



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

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Dear Mr. Rarick:



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Pursuant to your request of June 21, 1971, and to subsequent discussions with you, we are enclosing our report on our review of financial and selected management activities of Community Advancement, Inc. (Agency), East Baton Rouge Parish, Louisiana, a grantee of the Office of Economic Opportunity, for the period January 1, 1970, through June 30, 1971. We also examined into certain charges regarding the Agency's operation of its alcoholism program, its conduct of a consumer credit campaign, and irregularities related to non-Federal contributions. P.01721 957

With the exception of the results of our examination into irregularities related to non-Federal contributions, the results of our review are discussed in the accompanying report. As previously discussed with you, our findings on non-Federal contributions, summarized below, indicated possible criminal violations; therefore we discontinued work in the area and referred the matter to the Department of Justice for appropriate action. 37

The Economic Opportunity Act of 1964, as amended, generally requires that grantees provide either cash or in-kind contributions equal to at least 20 percent of program costs. Our examination of documentation supporting the Agency's recorded non-Federal contributions, however, revealed many questionable matters. For example, we found that blank in-kind contribution forms were signed by various individuals and that the forms then were completed by another person or persons.

We also noted numerous other irregularities, including possible duplicate claims and what appeared to be different signatures for the same person who supposedly contributed time or property to an Agency program. Persons whom we interviewed acknowledged signing the blank forms but denied donating time to the program. Consequently, throughout the grant period, Federal funds appear to have been used to pay for a larger percentage of program costs than that provided for by law and by the grant agreements.

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In January 1972, this matter was under investigation by the Federal Bureau of Investigation.

Officials of the Office of Economic Opportunity, the Agency, and the Peace Corps and other interested parties have not been given an opportunity to formally examine and comment on the report.

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

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks". The signature is written in dark ink and is positioned above the typed name of the signatory.

Comptroller General
of the United States

Enclosures - 3

C1 + R The Honorable John R. Rarick
House of Representatives

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