

Why GAO Did This Study

The Association of Community Organizations for Reform Now (ACORN) was established in 1970 to advocate for low-income families. Allegations of voter registration fraud and videotapes of questionable behavior by ACORN employees raised concerns about ACORN, and Congress passed fiscal year 2010 laws prohibiting federal funds from being awarded to ACORN and ACORN related organizations. GAO was asked to report on these organizations, including (1) how much federal funding was awarded to them for fiscal years 2005 through 2009 and the purpose of the funding, (2) the extent to which federal agencies' monitoring of these awards detected issues identified by audits, (3) the nature and results of any federal investigations or prosecutions conducted of these organizations from fiscal years 2005 through 2009, and (4) how federal agencies implemented provisions prohibiting the award of funds. Among other things, GAO identified awards to ACORN or potentially related organizations by 31 federal agencies and audits of such awards; documentation of related investigations and cases; and actions to implement funding restrictions by the 27 agencies in our review subject to them.

What GAO Recommends

GAO is not making any recommendations. Nine of the 45 agencies and organizations to which a draft of the report was sent provided technical comments, which GAO incorporated as appropriate.

View [GAO-11-484](#) or key components. For more information, contact Eileen R. Larence at (202) 512-8777 or larencee@gao.gov.

ACORN

Federal Funding and Monitoring

What GAO Found

Seventeen of the 31 agencies identified more than \$48 million—\$44.6 million in federal grants and at least \$3.8 million in subawards (grants and contracts awarded by federal grantees)—to ACORN or potentially related organizations, primarily for housing-related purposes, during fiscal years 2005 through 2009. Agencies were not required to collect data on subawards; consequently, agencies were limited in their ability to identify all funding they provided to ACORN or potentially related organizations through subawards.

Agencies reported that their monitoring of awards to ACORN and potentially related organizations was based primarily on the award amount or available resources and ranged from reviewing progress reports to conducting site visits. We found that agencies' monitoring of these awards generally did not detect issues identified by inspectors general or internal audits. Audits conducted by inspector general offices or the internal audit unit at six of the agencies supplemented agency monitoring and identified issues regarding the organizations' use and documentation of funding—such as lack of proper recording and accounting for how funds were spent—that were not detected by the agency, except in one case. The audits were generally more detailed than agency monitoring. Agency officials said they plan to use the findings of the audits to modify their monitoring processes for future grants, for example by revising monitoring guidance.

Of 22 investigations and cases of election and voter registration fraud and wage violations involving ACORN or potentially related organizations from fiscal years 2005 through 2009, most were closed without prosecution. One of the eight cases and investigations identified by the Department of Justice resulted in guilty pleas by eight defendants to voter registration fraud and seven were closed without action due to insufficient, or a lack of, evidence. The Federal Election Commission (FEC) reported five closed matters; for one, the FEC reached a conciliation agreement with a penalty. Another matter was dismissed, and FEC found no reason to believe the violations occurred for three matters. The Department of Labor identified eight wage and hour disputes, plus one delinquent reporting of required documentation, all of which resulted in an organization complying or agreeing to take corrective measures to comply with the applicable requirements.

Twenty-seven of the 31 agencies within the scope of our review were subject to fiscal year 2010 appropriations restrictions on funding to ACORN and certain related organizations, and all took action to comply with the restrictions. Most agencies alerted staff of the restrictions through e-mails, memorandums, or oral communications. Other actions included alerting awardees, and the Department of Housing and Urban Development and National Science Foundation provided guidance on which organizations may fall within the scope of their respective funding restrictions. Eleven agencies reported that they took action to implement the restrictions, at least in part, as a result of our inquiry and subsequent discussions.