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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D C 20548

RESOURCES AND ECONOMIC  
DEVELOPMENT DIVISION

SEP 19 1972

Dear Mr Hyde

The General Accounting Office has completed its survey of the Department of Housing and Urban Development's (HUD) procedures and practices for providing technical assistance to cities participating in the Model Cities Program. Our survey was made at the HUD New York Regional Office, and at two model cities--Buffalo, New York, and Newark, New Jersey--and was directed primarily to examining into the effectiveness and results of assistance provided City Demonstration Agencies (CDAs) under technical assistance contracts entered into by HUD at the headquarters level. We also visited the HUD Area Offices in Buffalo and Newark.

On February 23, 1972, we furnished you an interim report on the results of our examination at the Buffalo CDA. In that report, we recognized that an evaluation of HUD's administration of technical assistance provided to cities cannot be based on information obtained primarily from CDA officials at a single location and that we planned to perform additional field work.

As originally planned, we subsequently visited Newark to continue our survey and we discussed with Newark CDA officials the type of technical assistance they received or were receiving under 10 contracts awarded by HUD.

Our work in Newark showed that the basic points included in our earlier report--relative to technical assistance provided Buffalo--were also in evidence in Newark. These points were that

- regional and area office monitoring of technical assistance contracts was virtually nonexistent, and
- technical assistance provided by HUD contractors, in some cases, was limited and/or inadequate.

In your May 8, 1972, reply to our report, you said that although several approaches to evaluate the effectiveness of contract technical assistance has been tried by HUD, the soundest approach was for Government Technical Representatives (GTRs) in Washington, D C, to closely monitor the activities of HUD contractors in coordination with HUD field

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personnel. In this connection, you stated that there are frequent contacts between the GTRs and the regional and area office staffs regarding particular contracts and/or cities receiving assistance from HUD contractors.

We found that the regional and area offices were not knowledgeable about many of HUD's technical assistance contracts. The area office representative for Newark told us, for example, that he generally did not receive copies of the contracts and that he usually found out about a contractor's presence in Newark from CDA rather than from HUD headquarters officials. The model cities officer in the New York Regional Office informed us that HUD headquarters officials did not advise him of the cities in his region which had been selected to receive assistance under technical assistance contracts and that copies of the contracts were not furnished to him.

We found further that the regional and area offices were not monitoring or actively participating in the administration of the HUD technical assistance contracts. The area office representative for Newark said that he generally did not assist contractors in developing work programs for Newark nor did he receive "feedback" from CDA relative to the performance of contractors and results of technical assistance efforts. We found that the regional model cities officer did not monitor the activities of contractors and he also informed us that he did not receive formal "feedback" from CDA.

In our prior report we advised you that under HUD's contract with the National Urban Coalition (H-1208)--to provide assistance to CDAs in establishing housing development corporations (HDCs)--Buffalo received only a limited amount of assistance. In your reply, you stated that direct technical assistance was limited in man-days for every city receiving such assistance in order to enable the contractor to provide on-site advice to as many cities as possible.

We noted that in its final report to HUD, the contractor stated that none of the cities selected by HUD to receive technical assistance under the contract were "ready" to receive such assistance. The contractor informed us in May 1972 that on his initial visit to CDAs he found that a number of CDAs (1) had not heard of the contract, (2) were not familiar with the purposes and functions of a HDC, and/or (3) did not know whether they wanted a HDC. The contractor said that although each of the cities selected by HUD expressed a desire to receive assistance in the housing area, he believed that some of the cities had a greater need for technical assistance in other areas but had accepted assistance in the housing area only because it was readily available. The contractor added that although he informed certain HUD regional officials involved in the Model Cities Program of his efforts, the HUD officials generally did not monitor his activities.

Under a contract with Peat, Marwick, Mitchell & Co (H-1176), the contractor was to assist the Newark CDA in installing a management information system and training the CDA staff in the use of that system

CDA officials advised us that the contractor was ineffective in providing such assistance because the (1) contractor's staff was unqualified and (2) assistance furnished was sporadic. They told us that the only assistance provided by the contractor was showing CDA employees how to fill out "project analysis sheets". They said that the employees could have learned this by reading the management information system training and installation manual which another contractor--Consultec, under contract H-1094--had prepared for HUD.

According to the contractor--as discussed in the final report to HUD--Newark CDA employees were trained in all phases of the information system, and operating procedures and a filing system were established. CDA officials advised us, however, that an information system was not installed at the time the contractor completed work in Newark. At the time of our field work, Newark's management information system was in operation, but CDA officials said that it was developed and installed by CDA employees and not as a result of assistance provided by the contractor.

CDA officials informed us that another contractor--Systems Discipline Inc., under contract H-1329--was unable to "audit" or evaluate Newark's management information system as called for under the terms of the contract because in the spring of 1971--when the contractor was to provide the assistance--Newark's information system was, according to these officials, "barely operational". As a result, CDA and the contractor agreed that the type of assistance to be provided should be changed. Subsequently, HUD approved the contractor's request to make the change and the contractor developed project implementation and contracting procedures for CDA.

Although the assistance Newark received from the contractor was responsive to CDA's needs, it appears that Newark should not have been included in a contract to have its information system audited. In March 1970, Newark CDA officials advised the HUD regional office of the problems it had with Peat, Marwick, Mitchell & Co when it was receiving technical assistance in the area of information systems, however, we found no evidence that HUD headquarters officials were apprised by the regional office of this matter.

In our opinion, had HUD headquarters officials been advised of the status of Newark's information system at the time it awarded the contract to Systems Discipline Inc., it may not have included Newark as a recipient of this type of assistance.

For the remaining eight contracts, Newark CDA officials were generally satisfied with the assistance provided by the contractors.

We believe the above information demonstrates that it is essential for HUD to obtain information from CDAs on the performance of the contractors during the contract period and at the conclusion of the contract. Additionally, we believe that HUD headquarters officials should require that its regional and area offices closely monitor the activities of the contractors and periodically provide HUD headquarters officials with information on the performance of the contractors

In our view, HUD headquarters officials should use the information provided by the regional and area offices and CDAs to evaluate the impact and effectiveness of the technical assistance efforts, to determine areas in which such assistance will be needed in the future.

We recommend, therefore, as we did in our prior report, that as part of its evaluation and control procedures HUD, as a minimum, require CDAs--for current and future technical assistance contracts--to provide periodic reports during the contract performance period, and also submit a formal written report to HUD at the conclusion of each contract. This report should include information on the (1) extent of effort and level of participation by the contractors, (2) responsiveness of the technical assistance furnished relative to the priority needs of CDA, and (3) CDA's views, opinions, and conclusions on the effectiveness and benefits of the technical assistance that was provided. We recommend also that HUD require its regional and area offices to closely monitor the activities of HUD contractors and furnish headquarters officials with information on the contractors' performance and the effectiveness and results of assistance provided to CDAs

Although our review was directed to technical assistance provided to model cities, we believe you should consider the applicability of the above recommendations to the contracting procedures being followed under other HUD programs that are administered by the Office of Community Development

We shall be pleased to discuss with you or members of your staff any of the above matters and would appreciate receiving your comments on any action taken or planned with regard to the matters discussed in this report

A copy of this letter report has been sent to the Inspector General, Department of Housing and Urban Development

Sincerely yours,

**B. E. Birkle**

B E Birkle  
Associate Director

The Honorable Floyd H Hyde  
Assistant Secretary for  
Community Development  
Department of Housing and  
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