



Audit Report

District Inspector General for Audit Southeast/Caribbean District

Report: 98-AT-259-1006

Issued: May 19, 1998

TO: Michael T. Savage, Director, Office of Economic Development, DEE

FROM: Nancy H. Cooper
District Inspector General for Audit- Southeast/Caribbean, 4AGA

SUBJECT: Centro Campesino
Youthbuild Grants
Florida City, Florida

We have completed an audit of the Youthbuild Grants administered by Centro Campesino Farmworker Center (CCFC) of Florida City, Florida. Our report contains two findings requiring follow up action by your office. We are providing a copy of this report to the auditee.

Within 60 days please give us, for each recommendation in this report, a status report on: (1) the corrective action taken; (2) the proposed corrective action and the date to be completed; or (3) why action is considered unnecessary. Also, please furnish us copies of any correspondence or directives issued because of the audit.

We appreciate the cooperation of your staff during this audit. Should you or your staff have any questions, please contact James D. McKay, Assistant District Inspector General for Audit (404-331-3369) or William W. Nixon, Senior Auditor (305-662-4571).

Executive Summary

We performed an audit of Centro Campesino Farmworker Center's (CCFC) Youthbuild Grants. Our objectives were to determine if CCFC: (1) implemented its two Youthbuild Grants in accordance with regulations, grant agreements, and its applications, and (2) spent funds on eligible activities. In addition, we performed a limited review of funding provided by the City of Homestead to augment CCFC's first Youthbuild Grant.

The review disclosed that CCFC spent \$131,541 on ineligible and questionable activities. Ineligible and questionable activities included unsupported salary costs; stipends and wages paid from the wrong grant; unsupported and questionable contract labor costs; and other miscellaneous activities. Further, CCFC did not adequately document: (1) the number of houses completed with Youthbuild labor; (2) the method by which trainees attained construction skills and their proficiency in those skills; and (3) job placement and follow-up activities performed by CCFC staff. As a result, CCFC had no objective way to determine the effectiveness of the Youthbuild grants. Also, CCFC did not comply with its grant agreement when it changed education providers without the Department of Housing and Urban Development's (HUD) approval.

We recommend CCFC reimburse HUD \$25,038 in ineligible costs, and properly support \$106,503 in questionable costs. Additionally, we recommend CCFC implement controls to properly account for expenditures, measure and report educational and construction results, and evaluate and report on trainees' development.

We provided a draft report to your office and CCFC on December 24, 1997, and held an exit conference with CCFC officials on February 5, 1998. At the exit conference, CCFC officials provided written comments and attachments. CCFC provided additional attachments and explanations in a letter dated March 4, 1998.

CCFC generally disagreed with the ineligible and questionable costs. They contended all funds were spent in good faith and for the purposes intended. We considered CCFC's comments in preparing the final report and made appropriate changes. However, we continue to believe certain costs charged to the Youthbuild Program were ineligible and others were not properly supported. The written comments are included as Appendix B. Due to their volume, we have not included the attachments, but will make them available for your review if needed.

Table of Contents

Management Memorandum	i
Executive Summary.....	ii
Table of Contents	iii
Introduction	1
Findings and Recommendations	
1. CCFC Spent \$131,541 on Ineligible and Unsupported Activities.....	3
2. CCFC Did Not Document Results and Accomplishments	8
Management Controls.....	11
Follow-up on Prior Audits	12
Appendices	
A. Schedule of Ineligible and Unsupported Costs	13
B. Auditee Comments	14
C. Distribution	25

Abbreviations

CCFC	Centro Campesino - Farmworker Center
CFR	Code of Federal Regulations
HUD	U. S. Department of Housing and Urban Development

Introduction

BACKGROUND

Centro Campesino-Farmworker Center, Inc. (CCFC) is a nonprofit corporation engaged in social service and youth development as well as housing and community development activities. The main office is located at 35801 SW 186 Avenue, Florida City, Florida.

Youthbuild Grant. The purpose of the Youthbuild Program is to help disadvantaged young adults obtain education and employment skills necessary for economic self-sufficiency and develop leadership skills and a commitment to community development in low-income communities. Congress authorized the Youthbuild Program under subtitle D of Title IV of the National Affordable Housing Act.

CCFC's first Youthbuild Grant. On August 11, 1994, HUD awarded CCFC a grant of \$974,303 for its first Youthbuild class (Youthbuild I). The grant application proposed that the funds be used to provide participants with basic education skills and sufficient construction expertise to obtain a job in the construction industry. Miami Dade Community College provided adult basic education courses and General Equivalency Diploma preparation. Youthbuild I trainees learned hands-on construction skills at two project sites -- Centro Villa North and Homestead. CCFC provided instruction to about 33 participants from January 23, 1995, to September 27, 1996.¹ CCFC spent the Youthbuild I grant as follows:

	<u>Amount</u>	<u>Percent</u>
Administration	\$146,145	15
Educational Provider	95,528	10
Staff Salaries	380,491	39
Trainee Wages	186,672	19
Other	<u>165,467</u>	<u>17</u>
Total	<u>\$974,303</u>	<u>100</u>

In addition to the HUD grant, the City of Homestead (City) provided \$400,000 from its Community Development Block Grant to augment CCFC's program. The City provided the grant to train a minimum of 20 residents and to construct 6 houses. The grant provided \$250,000² to administer the grant and \$150,000 to construct the units. The City also provided the land. CCFC did not complete any of the houses and defaulted on its Grant Agreement with the City. Pursuant to an agreement, CCFC returned the unfinished units to the City, and the City reimbursed CCFC an additional \$68,361 in construction costs. CCFC spent the Homestead grant as follows:

¹ The number of participants varied as trainees entered, left or graduated from the program.

² This included wages of the trainers and trainees.

	<u>Amount</u>	<u>Percent</u>
Administration	\$ 51,760	11
Construction Costs	218,361	46
Staff Salaries	56,936	12
Tools and Supplies	3,096	1
Trainee Wages	<u>138,208</u>	<u>30</u>
Total	<u>\$468,361</u>	<u>100</u>

CCFC's second Youthbuild Grant. On July 12, 1995, HUD awarded CCFC \$1,000,000 for another Youthbuild class (Youthbuild II). Due to budget constraints, HUD rescinded \$128,200 of the grant for a revised grant of \$871,800. CCFC selected and trained 26 participants. Youthbuild II began on April 22, 1996, and was to end on September 26, 1997. CCFC requested and received from Youthbuild USA \$95,000³ of emergency funding to extend the program to January 1998. South Dade Skills Center provided educational instruction to the trainees. Youthbuild II trainees performed work at a development named Centro Villa North. CCFC spent the Youthbuild II grant on the following activities:

	<u>Amount</u>	<u>Percent</u>
Administration	\$130,770	15
Contracted Trainers	44,181	5
Educational Provider	4,050	1
Staff Salaries	256,559	29
Trainee Wages	211,552	24
Other	<u>224,688</u>	<u>26</u>
Total	<u>\$871,800</u>	<u>100</u>

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine whether CCFC: (1) implemented its Youthbuild grants in accordance with regulations, grant agreements and applications, and (2) spent funds on eligible activities. In addition, we performed a limited review of CCFC's grant provided by the City of Homestead for activities associated with the Youthbuild I grant.

To achieve the audit objectives, we: (1) reviewed applicable Federal regulations, HUD guidelines and grant agreements; (2) interviewed staff from HUD, Youthbuild USA, CCFC, and City of Homestead; (3) contacted Youthbuild I and II trainees; and (4) reviewed relevant records such as contract files, financial records, policies and procedures. We also interviewed construction managers and trainers at Centro Villa North to gain an understanding of the methods of training and supervision used at the construction site.

The audit period generally covered the two Youthbuild Programs -- January 23, 1995, to September 26, 1997. We performed our on-site review from August to October 1997. All audit tests were based on judgmental selection. We conducted the audit in accordance with generally accepted government auditing standards.

³ Our review did not include these funds.

Findings and Recommendations

Finding 1

CCFC Spent \$131,541 on Ineligible and Unsupported Activities

Contrary to HUD regulations and its grant agreements, CCFC spent \$131,541 on ineligible and unsupported activities. A review of CCFC's financial records revealed that CCFC: (1) inappropriately charged salary costs of employees from other CCFC programs to the Youthbuild grants; (2) charged the Youthbuild I grant for wages and stipends of Youthbuild II trainees; (3) spent funds on ineligible activities; and (4) improperly charged construction workers to the Youthbuild II Program. This occurred because CCFC disregarded requirements and/or its controls did not detect the improper payments. As a result, HUD funds subsidized other CCFC operations and/or paid ineligible and unsupported expenditures.

The \$131,541 is as follows:

	<u>Ineligible Costs</u>	<u>Unsupported Costs</u>
Youthbuild I		
Direct costs	\$19,793	\$48,430
Indirect costs	2,969	7,265
Youthbuild II		
Direct costs	1,979	44,181
Indirect costs	<u>297</u>	<u>6,627</u>
Totals	<u>\$25,038</u>	<u>\$106,503</u>

CRITERIA

The purpose of the Youthbuild Program is to help disadvantaged young adults to obtain education and employment skills. CCFC's grant application proposed to use the funds to provide participants with basic education skills and construction expertise. CCFC's application stated CCFC would not use HUD funds towards "the new construction of real property nor for operating expense, replacement reserves or contingencies associated with such housing."

According to Part 24 of the Code of Federal Regulations (CFR) 585.304, each implementation grant "may only include activities to carry out one Youthbuild program, i.e., to start a new Youthbuild program or to fund new classes of Youthbuild participants for an existing program." Further, 24 CFR 585.401 required CCFC to maintain "sufficient records that document the reasonableness, accuracy and necessity of each expenditure."

YOUTHBUILD I

CCFC spent \$68,223 of Youthbuild I funds on ineligible and unsupported activities. Ineligible costs included salary (\$4,177); Youthbuild II trainees' stipends and wages (\$13,477); and miscellaneous expenses (\$2,139). Also, the salaries of six employees (\$48,430) were not properly supported.

Ineligible Costs

Between February and June 1996, CCFC employed a Housing Counselor to market, recruit, and assist potential home buyers in purchasing the Homestead houses. CCFC paid the Housing Counselor \$4,177 in salary and fringe benefits under the counseling line item. However, the Housing Counselor's duties did not meet the Youthbuild Objective "to help disadvantaged young adults obtain education and employment skills to achieve economic self-sufficiency." CCFC also did not include these activities in its application. Staff claimed that in addition to the duties listed above, the Housing Counselor "worked with trainees and introduced the trainees to the community and to the Youthbuild concept of community service." The files did not contain any information to support this claim.

CCFC charged the wages and stipends of 23 Youthbuild II trainees to the Youthbuild I grant. Program regulations (24 CFR 585.304), specify that each Youthbuild grant **may only** be used to carry out one Youthbuild program or fund new classes of an existing program. Accordingly, the \$13,477 of wages and stipends paid to the Youthbuild II trainees were ineligible Youthbuild I expenses. Also, CCFC charged Youthbuild I for all office rent even though both Youthbuild I and Youthbuild II used the facility. CCFC did not differentiate between the grants or account for the grants separately.

In addition to incorrectly allocating costs between the two grants, CCFC did not appropriately match the date CCFC performed activities to the date it requested funds. For example, CCFC requested payment from the City of Homestead for trainees wages on months they did not work on Homestead houses. CCFC drew down funds from the City for trainees wages between February and September 1995. However, actual construction work on the Homestead houses did not begin until December 27, 1995. CCFC incorrectly allocated \$18,985.50 of 18 trainees wages to the Homestead grant. Such accounting distorted how much funding CCFC spent on actual activities and hindered the ability to compare the cost of activities of various grants and grantees.

Other ineligible costs

In addition to the above, our review disclosed the following miscellaneous ineligible expenditures:

- A third computer and printer costing \$1,821. CCFC could not document the need or existence of a third computer and printer purchased with Youthbuild funds.
- Duplicate payment of \$219. CCFC charged the grant for an invoice it paid twice. Staff agreed.
- Entertainment for auditors of \$99. CCFC paid for meals of "Youthbuild auditors." The expenditure was ineligible as entertainment expense under Office of Management and Budget Circular A-122.

Unsupported Costs

CCFC charged \$48,430⁴ of unsupported salary expenses to the Youthbuild I Grant. While some of the activities performed by the employees might be eligible, it was unclear whether or not the employees worked on or should be allocated to the grant. Although some employees may have performed functions that contributed to other CCFC programs and/or its participants, employees did not allocate their time between CCFC programs. Rather, the Executive Director allocated the employees' salaries between programs.

Between the period December 1995 through June 1996, CCFC charged the salaries of a Construction Trainer (\$15,820) and a Construction Coordinator (\$18,318) to the grant. The files indicated that both of these employees worked at the Centro Villa North site. CCFC could not provide any evidence that these employees trained or oversaw Youthbuild trainees. To the contrary, according to staff the trainees worked on the Homestead houses during this time period under the guidance of two other trainers whose salaries were charged to the grant. Therefore, it was unclear how the Construction Trainer and Construction Coordinator contributed to the education and training of trainees or why CCFC charged their salaries to the grant.

For the following three employees, CCFC arbitrarily charged a portion of their salaries to the grant possibly due to a lack of funding in other CCFC programs. CCFC lacked documentation to justify that these employees should be charged to the grant.

- CCFC charged \$10,548 of a Construction Supervisor's salary to the grant. According to the employee's file, CCFC hired the employee in July 1993. Between July 1993 and August 1996, CCFC allocated the employee's salary to another CCFC job training program. The file did not indicate or support a transfer of the employee to the Youthbuild grant.
- Between February and April 1995, CCFC charged the grant \$1,861 for a Teen Youth Coordinator's salary. The employee's file showed that CCFC hired the employee in November 1994 under another CCFC program. Youthbuild already had a Counselor on its payroll between February and April 1995.
- During 1996, CCFC charged \$1,883 of a Tutor's salary to the grant. Since 1994, CCFC had employed the Tutor under another CCFC program. Staff explained that CCFC did not have funds in the other program for about a month, so CCFC charged the salary to Youthbuild. Staff also claimed the Tutor worked with the trainees.

YOUTHBUILD II

The review of Youthbuild II expenditures revealed that CCFC spent \$1,979 on ineligible activities and \$44,181 on unsupported activities.

⁴ This amount includes the direct cost and an applicable percentage for fringe benefits and leave.

Ineligible Costs

CCFC charged \$1,520 of repairs to a van not assigned to the Youthbuild Program. CCFC staff explained that Youthbuild sometimes used the van, for instance, when the van assigned to the program was in the repair shop. Staff also claimed that they had money in the grant budget for repairs to the vehicles. In our opinion, CCFC should not charge the grant for significant repairs to a vehicle that it did not permanently assign to the program or that did not materially benefit the program. CCFC should not justify costs solely because the budget contained funds.

The remaining ineligible costs involved incorrect allocations of costs between programs. CCFC had vendors who provided services to several CCFC programs but submitted only one invoice. Staff allocated the cost among the various programs. In one instance, CCFC used contract labor from Totalsource to perform construction work at various sites. CCFC inadvertently assigned \$321 to Youthbuild for hours the laborer worked at a non-Youthbuild site. In the other instance, CCFC paid the South Dade Skills Center for tuition of trainees from several training programs. CCFC over-allocated \$138 to the Youthbuild grant.

Unsupported Costs

CCFC paid Totalsource to provide contract labor and in the case of Youthbuild to provide "Construction Trainers." Between January and September 1997, CCFC paid Totalsource \$44,181 from grant funds for workers CCFC claimed to be construction trainers. Supporting documentation indicated CCFC used three different individuals to provide this construction training. CCFC files did not indicate what training these individuals performed or the necessity of the additional trainers.

According to grant requirements, CCFC's program must evenly divide trainees' time between on-site training and educational activities. To satisfy this requirement, CCFC separated the trainees into two groups. When one group worked on-site, the other group received classroom training or leadership development. Therefore, at any one time only half of the trainees should have been on-site or 12 trainees from January through May and only 8 from June through September. Including the CCFC trainers and the Totalsource employees, the ratio between trainees and trainers would be 3 to 1 for the months of January through May and 2 to 1 for the months of June through September. It was unclear why trainees would need such intensive training and/or supervision 8 months into the program. As a comparison, CCFC's application stated "instructional ratios shall remain at a low level of approximately 7:1." Although the trainees may have worked alongside the trainers, it appeared that the principle reason CCFC hired the additional trainers may have been to expedite the construction of the Centro Villa North houses rather than to increase the abilities and skills of the trainees.

AUDITEE COMMENTS

CCFC disagreed with most of the ineligible and questionable costs. CCFC agreed to repay the following amounts: \$321 to Totalsource and \$138 to South Dade Skills Center that it incorrectly allocated to the Youthbuild Grant; \$219 for the duplicate payment; and \$99 for meals of Youthbuild auditors.

OIG'S EVALUATION OF AUDITEE COMMENTS

CCFC provided sufficient support for the salary of a construction trainer charged in 1994, and we deleted that part of the draft finding. CCFC's response and attachments did not justify a revision to the rest of this finding. However, some of the supporting documentation provided by CCFC might not be accurate. For example, CCFC submitted 22 letters of community service for 18 trainees. Of the 18 trainees, 10 trainees had left the program prior to the letters' date.

RECOMMENDATIONS

We recommend that your office require CCFC to:

- 1A. Repay HUD \$19,793 and \$1,979 from non-federal funds for the ineligible expenses relating to Youthbuild I and II, respectively.
- 1B. Provide adequate support for or repay HUD from non-Federal funds the \$48,430 and \$44,181 for unsupported salary expenditures for Youthbuild I and II, respectively.
- 1C. Reimburse HUD for the indirect costs related to any ineligible costs.
- 1D. Establish proper accounting procedures to allocate costs between grants including the basis and support of the allocation.

Finding 2

CCFC Did Not Document Results and Accomplishments

CCFC needed to improve its ability to determine program results and accomplishments. CCFC did not adequately document: (1) the number of houses completed with Youthbuild labor; (2) the method by which trainees attained construction skills and their proficiency in those skills; and (3) job placement and follow-up activities performed by CCFC staff. As a result, CCFC had no objective way to determine the effectiveness of the Youthbuild grants.

CRITERIA

The purpose of the Youthbuild Program is to help disadvantaged young adults obtain education and employment skills. CCFC's grant applications proposed to use the funds to provide participants with basic education skills and construction expertise. CCFC's Youthbuild I application stated it would measure, monitor, and evaluate its interim and final Youthbuild performance. It said monthly, quarterly and annual goals are established in areas such as attendance, retention, job or school placement, educational achievement, construction skills mastery and individual leadership development. CCFC's Youthbuild II application said it would teach and test students in basic construction techniques and maintain close contact with each graduate and employer. Also, the grant agreements required written approval by HUD for certain program changes including a change in "participating parties or duties."

Unknown Number of Houses Built

CCFC did not maintain documentation to demonstrate whether it met the construction goals specified in its applications.

The Youthbuild I application, as amended, specified that CCFC would construct 32 three and four bedroom single family homes at Centro Villa North, a 10 acre site in unincorporated Miami-Dade County, and 2 single family homes in southwest Homestead. Under the City of Homestead Grant, CCFC was to construct "a minimum of six homes in Homestead by the Youthbuild students."

According to its Youthbuild II application, CCFC was going to use trainees to construct four homes at either of two sites, Centro Villa North or scattered sites in Homestead. Information provided showed that Youthbuild II trainees never worked at the Homestead sites, only at Centro Villa North.

At Centro Villa North, CCFC did not limit the on-site work to particular houses. Rather, it used trainees where needed on all the houses it constructed. In addition to Youthbuild trainees, trainees from other CCFC job training programs, sub-contractors, owners, and volunteers performed construction work at Centro Villa North. CCFC could not provide a listing of the homes and specific tasks performed by Youthbuild trainees.

The information provided indicated Youthbuild trainees did not complete any house from foundation to punch-out, but rather worked on many different houses in various stages. It appeared the trainees principally worked on foundation, masonry, and roof tasks.

CCFC claimed it completed 65 percent of the construction work with respect to the six homes to be constructed at Homestead. The City of Homestead claimed CCFC completed only 40 percent of the work. CCFC turned over the incomplete houses to the City, and the City contracted with another organization to complete the houses.

CCFC officials believed their training program provided the trainees with the ability to perform construction skills repeatedly and eliminated inactive periods that would occur if the trainees worked only on a limited number of houses. Because of the manner in which CCFC carried out its on-site construction training, it is unclear how many houses CCFC built using the Youthbuild trainees. Therefore, CCFC cannot document whether or not it accomplished the goals set out in its applications.

Lack of Documentation on Skills and Abilities Attained by Trainees

CCFC did not properly document the skills and abilities attained by trainees. CCFC's trainee files contained a "Construction Progress Chart" that identified 40 construction skills. The site supervisor provided a listing of construction tasks that the trainees could have performed on the houses. The Director, in consultation with the trainers, marked the skills off when he believed the trainee had mastered the skill. CCFC did not use objective criteria to measure the trainees' ability. Furthermore, the files did not indicate what level of proficiency the trainees attained in the skills. According to the Director, a trainee needed to pass a written test in order to become a "construction completer" and receive a cash bonus. The written test covered basic construction and safety but did not address all 40 skills. Also, CCFC did not maintain construction logs to document and confirm the location and tasks performed by the trainees.

CCFC agreed that the files needed better documentation of the abilities of trainees. CCFC acknowledged it could use this information to provide more informative recommendations to potential employers and better assess the strengths and weaknesses of its trainees and program.

Inadequate Documentation of Follow-up and Job Placement

CCFC did not adequately document its job placement and follow-up activities including employers that interviewed trainees, post interview discussions with trainees and employers, and attempts to contact trainees.

We reviewed 15 trainee files but none of the files indicated the type of intense follow-up promised in CCFC's application. In its Youthbuild II application, CCFC said it "shall maintain close contact with each graduate and his or her employer for up to 90 days after graduation. In the initial month of a new placement, the Job Developer (or Counselor) shall visit the participant weekly. For months 2 and 3, the Counselor (or Job Developer) shall visit biweekly."

The Director maintained a list of the trainees and their work status. For many trainees, the list contained only one or two contact dates. The Director explained that he did not always update the trainee files after he contacted the trainee.

Change in Educational Providers

For Youthbuild II, CCFC changed educational providers without obtaining HUD approval. CCFC's application stated it would use Miami-Dade Community College to provide classroom training in basic skills education. However, CCFC actually used South Dade Skills Center to provide the education. The grant agreement required an approved amendment for program changes including "recipient entity or any participating parties or their duties."

CCFC lacked a system to collect, evaluate and report essential program information. CCFC did not have information regarding the number of houses built with Youthbuild funds, skills obtained by trainees, and long term progress of the participants. Accordingly, CCFC could not demonstrate that the program actually benefited the participants or that it met the Youthbuild Program objectives.

AUDITEE COMMENTS

CCFC agreed that it could have better documented items. However, it maintained that it met HUD requirements. CCFC contended it constructed 19 houses, which was more than specified in its applications. CCFC also believed HUD's approval of the budget modification acknowledged a change in the education provider.

OIG'S EVALUATION OF AUDITEE COMMENTS

CCFC could not distinguish which houses or specific activities Youthbuild I or Youthbuild II participants performed. By including the labor from all sources including sweat-equity, volunteers, and other job training programs, CCFC distorted the number of houses built by Youthbuild trainees and funds. The budget modification did not clearly identify the change in educational providers.

RECOMMENDATIONS

If HUD chooses to award additional grants to CCFC in the future, we recommend your office require CCFC to:

- 2A. Develop written goals and standards for the program.
- 2B. Develop objective methods of measuring the educational and construction performance of its participants. This should include measuring trainees skills when they enter the program, developing individual progress plans, and assessing accomplishments periodically during the program and at the end of the program.
- 2C. Adhere to program requirements including making necessary amendments and requesting prior HUD approval for major program changes.

Management Controls

In planning and performing our audit, we obtained an understanding of the management controls that were relevant to our audit. Management is responsible for establishing effective management controls. Management controls, in the broadest sense, include the plan of organization, methods, and procedures adopted by management to ensure that its goals are met. Management controls include the processes for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

SIGNIFICANT CONTROLS

We determined that the following internal controls were relevant to our audit objectives:

- Eligibility of grant activities
- Measurement of program results
- Disbursement of funds

We evaluated all of the relevant control categories identified above by determining the risk exposure and assessing control design and implementation.

SIGNIFICANT WEAKNESSES

It is a significant weakness if internal controls do not give reasonable assurance that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports. Based on our review, we believe CCFC had significant weaknesses in its disbursement of funds and evaluation of program results.

Follow-up On Prior Audits

This is the first Office of Inspector General audit of CCFC's Youthbuild grants.

CCFC's independent audit report for fiscal year 1996 issued by Sharpton, Brunson & Company, P.A., had no findings directly related to our audit objectives or results.

Appendix A

Schedule of Ineligible and Unsupported Costs

<u>Recommendation</u>	<u>Ineligible</u> ⁵	<u>Unsupported</u> ⁶
1A	\$21,772	
1B		\$ 92,611
1C ⁷	<u>\$ 3,266</u>	<u>\$ 13,892</u>
TOTALS	<u>\$25,038</u>	<u>\$106,503</u>

⁵ Costs clearly not allowed by law, contract, HUD, or local agency policies or regulations.

⁶ Costs not clearly eligible or ineligible but which warrant being contested (e.g., lack of satisfactory documentation to support the eligibility of the cost, etc.).

⁷ Computed at 15 percent of ineligible and unsupported costs.

Appendix B

Auditee Comments

Appendix C

Distribution

Secretary's Representative, 4AS
Director, Office of Community Planning and Development, 4DD
Director, Administrative Service Center, 4AA
Audit Liaison Officer, 3AFI
Director, Accounting Division, 4AFF
Florida State Coordinator, 4DS
Acquisitions Librarian, Library, AS (Room 8141)
Director, Office of Budget, ARB (Room 3270)
Associate General Counsel, Office of Assisted Housing and Community Development, CD
(Room 8162)
Assistant Secretary for Community Planning and Development, D
Director, Office of Economic Development, DEE
Deputy Assistant Secretary for Grant Programs, DG (Room 7204)
Special Advisor/Comptroller, Community Planning and Development, DOT
Chief Financial Officer, F (Room 10164)
Deputy Chief Financial Officer for Finances, FF (Room 10166)
Director, Housing and Community Development, Issue Area, U.S. GAO, 441 G Street, NW,
Room 2474 Washington, DC 20548 ATTN: Judy England-Joseph
Public Affairs Officer, G
Counsel to the IG, GC (Room 8260)
HUD OIG Webmaster-Electronic format via Electronic mail-Morris_F._Grissom@Hud.Gov
Assistant to the Deputy Secretary for Field Management, SDF (Room 7106)
Assistant to the Secretary for Labor Relations (Acting), SL (Room 7118)
The Honorable John Glenn, Ranking Member, Committee on Governmental Affairs,
United States Senate, Washington, DC 20510-6250
The Honorable Fred Thompson, Chairman, Committee on Governmental Affairs,
United States Senate, Washington, DC 20510-6250
Mr. Pete Sessions, Government Reform and Oversight Committee, Congress of the
United States, House of Representatives, Washington, DC 20515-4305
Ms. Cindy Sprunger, Subcommittee on General Oversight and Investigations,
Room 212, O'Neill House Office Building, Washington, DC
Executive Director, Centro Campesino