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Examination Of Certain Activities  
Of The Community Relations-Social  
Development Commission In  
Milwaukee County, Wisconsin

B-174396

Office of Economic Opportunity

BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

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JUNE 21, 1972



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

B-174396

BEST DOCUMENT AVAILABLE

Dear Mr. Reuss:

This is our report on our examination into six charges of questionable practices regarding the conduct of programs by the Community Relations-Social Development Commission in Milwaukee County (SDC), Wisconsin. Our examination was made in response to the joint request by you and Congressmen Glenn R. Davis and Clement J. Zablocki, contained in Congressman Davis' October 27, 1971, letter and as agreed to in subsequent discussions.

SDC is a community action agency which administers anti-poverty programs in Milwaukee County through grants primarily from the Office of Economic Opportunity (OEO); the Department of Health, Education, and Welfare (HEW); and the Department of Labor. From 1964, when SDC was established, to September 1971, Federal funding of programs administered by SDC totaled about \$24 million--\$15 million by OEO, \$3 million by HEW, and \$6 million by Labor.

Four of the six charges involved Labor's Concentrated Employment Program (CEP) and its component program, New Careers. The remaining two charges concerned operation of a day-care center and salary payments to employees of SDC and its delegate agencies.<sup>1</sup>

Our examination included a review of pertinent records and interviews with officials and employees of SDC and persons who applied for, or participated in, the various programs carried out by SDC. We discussed the charges with the chairman of the Finance Committee of the Milwaukee County Board of Supervisors and with a staff assistant, but neither was able to furnish us with specific information substantiating or clarifying the nature of the alleged questionable practices.

The information developed during our examination did not support the six charges. The details of our examination are presented below.

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<sup>1</sup>A delegate agency is any organization which is given, under formal agreement, responsibility for carrying out part of a community action agency program.

Westminster Day Care Center

It was charged that the children listed in the records of SDC as having attended the Westminster Day Care Center had not received services from the Center and that payments for services received were actually \$75 less than the amounts shown in the records of SDC.

We were informed by SDC officials that they had no record of any payments made to the Center. Our review of SDC records for the period February 1970 to December 1971 revealed no payments to the Westminster Day Care Center.

The Westminster Day Care Center is operated by the Westminster Presbyterian Church. According to the pastor of the church, the Center was privately funded and no funds had been received from the Federal, State, or local governments or from SDC for the Center's operations.

New Careers accounting

It was charged that two sets of accounting records were being used in the New Careers component<sup>1</sup> of CEP. Our examination showed no support for the charge.

We reviewed the audit reports made by certified public accountants to Labor on their financial examinations of CEP, including New Careers, from the program's inception on July 1, 1968, to February 28, 1971, the end of the contract period. We noted nothing that supported the charge that two sets of books were being kept for New Careers.

We reviewed SDC's accounting system, including internal controls for the CEP program as well as the recordkeeping procedures for the New Careers component of CEP. Our review showed that basic enrollment records for all CEP enrollees, including those in New Careers, were maintained by the CEP administrative staff of SDC. Further a separate SDC accounting department maintained all disbursement registers and general ledger accounts and processed all payroll and other program payments.

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<sup>1</sup>Under the New Careers program, enrollees are placed in jobs and payroll costs are shared between the program and the employer.

We examined, on a test basis, New Careers program expenditures shown in the SDC accounting records under the current CEP contract, which began March 1, 1971, and compared them to budgeted amounts. We compared also, on a test basis, records of the payments made by SDC for New Careers enrollees salaries and supportive services to the individual enrollee records--maintained by the New Careers staff--of authorized salaries and supportive services provided. We found only minor differences, such as the effective date of entry into the program being shown as the day subsequent to the day in which the enrollee was actually placed in a job and began receiving a salary.

#### Employee salaries

It was charged that employees of SDC and its delegate agencies had not received the salaries recorded in the payroll records. Our test of payroll records and interviews with selected employees did not reveal any information to support this charge.

As of November 15, 1971, 1,422 persons were listed as having been on the payrolls of SDC or its delegate agencies during the payroll year which began December 16, 1970. We selected at random 71, or 5 percent, of the 1,422 employees for a detailed examination of payroll records for the semi-monthly payroll period ended July 31, 1971.

Our examination found that payments made to employees, except for some minor discrepancies, had been properly supported by detailed personnel or payroll records. Also a comparison of endorsements on the canceled checks to employee signatures recorded on personnel or payroll records showed the signatures to be similar.

We contacted 61 of the employees--52 by telephone, two in person, and seven by questionnaire--and all acknowledged receipt of the salary amount as shown in the accounting records.

#### CEP supportive services

It was charged that, although SDC records showed that enrollees had received eyeglasses and/or dental work as part of the supportive services provided by CEP, enrollees had not actually received such services. Our examination of payments for such services during the period March through December 1971 found nothing to support the charge.

Our examination showed that 32 enrollees were listed as having received such services--one had received both dental and eye services. SDC records showed that five payments totaling \$249 had been made to three practitioners for dental services provided to nine enrollees and that 12 payments totaling \$844 had been made to four practitioners for eye examinations and glasses provided to 24 enrollees.

Our examination showed that SDC payment vouchers for these services had been properly supported--including proper authorizations, dentists' or physicians' invoices for the services, and canceled checks written in payment for the services provided to enrollees. We noted, however, six instances in which authorizations for the services were not made until after the services had been rendered.

We contacted 14 of 32 enrollees--eight by telephone and six by questionnaire--and all enrollees confirmed that they had received the services.

#### Women applicants to CEP

It was charged that women applicants for CEP had been required to sleep with CEP officials prior to their consideration for training or for jobs. We found no support for the charge.

CEP records showed that, during the period March 1 to November 30, 1971, 718 women had applied for participation in the program. We interviewed 43 of the women applicants--16 active enrollees, 11 terminated enrollees, nine rejected applicants, and seven applicants referred to other agencies. All denied that sexual relationships had been required or even suggested in any connection with their application for, or participation in, the CEP program.

#### Printing material and equipment

It was charged that printing material for CEP had been billed and recorded on SDC records as having been paid for at the retail price and that kickbacks had been made to CEP employees for the differences between the retail and wholesale price. It was charged also that printing equipment had been used in political campaigns.

SDC accounting records showed that, during the year ended February 29, 1972, payments of about \$13,400 had been made for purchases of printed forms, letterheads, envelopes, books,

pamphlets, and other paper supplies. About \$5,600 of this amount was for purchases from nationally known firms, such as Xerox Corporation or International Business Machines, and about \$7,800 from local firms. About \$4,900, or 63 percent, of these local purchases were made from three firms.

We examined the payment vouchers and other supporting documentation for about \$5,200 of the local purchases. Our examination did not reveal any evidence of irregularities in the payments for printing material purchases for CEP. We interviewed representatives of the three local firms who had supplied large amounts of printing material to CEP. All the representatives interviewed stated that no kickbacks had been made by their firms on purchases made for CEP.

We interviewed officials in charge of the printing operations of CEP, and all stated that equipment had not been used for printing anything to be used in any political campaign.

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The individuals and organizations mentioned in this report have not been given the opportunity to formally examine and comment on its contents. Separate reports on the results of this review are being sent today to Congressmen Davis and Zablocki.

We plan to make no further distribution of the report unless copies are specifically requested, and then distribution will be made only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

We trust that the above information will be of assistance to you.

Sincerely yours,

Deputy



Comptroller General  
of the United States

(1) The Honorable Henry S. Reuss  
House of Representatives