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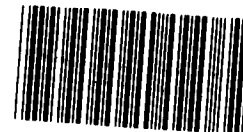
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NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

B-205494

SEPTEMBER 30, 1983

The Honorable Peter W. Rodino, Jr.
Chairman, Committee on the Judiciary
House of Representatives



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The Honorable Strom Thurmond
Chairman, Committee on the Judiciary
United States Senate

Subject: Oversight of State Department's Refugee Reception
and Placement Program (GAO/NSIAD-83-35)

Pursuant to a provision in the Refugee Assistance Amendments of 1982, we reviewed the Department of State's monitoring of voluntary agencies' implementation of the initial reception and placement program for resettling refugees in the United States. The Department's Bureau for Refugee Programs has, over the past year, taken some important steps to strengthen its monitoring and management of the program. The Bureau requested, received, and evaluated voluntary agency program proposals for 1983; strengthened operating agreements with the agencies; conducted field monitoring of selected agency offices' activities; and prepared internal reports on the agencies' performance. In addition, the Department of State's Office of the Inspector General conducted six financial audits of the resettlement activities of voluntary agencies and has plans for additional audits.

The Bureau's actions appear properly aimed at improving voluntary agencies' operations, but are too recent for meaningful assessment of their impact on services provided to refugees and on program management. During our review, however, we observed the need for certain additional changes in the Bureau's operations which may strengthen its monitoring and managing of the program. Bureau officials concurred with our conclusions that the monitoring and oversight of voluntary agencies' activities can be improved by

--establishing standards and/or criteria to
determine the acceptability of agencies'
proposals for assisting refugees;

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- submitting the Bureau's monitoring reports to the voluntary agencies, containing assessment of agency performance, identifying problems, and recommendations for improvements; and
- documenting voluntary agencies' proposed corrective actions.

The Bureau now plans to incorporate many of our observations in their procedures for future monitoring of voluntary agencies' implementation of the federally funded reception and placement program. For instance, the Bureau has already begun sending its monitoring reports to the voluntary agencies. Because of the Bureau's actions and our continuing monitoring of its program management, we are not making recommendations in this report. Our work and observations are discussed in more detail in enclosure I.

We plan to continue following the Department's monitoring and auditing of voluntary agencies' activities for implementing the initial resettlement program. Copies of this report are being provided other interested congressional committees as well as the Departments of State and Health and Human Services, and the Office of Management and Budget.



Frank C. Conahan
Director

Enclosure

OVERSIGHT OF
STATE DEPARTMENT'S REFUGEE
RECEPTION AND PLACEMENT
PROGRAM

BACKGROUND

The Department of State's Bureau for Refugee Programs (Refugee Bureau) is responsible for funding and managing the refugee reception and placement program during the refugee's first 90 days in the United States. Within the Refugee Bureau, the Office of Reception and Placement is responsible for monitoring program implementation by voluntary agencies (VOLAGs) and the Office of Financial Operations is responsible for financial oversight of the program. The Department's Inspector General Office also has the authority to conduct inspections, investigations, and audits of the program.

Since the 1930s VOLAGs have had primary responsibility for the resettling of refugees in the United States. In 1975, VOLAGs began receiving Federal funds to assist in their work through grant agreements with the Department of State.

The Refugee Bureau now administers these funding agreements with the VOLAGs. Under these agreements, VOLAGs receive per capita funding for resettling refugees. Currently, they receive up to \$525 for each refugee. The total cost of the program in fiscal year 1982 amounted to \$49.2 million for assisting 97,900 refugees.

Before May 1, 1983, the Refugee Bureau and the VOLAGs operated under relatively general and unstructured arrangements. The Bureau required no program proposals be submitted before grant agreements were reached with the VOLAGs, and the specific services to be provided refugees were not clearly defined.

In our 1982 testimony before Chairmen of both the Senate and House Judiciary Subcommittees¹ overseeing refugee matters and our subsequent March 1983 report² on the reception and placement program, we stated that the Department had not

¹ House Judiciary Subcommittee on Immigration, Refugees and International Law on April 22, 1982 and Senate Judiciary Subcommittee on Immigration and Refugee Policy on September 13, 1982.

² Greater Emphasis on Early Employment and Better Monitoring Needed in Indochinese Refugee Resettlement Program, (GAO/HRD-83-15).

- required program proposals from voluntary agencies prior to awarding funding as required by the Refugee Act,
- adequately clarified the activities that the voluntary agencies will provide, and
- adequately performed financial and program monitoring and evaluation of voluntary agency performance.

In May 1983, the Refugee Bureau strengthened the grant agreements by identifying more specifically the types of core services VOLAGs are to provide refugees, and requiring the VOLAGs to ensure that these services are provided. Prior to that change, the only other major change occurred in 1981 when a delineation between core and optional services was made in the grant document. In 1983 the Refugee Bureau also requested, and received from the VOLAGs, program proposals outlining the methods planned for providing various types of services. The agreements accompanied by approved program proposals went into effect on May 1, 1983, and now serve as the contractual agreements between the Refugee Bureau and the VOLAGs until September 30, 1983. All future agreements between the Refugee Bureau and the VOLAGs are to cover a 1-year period.

OBJECTIVE, SCOPE, AND METHODOLOGY

Pursuant to the October 25, 1982, Refugee Assistance Amendments Act of 1982 (P.L. 97-363), we are to conduct audits of Federal funds expended by private voluntary agencies in resettling refugees in the United States. Senate report 97-638 accompanying the legislation stated that our responsibility was intended to include a review of the Department of State audits of VOLAG activities. We, therefore, undertook a review of the Refugee Bureau's efforts to monitor VOLAG activities and the Department's Inspector General's financial audits of selected VOLAGs.

We examined the Bureau's monitoring procedures and its efforts to strengthen the management of the program, particularly in those areas noted in our March 1983 report on the Indo-chinese refugee resettlement program (GAO/HRD-83-15). We interviewed Bureau officials and reviewed audit and monitoring reports--including two audit reports prepared by the Inspector General--and other documentation. We did not, however, verify the accuracy of the data contained in the Department's auditing and monitoring reports. All of our audit work was performed in Washington, D.C.

We provided the Department of State with a copy of the draft of this report for its review and comments. The Department agreed in principle with all of the points contained in the

draft and plans to take action to incorporate many of our observations in the Refugee Bureau's procedures for monitoring and managing VOLAGs' carrying out of the initial reception and placement program. The Department's views and comments were considered and incorporated into this report as appropriate. The official comments are available for review, if needed. Because of the Bureau's actions and our continuing monitoring of its program management, we are not making recommendations at this time. This review was performed in accordance with generally accepted government auditing standards.

PROGRAM PROPOSAL PROCESS INITIATED

The Refugee Bureau now requires voluntary agencies seeking Federal assistance to submit program proposals describing their ability, resources and approach to resettling refugees before signing a funding agreement. It has ranked numerically the proposals for fiscal year 1983 activities, denied participation to two applicants and requested additional information from one VOLAG. The Refugee Bureau, however, has not yet established a minimum criteria that must be met for proposals to be acceptable.

Prior to 1983, the Refugee Bureau entered into operating agreements with voluntary agencies without requesting submission of program proposals. Section 412 (a), (4) of the Immigration and Nationality Act states that:

"No grant or contract may be awarded under this section unless an appropriate proposal and application are submitted to, and approved by, the appropriate administering official."

Program proposals can be a valuable management tool. We stated in our March 1, 1983, report (GAO/HRD-83-15), that:

". . .proposals, including a description of the agencies' abilities to perform required services could be beneficial in terms of clarifying services voluntary agencies are prepared to provide using Refugee Bureau funding versus their own resources, other Federal funding, and other resources including local sponsors other than agency affiliates. Further, proposals could be used to help assess the capabilities of voluntary agencies and their affiliates in terms of the numbers of refugees they are prepared to resettle and are capable of resettling in accordance with sound placement policies.

Early in 1983, the Refugee Bureau for the first time requested and received proposals from voluntary agencies wanting

to participate in the reception and placement program. The voluntary agencies' proposals were to contain information on their

- experience in refugee and immigrant assistance,
- ability to resettle refugees throughout the United States in accordance with established placement policy,
- experience with limiting refugee welfare dependence,
- ability to establish sponsorship arrangements and provide core services,
- ability to obtain private resources for refugee assistance, and
- experience in coordinating and consulting with state and local governments and others involved in the resettlement of refugees.

The Bureau evaluated and rated each proposal. Four Refugee Bureau employees individually assigned a numerical score to each proposal. The scores for each proposal were then averaged--the scores for the 17 proposals ranged from 36 to 93.5 (out of a possible score of 100).

Two VOLAGs which submitted proposals were denied participation because their proposals only offered to resettle unaccompanied minors. Bureau officials said that while other proposals which were accepted received low scores and were "disappointing," they were prepared by VOLAGs that traditionally have done a good job of resettling refugees. Although one of the VOLAGs provided additional supporting information, none of the VOLAGs were required to resubmit their proposals. Refugee Bureau officials stressed that they are discussing with the voluntary agencies the strengths and weaknesses of their initial proposals so that future proposals can be improved.

Although the VOLAG proposals have been evaluated, the Refugee Bureau has not determined or established the criteria for what constitutes an acceptable proposal. Since proposals will serve as a part of the contractual agreement between State and the voluntary agencies, the Refugee Bureau should establish in writing the minimum criteria that constitutes an acceptable proposal. This management tool would provide the Bureau a sound basis for approving and rejecting proposals. The Bureau has concurred with the need for using the proposals' numerical ranking to develop established criteria for evaluating and accepting proposals.

OPERATING AGREEMENTS
STRENGTHENED

A strong contractual relationship between parties contributes to effective oversight. Previously, the contractual relationship between the Department of State and the voluntary agencies was governed by a grant agreement that did not clearly define an agency's responsibilities. The current cooperative agreement strengthens the contractual relationship with the voluntary agencies and increases their accountability by

- placing sole responsibility for sponsorship of refugees with the agencies;
- requiring the agencies to establish a national monitoring system at the national level and periodically review, on site, the activities of their local affiliates;
- specifying more clearly the core services that are to be provided; and
- placing emphasis on making refugees self-sufficient as soon as possible.

In addition, the Bureau plans to hold the voluntary agencies accountable for the information contained in their program proposals. We concur with Bureau officials that the cooperative agreement together with the program proposal should help them to exercise better oversight of the reception and placement of refugees.

Bureau officials recently stated that based on their monitoring, a further modified agreement with VOLAGs is being developed. The refinements, they said, will also consider suggestions from VOLAGs, comments from Health and Human Services and requirements which may result from congressional actions.

Program monitoring conducted

In 1982 the Refugee Bureau established the Office of Reception and Placement primarily to systematically monitor the domestic activities of the voluntary agencies under the reception and placement cooperative agreements. The Office's staff of four, supplemented by additional Refugee Bureau staff when needed, began monitoring VOLAG operations in six locations in August 1982--Arlington, Virginia; Boston; Seattle; Los Angeles; Houston and New York. Followup monitoring has been done in Arlington and Boston. In addition, the Office has reviewed the reception and placement of refugees by state agencies in Idaho and Iowa. The reviews were aimed at

- highlighting individual agency strengths and weaknesses,
- building an understanding of overall agency capabilities,
- determining improvements needed in the cooperative agreements,
- raising issues needing clarification, indicating how reception and placement assists resettlement programs, and
- identifying the extent of private sector donated goods and services.

Office of Reception and Placement staff reviewed refugee case files and interviewed refugees, sponsors, VOLAG officials, and other individuals with first hand knowledge of agency operations.

Upon completing their reviews, the staff prepared an internal report containing observations on the effectiveness of VOLAG operations and recommendations for improving refugee resettlement. The reports, however, were not shared immediately with the voluntary agencies. Instead the VOLAGs received oral observations and recommendations.

According to Bureau officials some voluntary agencies have improved their management practices, including better oversight and communication by regional and headquarter offices with local affiliates. Some voluntary agencies have also established better refugee case records. The Bureau's monitoring identified some areas where improvements are still needed. For example, Bureau officials stated that VOLAGs should increase their efforts to improve refugee assistance as well as the documentation of services rendered. The Bureau said, however, that in some cases services to refugees have been difficult to provide because of

- insufficient voluntary agency financial resources, and
- refugees being located too far from the voluntary agency representatives to ensure delivery of services.

The Bureau's monitoring has also improved. But an important component of monitoring activities is to record recommendations and VOLAGs' responses and planned changes. Therefore, the Bureau will be more successful in their future assessments of voluntary agency operations by documenting its conclusions and recommendations, VOLAGs' responses to the recommendations, and

their planned changes, including specific actions and time-frames. The Bureau has agreed to make monitoring results a part of its official records. Refugee Bureau officials, after reviewing our draft report, stated that they have sent copies of their reports to the voluntary agencies and future reports will be provided the applicable agencies.

CASE SELECTION CAN
BE IMPROVED

To determine the extent to which services are provided refugees, the Bureau reviews a number of refugee cases selected from a computer printout supplied by the Refugee Data Center. The Bureau, in selecting cases for review considered refugee ethnic background, case size, arrival date, and sponsorship arrangements.

Bureau officials believe that its current selection methods provide an accurate account of program strengths and weaknesses. We recognize the Bureau has applied some important factors in selecting cases for review. The Bureau, by incorporating generally accepted random sampling techniques into its case selection process, however, would achieve greater assurance that it has more accurately represented program strengths and weaknesses.

STATE IG HAS CONDUCTED
AND PLANS FUTURE AUDITS

State's Office of the Inspector General in early 1983 began periodic audits of the activities of voluntary agencies. The Inspector General recently issued two reports on financial audits of voluntary agencies--the U.S. Catholic Conference and the Lutheran Immigration and Refugee Service. The audits evaluated the procedures, controls, and practices used by the VOLAGs to manage, account for, and report on their resources.

In both reports the Inspector General recommended that the Refugee Bureau require these agencies to

- delineate unallowable costs and require that future interest earned be expended on the reception and placement program, and
- revise the cooperative agreements to provide for annual reports from independent auditors that segregate and certify the accuracy of the reception and placement transactions.

The Inspector General also reported that the Lutheran Immigration and Refugee Service had accumulated a reserve of over \$8 million from the reception and placement program, and recommended that the Refugee Bureau require the agency to draw down

the accumulated reserves before providing it per capita rate increases.

A Refugee Bureau official informed us that the Inspector General recommendations will be incorporated into the reception and placement program. The official pointed out that the Bureau is developing a policy on amounts and future use of reserves held by voluntary agencies and now expects the Lutheran Immigration and Refugee Service to reduce their reserves to about \$439,000 by February 1984.

Recently the Inspector General has completed its auditing of four other voluntary agencies, and we were advised that a report on the results is forthcoming.