted about 3,200 persons. This assistance related not only to helping them sign up for the food stamp program but also included other assistance, such as referral to welfare programs. This estimate, however, was not supported by project records.

Statistics prepared by the State Department of Public Welfare showed a significant increase in the number of persons using food stamps in the 10 counties in which Project 93 operated during the period June 1970 through July 1971. These statistics showed also similar increases for 20 counties not covered by Project 93. Of these counties, 12 were served by community action agencies and eight were not. None of the 20 counties had OEO-funded emergency food and medical services programs. The rates of increase in food stamp participation are compared in the graph on the next page.

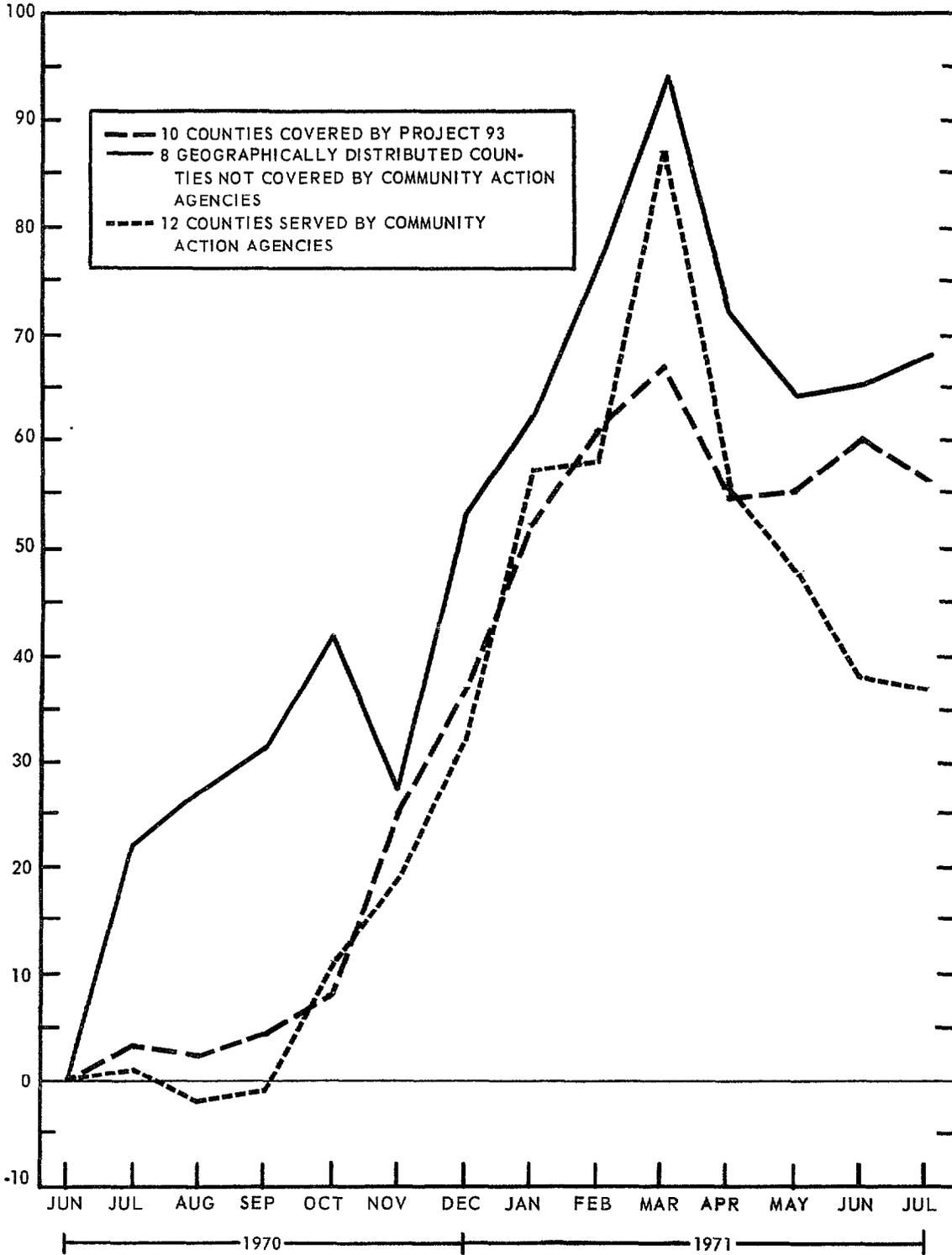
The supervisor of the food stamp program for the State of Nebraska informed us that the overall rise in food stamp participation was, to a large degree, due to two factors. First, Nebraska has a large farm and seasonally employed population which normally causes a rise in food stamp participation in the winter. Second, a change in the eligibility criteria for the food stamp program, which made many additional persons eligible for participation, went into effect in March 1970.

We discussed the impact of Project 93 on food stamp participation with four county welfare directors, and they expressed the opinion that Project 93 had not materially affected the level of participation in their counties. They stated that they were actively disseminating information concerning the food stamp program in their counties through newspapers, radio announcements, pamphlets, meetings, and speaking engagements. They believed that these efforts had created a general awareness of the food stamp program and that Project 93's outreach efforts had been of little value.

Since January 1969, the Nebraska Agricultural Extension Service has been operating an Expanded Nutrition Program through funds provided by the Department of Agriculture. As of July 31, 1971, the program was active in 24 counties, including six of the 10 counties covered by Project 93 and 10 of the 20 counties referred to above. The purpose of this program is to improve the quality of diets for low-income families through educational programs for adults and youths. Under this program nutrition aides taught low-income homemakers how to

**COMPARISON OF PERCENTAGE INCREASES IN
SELECTED COUNTIES IN FOOD STAMP PARTICIPATION
FROM JUNE 1970 (BASE MONTH) THROUGH JULY 1971**

PERCENTAGE INCREASE



- select, prepare, and preserve foods for an adequate diet and
- plan food purchases, within available funds, to provide maximum nutritive value.

Nutrition aides told us that they also informed the low-income homemakers about eligibility for participation in the food stamp and school lunch programs as well as other community programs. Reports of the Expanded Nutrition Program, which we did not verify, showed that as of July 31, 1971, a total of 10,300 families had been contacted through this program, of which 935 families (about 4,500 persons) had been assisted to become certified for food stamps.

Other project efforts

Although Project 93 efforts have been primarily concerned with increasing food stamp participation, some effort has been devoted to other project activities.

Project 93 worked toward getting school lunch programs started in elementary schools in Columbus and Fremont, Nebraska. The project director said that Project 93 initiated and circulated a petition which resulted in pilot school lunch programs' being started in two elementary schools in Columbus. He said also that, as a result of Project 93 efforts, the Fremont school board had agreed to study the practicability of establishing a school lunch program.

Project 93 considered the establishment of local policy advisory boards an effective way of bringing together representatives of the poor and influential persons in the public and private sectors to recognize and find solutions to poverty and hunger. Project 93 worked toward the establishment of such boards in two communities. From the minutes of the boards' meetings and discussions with the project director, we learned that such programs as immunization clinics for pre-school children, medical assistance for treatment of persons with sicknesses or diseases relating to hunger, and a thrift store for the poor, were discussed. These programs, however, had not materialized.

Project 93 has worked to generate support in communities for programs which would provide (1) dental assistance for preschool and school-age children and (2) warm balanced meals for elderly persons. The project director told us that a program providing dental assistance to school children from low-income families had been established in one community. Under this program Project 93 pays the cost for treating such children having severe dental decay. The director said that he hoped private financing eventually could be obtained to continue this program.

PROBLEMS IN IMPLEMENTATION
OF PROJECT ACTIVITIES

The project had implementation problems from its inception. Correspondence between the OEO regional office and the project board of directors, as well as trip reports by OEO field representatives, indicated considerable confusion in project direction, particularly in the early stages. These trip reports indicated that staff training was disorganized, and one trip report dated October 23, 1970, stated that the project was having serious operational problems. OEO attributed the implementation problems primarily to the lack of a detailed plan and to the failure of the original project director to adequately implement the project.

A program to accomplish the project's goals and objectives was submitted to OEO as part of the original grant application in May 1970. OEO approved the application but stated that the program was general in nature and lacked any specific courses of action. OEO requested that the project submit for approval a definitive plan detailing specific courses of action to be taken to achieve the goals and objectives.

An OEO field representative informed us that a draft of a plan had been submitted to OEO. He said that the State Economic Opportunity Office had prepared the plan for implementation of the project's broad, short-term objectives and that OEO had considered it only an informal outline of some of the steps to be taken. The document showed that the project planned to:

- Organize and hold food conferences covering every county.
- Enlist the aid of all key individuals and organizations in each target area to get support for project activities.
- Disseminate to individuals and agencies information on food programs, including the eligibility and documentation requirements and the economic, health, and social advantages available from such programs.

--Educate people in the areas of diet nutrition, family menu, and food preparation and budgeting.

--Mobilize resources, such as volunteers or matching funds, at the local, county, and State levels.

The project director told us that he was not aware that any detailed work plan, including the outline mentioned above, had ever been prepared. As of September 1971 a detailed plan had not been prepared by project officials and approved by OEO even though the project had been operating for about a year.

The project hired a director in August 1970 but discharged him in December 1970 for failure to carry out project operations effectively. An interim director headed the project until a new director was hired in February 1971.

We discussed the initial organization and early activity of Project 93 with a representative of the State Economic Opportunity Office who had participated in the development of Project 93's original work program and had attended early meetings of the board of directors. He said that the project had been in a state of near chaos at the beginning because firm leadership was lacking and because many of the people responsible for developing the project objectives were not involved in the early guidance meetings of the project.

Outreach activities

Outreach workers informed us that their basic instruction from Project 93 supervisors was to knock on doors to find persons eligible for food stamps. When they located persons who appeared to be eligible, they were to send them or take them to the county welfare office for certification. They said that they did not verify the information on which they based a person's eligibility. They told us that Project 93 headquarters provided no guidance to outreach workers for locating eligible persons. Some of the outreach workers said that they had attempted to publicize their activities by preparing handwritten signs and placing them in grocery stores.

Outreach workers told us in August 1971 that, in their opinion, knocking on doors had been a very unproductive way of locating potential candidates for food stamps. One worker informed us that, because adequate records were not maintained, some people had been contacted by more than one outreach worker. In addition, personnel of the Expanded Nutrition Program informed us that persons they were working with were contacted also by Project 93 outreach workers.

Outreach workers told us that they were not instructed to accumulate data on the reasons that persons eligible for food stamps were not receiving them. They said, however, that they had identified barriers to greater food stamp participation, such as the (1) limited number of days that county welfare offices were open to certify applicants, (2) limited number of days that food stamps were sold, (3) distances between potential participants and the certification and sales points, (4) lack of uniformity among county welfare offices in applying food stamp regulations, (5) misunderstandings or lack of knowledge of the program on the part of the public, and (6) reluctance of the poor to use food stamps, due to the stigma attached to being on welfare. They told us that little action had been taken by the project to overcome the barriers.

Outreach workers in one area informed us that a petition they had circulated had resulted in one county welfare office's increasing the time for selling food stamps from 1 day to 2 days a week. The county welfare director in this area told us that the petition had nothing to do with this change because the decision to change the number of days on which food stamps were sold had been made prior to receipt of the petition.

Interviews with the outreach workers and our review of available project records revealed that as of August 1971, these workers had become involved in activities not directly related to the problems of hunger and nutrition. For example, their activities included helping persons get out of jail, assisting women to obtain divorces, collecting and distributing used clothing, and dispensing information on college loans and grants.

We brought these activities, which appeared to be outside the scope of the grant, to the attention of OEO Kansas City Regional Office officials in November 1971, and they informed us that they would look into the matter.

Comments by county welfare and
community action agency officials

Some county welfare directors said that Project 93's outreach activities caused confusion and were a burden on county welfare office resources, particularly during the early stages of the project. They said also that many of the persons applying for food stamps on the basis of Project 93's referrals had been turned down upon verification of their financial status. As a result relations between county welfare and Project 93 personnel became strained.

The grant application stated that Project 93 would assist other community action agencies in the State in conducting outreach efforts in their areas. The director of one of these agencies said that in December 1970 the agency inquired into the possibility of getting a delegate agency grant from Project 93 but was told by a member of Project 93's board of directors that obtaining a subgrant would not be possible due to operating problems.

Comments by the project director

In November 1971 the project director informed us that, in his opinion, the original project objectives were overly ambitious and the original target quotas were grossly overstated. He said that the project could not operate effectively in any area larger than that currently being covered because of the lack of volunteer workers and because of his decision to limit administrative expenses. He said also that the basic assumption upon which the project was predicated--that a large number of Nebraskans suffered from hunger and malnutrition--was apparently erroneous, because project results had not indicated that this condition existed and because low-income persons in the project area had not indicated that hunger or malnutrition was one of their major problems.

The director stated that two factors had affected the project's lack of success. First, the door-to-door method employed by the project to locate persons eligible for, but not receiving, food stamps was extremely ineffective and may have been detrimental in the long run, because it upset relations in the communities where Project 93 operated. Second, the project never had support from influential persons at the State and local levels.

The director informed us that he had decided to cease, for the remainder of the grant period, door-to-door canvassing to identify people eligible for food stamps. He also said that the main thrust of the project would be in activities where most of the local community interest seemed to be, such as

- establishing voluntary legal aid programs,
- identifying and assisting schools interested in applying for milk, breakfast, or lunch programs,
- establishing day-care centers where working mothers could leave their children, and
- establishing programs to provide dental care to school children from low-income families who have serious dental defects.

Comments by OEO regional office officials

OEO Kansas City Regional Office officials told us that, although the project was reviewed and evaluated continually through field trips, an in-depth review and evaluation had not been made before approval of the supplemental grant or extension of the grant period. They said that, although the project initially had problems, the current project director appeared to be operating satisfactorily. They said that the supplemental grant was approved because of the recommendation of the State Economic Opportunity Office and because of the positive results still anticipated. They informed us, however, that they did not anticipate funding Project 93 beyond its current program year, which ends in June 1972.

CONCLUSIONS

Project 93 has had only limited success in achieving the goals and objectives set out in its grant agreement. Also the project has become involved in activities which appear to be outside the scope of the grant.

The project's effectiveness was limited because no detailed plan for accomplishing the goals and objectives of the grant existed and because no firm direction was provided to its outreach workers. Because OEO was aware of the operational difficulties that the project had experienced, it should have made an in-depth evaluation prior to approving the supplemental grant and extending the grant period.

We believe that the OEO Kansas City Regional Office should evaluate the current activities of Project 93 and discontinue those which are outside the scope of the grant. We believe also that the OEO Kansas City Regional Office should assist the project during the remaining grant period to use its resources more effectively to achieve the program's intended goals and objectives.

CHAPTER 3

IMPROVEMENTS NEEDED IN

ADMINISTRATION OF GRANT FUNDS

As of August 31, 1971, Project 93 had expended grant funds of about \$134,000. A breakdown of these expenditures is included as appendix II. Our review of expenditures of about \$54,000, or 40 percent of the total expenditures showed that, for the most part, they were made for authorized purposes. A lack of adequate documentation, however, prevented conclusive determinations as to the propriety of some expenditures. We noted weaknesses in the control over compensatory time earned, emergency vouchers, travel claims, procurement transactions, and management of cash. We believe therefore that improvements are needed to ensure more accurate accounting for, and adequate control over, grant funds.

The project director agreed with our findings and either took action or told us that action would be taken to correct the weaknesses noted.

SALARIES AND RELATED COSTS

Salaries and related costs amounted to \$77,700, or 58 percent of total expenditures through August 31, 1971.

Our review of salaries and related costs of \$13,600 for the period June 1 to August 15, 1971, showed that they were properly supported and accurately computed. We found the following errors, however, in the accounting for and accrual of leave for project employees.

- Mathematical errors were made in the accrued leave records, and errors were made in posting leave from the time and attendance reports to the accrued leave records in one or more leave categories for eight employees.
- Two part-time employees had been credited with annual and sick leave at the same rate as full-time employees.

--Leave taken was posted to the wrong leave category in one case.

It was the policy of the project to allow compensatory time rather than to pay overtime to employees who reported that they had worked more than their regular hours. At the time of our review, six employees had accumulated a total of 894 hours of compensatory time. The project had not established any controls to ensure that only time necessary for project purposes was being claimed as compensatory time. We found that compensatory time was being credited to employees solely on the basis of their reporting of extra hours, without requiring that such time be approved in advance.

We discussed these matters with the project director. He brought the errors in the accrued leave records to the attention of the employee who kept these records and required that they be reviewed and the mathematical and posting errors be corrected. He also instituted a procedure requiring that all overtime be approved in advance to ensure that only time necessary for project purposes was credited as compensatory time. In addition, the six employees having compensatory leave balances as of August 1, 1971, were given up to 1 week of annual leave, depending on the amount of accrued compensatory time, and all compensatory leave balances were eliminated.

TRAVEL COSTS

Travel costs amounted to about \$23,100, or 17 percent of total expenditures through August 31, 1971. We examined 101 travel claims, amounting to \$6,300, paid for the months of June, July, and August 1971. One payment of \$55 was questionable, on the basis of available documentation, and one overpayment of \$64 was made.

Documentation was inadequate to support paid claims amounting to \$1,844, as shown below:

--21 claims amounting to \$788 for mileage, for use of personal automobiles, were not properly supported by odometer readings or points of origin, and destinations were not shown to support mileage claimed.

- Two claims amounting to \$80 for per diem did not show time of arrival or time of departure.
- Six claims amounting to \$243 were not supported by receipts.
- One claim of \$64 for mileage and meals of a board member did not clearly show that the expense was a proper project cost.
- Three payments amounting to \$169 were supported only by the payment voucher and canceled check.

We also found that one travel charge of \$500 was actually a subgrant by the project to a group known as Low Income Voice. OEO instructions require that, when subgrants are made, information must be provided to OEO showing how the project will ensure that the grantee complies with OEO and project policies and how the grantee's objectives further the project's objectives. Such information was not available in the project files. The only information that the project director could give us was that these funds were to have been used for travel and training of board members of Low Income Voice. We noted a possible conflict of interest in the awarding of this grant because three members of the board of Low Income Voice were also members of the board of directors of Project 93. Minutes of Project 93's board meetings showed that only two other members were present at the board meeting when the grant was approved.

One charge to travel costs was for payment of a debt of a former outreach worker for gasoline, oil, and automobile repairs amounting to \$55. The debt had been incurred while this person was an employee of Project 93. After unsuccessfully trying to collect the debt from the person, the creditor contacted Project 93. The director agreed to pay the debt even though the individual had been reimbursed for mileage claimed. The project director told us that, although the project was not obligated to pay this bill, he had decided to pay it for two reasons. First, the person involved had been a low-income employee and the automobile had been used in the performance of project business. Second, the project director felt that the amount was not large in relation to the potential damage to the public image of the project.

We noted one overpayment amounting to \$64 when an individual was reimbursed twice for the same expense. The project director said that the overpayment would be recovered and that action would be initiated to improve the documentation of travel claims.

The director said also that action had been initiated to recover the \$500 grant to Low Income Voice and that those claims not supported by any documentation would be reviewed to determine what action, if any, was necessary. He said further that the documentation may have been lost when the project headquarters was transferred from Lincoln to Columbus.

EMERGENCY VOUCHERS

Project 93's outreach workers were authorized to issue emergency vouchers to persons who lacked the personal resources to satisfy food or health needs. The determination of need was made primarily on the basis of a personal declaration by the recipient. The dollar value of the voucher was established by the outreach worker at the time it was issued, and recipients used the vouchers as cash to purchase needed food or medical services. Vouchers were then redeemed by Project 93 from the person or organization from which the food or medical service was purchased.

We reviewed all the redeemed emergency vouchers, totaling \$16,526 as of August 31, 1971, and noted that the project's procedures and records were inadequate to ensure that emergency vouchers were issued for authorized purposes and were proper for payment.

Issuance of emergency vouchers

Project 93 had not established a control record to show the number of blank vouchers provided to the various outreach workers at the beginning of project operations. Some of the vouchers provided to the workers were prenumbered and some were not. Also area coordinators prepared or made up their own vouchers for issuance to persons in need. At the beginning of the program, the number of vouchers that could be issued to a family in need was not restricted, but a limit of \$50 per voucher was set.

In April and May 1971, the project director placed the following restrictions on issuing emergency vouchers.

- No more than two vouchers could be issued to a person or household without the approval of the project director.
- If two vouchers were issued to a person or household, the first could be for the purchase of food but the second could be for the purchase of food stamps only.
- The limit of each voucher was reduced from \$50 to \$25.
- No vouchers could be issued to present or former employees without approval of the project director.

These restrictions resulted from a review of emergency vouchers by the project director, which showed that (1) a number of persons and families had received two or more vouchers, (2) too many vouchers were being issued for the direct purchase of food rather than for the purchase of food stamps, and (3) Project 93 employees were receiving emergency vouchers.

The restrictions on issuance of emergency vouchers were not fully complied with. We found 12 instances when persons or families had received three or more vouchers after the restrictions became effective. In three of these instances, two of the vouchers had been issued to the same person on the same day.

Project 93 did not maintain an orderly file of emergency vouchers issued, personal declarations of need, and fact sheets in support of emergency vouchers issued. As a result we could not determine whether all the emergency vouchers had been issued properly. For example, one voucher had been used to pay rental for a trailer, another to pay lodging costs at a hotel, and another, by an outreach worker, to buy art supplies.

Payment of emergency vouchers

Project 93 had not established adequate controls over the payment of emergency vouchers at the time of our review. Procedures had not been established to match spent vouchers submitted for payment with the copies sent in by outreach workers. The emergency vouchers were paid as received. No procedure existed for maintaining vouchers in paid and unpaid files. Thus vouchers issued but not redeemed could not be identified for follow-up, and some vouchers had been outstanding for as long as 6 months.

We did not attempt to match the emergency vouchers paid by Project 93 with the copies sent in by outreach workers or with supporting documentation because the documents were not maintained in orderly files. We did review all the paid emergency vouchers, however, and found two instances in which Project 93 had made duplicate payments totaling \$450. Also two grants amounting to \$1,400 had been improperly charged to the emergency voucher account. The \$450 in duplicate payments was recovered prior to the completion of our review in October 1971.

We discussed the above matters with the project director. He said that action would be taken to properly account for the grants. He said also that he would consider establishing additional controls on the issuance and payment of emergency vouchers.

PROCUREMENT

Project 93's procurement of supplies, equipment, services, and other items amounted to \$17,400, or 13 percent of the total expenditures through August 31, 1971. Our review of these transactions showed that many procurements were not processed in accordance with OEO guidelines.

Procurements amounting to \$1,189 were not supported by invoices or other documents showing that they were proper expenses of Project 93. The payment of vouchers amounting to \$387 had not been authorized in writing prior to payment. Vouchers amounting to \$4,229 were paid, although the supporting invoices had not been annotated to show that the goods or services had been received.

The project paid four invoices twice, resulting in overpayments totaling \$202. In each case there was no indication that receipt of the goods or services had been verified prior to payment. Of the \$202, \$115 was refunded voluntarily to Project 93; \$62 was refunded after we brought the payments to the attention of the project director; and \$25 still was outstanding at the time we completed our site work.

MANAGEMENT OF CASH

Cash on hand above current operating requirements was not being placed in interest-bearing accounts by Project 93 to the extent required by OEO. Interest earned in this manner is to be turned in to the Treasury of the United States.

Project 93 received OEO's check in the amount of \$164,000 in July 1970 and held it until September 30, 1970, when it was placed in a non-interest-bearing checking account. No project expenditures were made until October 1970. A large part of these funds remained in the checking account until March 1971, when some funds were transferred to interest-bearing accounts. During this period--October 1970 through March 1971--the ending monthly cash balances averaged \$124,147 and monthly program expenditures averaged \$12,196. We estimated that interest income of about \$3,600 was lost during the period from July 1970 to March 1971. In August 1971 the project had again accumulated about \$77,600 in its non-interest-bearing checking account. Subsequent to our inquiries an additional \$60,000 was transferred to the project's interest-bearing accounts.

At the time of our review, one bank had credited Project 93's account with \$208 for interest earned. We brought this to the attention of the project director, and these funds were subsequently turned in to the Treasury of the United States.

This situation should be corrected upon implementation of the new OEO regulation governing fund advances to grantees. Effective January 1, 1972, fund advances for grants of \$250,000 or less annually will be made monthly to meet disbursement needs.

NON-FEDERAL CONTRIBUTIONS

Authorizing legislation generally requires OEO grantees to provide non-Federal contributions of at least 20 percent of total project costs, in either cash or in-kind contributions. The Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701), however, specifically exempts the Emergency Food and Medical Services program from this requirement.

Project 93's original grant application showed that a total of \$41,000 in non-Federal contributions would be obtained during the initial grant period. The in-kind contribution was to consist primarily of voluntary labor. In-kind contributions of only \$2,642 had been recorded as received by the project at the time of our review. The project director told us that the estimate of \$41,000 was unrealistic and should not have been included in the grant application. He also stated that the project was having difficulty in attracting volunteer labor as originally planned.

OEO officials told us that, although the grant application for Project 93 provided for an in-kind contribution of \$41,000, they did not consider it obligatory because the Emergency Food and Medical Services program was an exempt program.

CONCLUSION

We believe that during the remaining grant period, the OEO Kansas City Regional Office should assist the project to implement accurate accounting and adequate control procedures and to make more effective use of project funds.

DAVE MARTIN
30 DISTRICT, NEBRASKA

BEST DOCUMENT AVAILABLE

COMMITTEE:
RULES

2227 RAYBURN HOUSE OFFICE
BUILDING
WASHINGTON, D.C. 20515

Congress of the United States
House of Representatives
Washington, D.C. 20515

July 13, 1971

Honorable Elmer B. Staats
The Comptroller General of the United States
441 G Street, N.W.
Washington, D. C. 20548

Dear Mr. Staats:

Nebraska has been operating for the past 13 months a project entitled "Project 93."

This is a project under the OEO and the purpose of the project seems to have been to go out and solicit families to purchase food stamps. \$164 thousand was allocated to the project, which headquarters in Lincoln, Nebraska, for 14 months of operation. Recently, \$110 thousand of additional funds were given to the project.

From the information which I have compiled, it appears that 75 per cent of these funds are being used for salaries for 20 different people.

I have in my possession a handwritten window poster advising people that they may be eligible for food stamps and to write or contact the OEO at its District Office in Columbus, or the individual who is traveling in this particular county. This was forwarded to me from Albion, Nebraska.

I have been further informed that these employees are going house to house in certain communities trying to get people to use more food stamps, and in some instances have even been driving from farm to farm out in the country.

It appears to me to be a very inefficient operation, and I would appreciate your making a very thorough investigation of "Project 93."

APPENDIX I

Elmer B. Staats

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July 13, 1971

Thanking you for your attention to this matter,
and with best regards, I am

Yours very truly,

Dave Martin

DAVE MARTIN
Member of Congress

DM/jts

OEO FUNDS ADVANCED TO
PROJECT 93, AND RELATED EXPENDITURES
FOR THE PERIOD JULY 1, 1970,
THROUGH AUGUST 31, 1971

OEO FUNDS ADVANCED (note a)		\$210,400
EXPENDITURES:		
Payrolls and related costs		77,739
Travel costs		23,077
Emergency vouchers		16,526
Procurement:		
Bookkeeping services	\$3,850	
Space cost and rentals	1,260	
Office supplies	2,024	
Equipment purchases and rentals	686	
Telephone	5,437	
Postage	377	
Advertising	1,455	
Other (auditing, utilities re- pairs, and maintenance)	<u>2,298</u>	<u>17,387</u>
Total		<u>134,729</u>
Less reimbursements from Volunteers in Service to America for expenses of a volunteer involved in project activities		<u>-1,203</u>
Adjusted expenditures		<u>133,526</u>
UNEXPENDED FUNDS		<u>\$ 76,874</u>

^aOEO funds granted total \$280,000.