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

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OEO

RELEASED

JUN 15 1970

Dear Mr. Chairman:

In accordance with the request contained in your letter of February 24, 1970, we have made a review of the administration of grant funds by the Government of the District of Columbia for the police Pilot District Project. The project, an experiment in community-police relationships, was initially approved in June 1968 for an 18-month period beginning September 1968 under a \$1.1 million grant to the District Government by the Office of Economic Opportunity (OEO).

Our examination was directed toward evaluating the procedures and controls over, and the propriety of, OEO grant expenditures. We made selected tests of expenditures; reviewed applicable legislation and OEO and District Government policies, procedures, and regulations; and interviewed individuals associated with OEO, the Pilot District Project, and the District Government and certain other individuals who, we had reason to believe, had information pertaining to the matters under review. We did not make an evaluation of the effectiveness of the project in achieving its stated objectives.

The primary purposes of the project are to demonstrate that a police precinct in a ghetto area can become more responsive to the needs of residents and property owners of that area and that police efficiency can be increased by bettering relationships between the police and ghetto residents, increasing community support for police activities, and improving police intelligence sources.

In January 1969, the 13th police precinct was selected as the area within the District of Columbia where the project was to be implemented. In July 1969, most of the 13th precinct and parts of the second, third, and 10th precincts were consolidated into the Third Police District and the project was expanded to cover this area.

The grant stated that the election of a citizens' board to work with the Metropolitan Police Department on the planning and operation of the project and to determine the respective roles of the board and the police was critical to the implementation of the project. The grant provided that, once the citizens' board was elected, several programs be formulated by the board, in conjunction with the project director, to be carried out by the project staff. Since inception of the program in September 1968, the project has been involved in a controversy over the issue of whether the citizens' board could establish policies that would, in effect, exert

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some control over police affairs or whether the responsibility of the citizens' board would solely be that of influencing the policies of the police through community involvement.

As a result of the controversy and the expansion of the project to the Third Police District, the citizens' board was not elected until February 7, 1970, and project activities prior to that time had been limited primarily to assisting in the selection of the project location, conducting police educational training programs, and assisting in the citizens' board election.

As of April 30, 1970, the full-time project staff totaled 13 employees of the District Government and most of the operations were being conducted in rented space in the Roosevelt Hotel at 2201 16th Street, NW.

Through April 1970, the Government of the District of Columbia had expended grant funds of about \$380,000 and had obligated an additional \$97,000. (See enclosure.) The expended and obligated funds did not include an estimated \$248,000 of \$268,400 incurred by the Police Department-- which was to be reimbursed with grant funds--to pay police officers overtime to substitute for officers attending the project police-training program.

On March 24, 1970, the Mayor-Commissioner of the District of Columbia submitted a plan to the Director, OEO, for the operation of the Pilot District Project. The plan was developed by the project staff and the citizens' board. A 1-year grant extension was requested for using the remaining grant funds plus an additional \$300,000.

On May 7, 1970, OEO approved the request subject to several grant conditions, one of which was that the spending authority be limited to \$664,000 for a period of 9 months, after which the authority to use the remaining funds would be granted, provided that performance under the grant had been satisfactory.

ADMINISTRATION OF FUNDS

Expenditures incurred by the Pilot District Project were processed through the Government of the District of Columbia's disbursement system which provided for systematic and orderly recordation of the project's expenditures and administrative control over financial transactions.

We found that, in some cases, as discussed below, the requirements of OEO or the District Government had not been complied with and improvements were needed in maintaining records. ✓

OEO requirements governing compensation for grantee employees provide, among other things, that a person cannot be hired at a salary which is 20 percent higher than his immediate prior salary, unless a waiver is obtained

from OEO. On August 9, 1968, the District Government appointed a project director at an annual salary of \$23,734. Although this salary was about 65 percent higher than the appointee's immediate prior annual salary of \$14,388, a waiver was not obtained from OEO. The project director resigned, effective February 28, 1970. ✓

Regulations of the District Government provide that it may employ retired members of its Police Department if, among other things, the appointments are made at General Schedule salary rates of GS-11, the equivalent, or below and if the former members' retirements were voluntary or were based on disability. On October 28, 1968, the District Government appointed, as a project associate director at the GS-13 salary rate, a former member of the Police Department who was receiving annuity payments under voluntary retirement. District Government officials informed us that the restriction on hiring retired members of the police force could be waived retroactively.

District Government regulations prohibit, in general, contracting for personal services; however, we noted that, between November 1969 and February 1970, four persons had been employed under personal service contracts to perform administrative duties for the project. Project officials informed us that these contracting arrangements had been made because the District Government had terminated the project's hiring authority. District Government officials confirmed that the project's hiring authority had been terminated when the Office of Public Safety, the office administering the project, was abolished in October 1969. District officials advised us that employment of the four persons under personal service contracts had been improper and that in April 1970 the District Government had hired one of the four persons and had terminated the employment of the other three persons. ✓

Through April 1970, the project had expended about \$24,600 for consultants. District Government regulations provide that approval by its personnel office be required for the hiring of consultants and that a loyalty check by the Civil Service Commission be required when consultants are engaged for training District Government employees. We noted that, beginning in September 1969, the project had engaged 18 consultants as training instructors and nine persons as Spanish-language teachers without complying with the above stated District Government requirements. ✓

The police training program was conducted during the participating officers' regular working hours. To maintain normal police functions, the District Government arranged for other officers to work overtime to substitute for officers attending training sessions. Although the Police Department estimated that the project owed it about \$248,000 for such overtime through April 1970, the Department had not maintained summary records which showed the total overtime. The only record of overtime maintained was that shown on the police officers' time, attendance, and leave ✓

reports which indicated that the officers worked overtime to substitute for officers attending the project's training program.

Police Department officials informed us that, to determine the amount due from the project for such overtime work, the Police Department had to analyze the time, attendance, and leave reports of the police officers of the Third Police District, which they were in the process of doing at the completion of our fieldwork in June 1970.

Our examination of the project accounting records maintained by the District Government showed that expenditures of about \$20,000 had been misclassified and that errors in computing leave balances, totaling 13 hours less and 110 hours more than the hours actually earned by the employees, had been made in the project staff's leave records. Salary costs relating to the leave errors of 13 hours and 110 hours amounted to \$258 and \$1,208, respectively. District Government personnel took action to correct the leave errors when we brought the matter to their attention. ✓

CITIZENS' BOARD ELECTION

As of April 30, 1970, the project had incurred costs of about \$14,500 in connection with the citizens' board election, consisting of campaign expenses--up to \$50 allowed each of the candidates for election--totaling about \$1,950 and election expenses of about \$12,550. Additionally, the project entered into a contract, not to exceed an expenditure of \$12,000 of project funds, with a Howard University professor of law for planning and implementing the citizens' board election. On May 7, 1970, the professor submitted an initial claim for \$6,420 for services rendered under the contract.

A total of 53 candidates were nominated for election to the citizens' board, 23 of these candidates joined together to form a People's Party and established a common election slate. Of the 23 People's Party candidates, 12 assigned all or part of their campaign funds totaling about \$550 to the People's Party or to Mr. Marion S. Barry, its co-chairman; 13 People's Party candidates, including three who assigned part of their campaign allowances to the People's Party, claimed all or part of their campaign funds of about \$450; and 22 other candidates claimed campaign funds of about \$950. Mr. Barry is also a director of Youth Pride, Inc., a Department of Labor-funded antipoverty project.

The citizens' board election was held on February 7, 1970; 2,321 residents of the Third Police District voted in the election. A total of 28 candidates were elected, of which 16 were People's Party candidates.

In view of the prohibition contained in the Economic Opportunity Act (42 U.S.C. 2943) against using grant funds in a manner supporting, or resulting in the identification with, any partisan or nonpartisan political

activity or any other political activity associated with a candidate or contending faction or group in an election for public or party office, we examined into whether the police Pilot District Project violated the act in allowing candidates campaign expenses.

In order for there to be a violation, program funds must have been used to support a candidate or contending group or faction in an election for public or party office. Inasmuch as the election of the citizens' board did not, in any manner, involve selection for party office, any violations that may have occurred were in connection with the election for public office.

"Public office" has been defined by the courts in numerous cases. Although the definition varied from case to case, depending upon the statute or constitutional provision involved, a review of the cases shows that one of the constants in the definitions made by the courts is that a public office is one in which some portion of the sovereign power lodges.

Clearly none of the sovereignty of the District of Columbia is exercised by the members of the citizens' board. Moreover, under Reorganization Plan 3 of 1967 (5 U.S.C. App. 323 et seq. (supp. IV)), the District of Columbia Council, which has regulatory authority over the Police Department, can delegate its functions only to the Commissioner or to officers, agencies, and employees of the District of Columbia Corporation. Similarly, the Commissioner can delegate his functions only to the agencies, officers, and employees of the District Government.

Accordingly, inasmuch as the candidates for election to the citizens' board were not standing for election to a public office as defined by the courts and inasmuch as there is nothing in the legislative history of the Economic Opportunity Amendments of 1967 to indicate that any special legislative definition attached to the term "public office," the campaign allowances involved were not in violation of the act, as amended.

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Officials of OEO, the District Government, and the Pilot District Project have not been given an opportunity to formally examine and comment on the contents of this report.

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.

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

Sincerely yours,



Assistant Comptroller General
of the United States

Enclosure

The Honorable John L. McMillan, Chairman
Committee on the District of Columbia
House of Representatives

GAO SUMMARIZATION OF OEO FUNDS GRANTED
TO THE GOVERNMENT OF THE DISTRICT OF COLUMBIA
FOR THE PILOT DISTRICT PROJECT
AND RELATED EXPENDITURES THROUGH
APRIL 1970

<u>Cost category</u>	<u>OEO funds granted</u>	<u>Expenditures incurred (note a)</u>	<u>Unexpended balance of grant funds</u>
Personnel	\$ 704,350	\$219,801	\$484,549
Consultant and contract services	58,500	24,573	33,927
Travel	5,500	809	4,691
Space costs and rentals	57,500	11,619	45,881
Consumable supplies	6,500	7,066	-566
Rental, lease, or purchase of equipment	19,000	12,086	6,914
Other costs	<u>263,618</u>	<u>103,830^b</u>	<u>159,788</u>
Total	<u>\$1,114,968^c</u>	<u>\$379,784^d</u>	<u>\$735,184^d</u>

^a Adjusted to correct about \$20,000 in expenditures which had been recorded in the wrong cost category.

^b Consists of police overtime pay of about \$20,400, salaries and related costs of District Government administrative personnel of about \$31,500, citizens' board election expenses of about \$14,500, and miscellaneous expenditures of about \$37,400.

^c Includes \$17,550 to be contributed by the District Government that had not been provided as of April 30, 1970.

^d Does not take into account an estimated \$248,000 in overtime pay to police officers for performing extra duty for officers attending the Pilot District Project's police training program through April 1970 and about \$97,000 in outstanding obligations.