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

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Dear Mr. Buchanan:

In response to your request of September 16, 1969, and as discussed with members of your staff, we have examined into certain aspects of the New Careers component of the Concentrated Employment Program administered by the Jefferson County Committee for Economic Opportunity, Birmingham, Alabama. Your memorandum transmitted to us a copy of a letter to you dated September 12, 1969, from Mr. L. J. Willie, a member of the committee's board of directors, and a copy of a letter to the Comptroller General dated September 6, 1969, from Mr. G. David Singleton, Executive Director of the committee. In his letter, Mr. Singleton requested that the General Accounting Office conduct a complete audit of the New Careers component with special reference to the recordkeeping system.

We interviewed Mr. Singleton on October 1, 1969, and he informed us that the primary reason for his request for a review of the New Careers component was a charge by some program enrollees that other enrollees were being paid a training allowance for time not spent in training.

Mr. Singleton had previously engaged the firm of Peat, Marwick, Mitchell and Co., certified public accountants, to investigate the payroll records and procedures of the New Careers component. In a report dated July 31, 1969, to the committee's board of directors, Peat, Marwick, Mitchell and Co. stated that its limited investigation of the payroll records and procedures of the New Careers component for the period December 7, 1968 to July 25, 1969, revealed that payments were made to enrollees in the amount of \$764 without adequate support or documentation and that it had noted an additional unsupported payment of \$64 for the payroll period ended November 8, 1968.

On October 2, 1969, we were informed by officials of the committee that a new timekeeping and payroll system for the New Careers component had been placed in operation on October 1, 1969. On the basis of their description of the new system, we concluded that, if the new system were effectively implemented, it would provide reasonably adequate control over payments to program enrollees.

On October 20, 1969, we began an examination of the new timekeeping and payroll system for the New Careers component to determine whether the system was being properly implemented. At that time, officials of the committee told us that there was a strong possibility that the New Careers component in Birmingham would not be continued by the Department of Labor after

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October 31, 1969, but that, if the program were to be continued, there would be a number of program changes which would require substantial changes in the new timekeeping and payroll system. For that reason, we suspended our examination to await a decision by the Department of Labor as to whether the program would be continued. We advised Mr. R. D. Jones of your staff in Birmingham that we had decided to suspend our examination.

On November 10, 1969, we were informed by a representative of the Department of Labor that the New Careers component in Birmingham was terminated as of October 31, 1969.

In summary, on the basis of the findings of the certified public accountants employed by Mr. Singleton, it appears that the timekeeping and payroll procedures in effect for the New Careers component prior to October 1, 1969, did not provide sufficient assurance of the correctness of payments to program enrollees. We note, however, that, when the possibility of overpayments was brought to the attention of committee officials, they took reasonably prompt action to have an audit made and to install an adequate system. Because the New Careers component in Birmingham has been discontinued, we do not believe that further examination into past problems of the New Careers component is warranted at this time.

In accordance with our understanding with your staff, we are furnishing a copy of this letter to the Secretary of Labor.

We are available to discuss this matter further with you or your staff if you should so desire.

Sincerely yours,

Assistant


Comptroller General
of the United States

The Honorable John H. Buchanan, Jr.
House of Representatives