

CHANGES IN PERSONNEL AND FISCAL PRACTICES

We followed the same procedure, I might add, with a number of other recipients of money from OEO, and I am happy to report, for example, in the case of Haryou ACT—you remember last year there was a lot of discussion about that—we did the same thing and the record at that agency since we made the changes, they made the changes in personnel practices, fiscal practices, and so on, the record has been, so far as we know, clean and clear.

AGENCY PROGRAM FAILURES

Now, after we did the same thing to this agency, our people continued to find serious failures on the part of the administration and the program of this agency. It is on the basis of those findings which were concurred in by all the top people in our agency that the original decision was reached that it would not be lawful under the statute that authorized our agency for us to continue to finance it. So we made that decision. We found specifically that people were paid for work that they had not performed.

We found that people were paid and time and attendance sheets were certified by supervisors for employees who were not even in the State of Mississippi. We found that at least 5 of the 15 administrators of various areas under this program had certified that certain employees were on the job when in fact they were not on the job. We found a variety of conflict-of-interest matters that included people on the board of directors as well as staff members. We found cases of nepotism. We found that property paid for by the Government was used for nongovernmental purposes. Automobiles, for example, were used on weekends and at nighttimes for activities that clearly were not connected with the program.

NUMEROUS VIOLATIONS OF REGULATIONS AND RESTRICTIONS

We found that contracts were paid out on estimated performance rather than on actual performances. We found a number of cashed payroll checks that appeared to be endorsed by persons other than the payee. We found that more than a half of a sample of 300 applications were not submitted until after the person was hired.

We found numerous violations of our own regulations. We have regulations that come from our office that apply to all recipients of funds granted by our office. They involve such things as the amount of pay increase that a person can receive when coming to work for us. They involve restriction on political activity of persons who come to work for us. They involve restriction on other types of activities which apply across the board to recipients of money from OEO.

These restrictions and conditions which applied to everybody, and specific conditions which have been appended as a part of this grant, were violated in case after case. So, in view of the fact that we had once refunded it in the face of records that were not perfect at that time but which we hoped would be improved, but, finding that that has not taken place, we made the decision in the agency—I repeat without any pressure from anybody in the Congress or political people outside the Congress, about whether or not it should be refinanced.

AGENCY SHOULD NOT BE REFINANCED

Senator PASTORE. Where does the matter stand now?

Mr. SHRIVER. The matter stands now that we have told this particular agency, Mr. Chairman, about 3 or 4 weeks ago that we could not refinance it in its present form, with its present personnel, with its present operating procedures. We have indicated that we are always ready to the extent of our ability and the money that you give us to finance programs and institutions which appear to have the integrity and the competence to carry on the programs which the Congress authorizes. Consequently, if this agency were able to make the kind of basic, fundamental, and I think massive change in its personnel and procedures which would bring it into line with other agencies that we finance nationally, we could certainly take another look at it. But we cannot, as I said at the beginning, and as I said in my original statement on this issue, finance it in its current form or with its current personnel or with its current history of faulty operational procedures and results.