

The Superior Court

COUNTY OF SAN DIEGO
GRAND JURY
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SAN DIEGO, CALIFORNIA 92101
(714) 236-2675

June 13, 1979

Received of Joanne M. Lord, Grand Jury Staff Secretary,
one (1) copy of the Grand Jury Interim Report entitled,
"Investigation of the Chicano Federation," for the
Chicano Federation.

Cynthia Aguilar Zimmerman
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Investigation of the Chicano Federation
(An Interim Report)

1978-79 San Diego County Grand Jury

June 13, 1979

Investigation of the Chicano Federation

(An Interim Report by the 1978-79 San Diego County Grand Jury)

In December, 1978, the Grand Jury received a complaint alleging mismanagement of public funds by the Chicano Federation. In addition, the complainant requested the Grand Jury to "clear the air of widespread rumors" of alleged misdeeds by the Chicano Federation.

The Bylaws, organizational structure, goals and objectives, membership and resource capabilities of the Chicano Federation were studied. Testimony from more than twenty-five witnesses was taken. Contracts with the San Diego County Human Services Department were studied. On-site visits were made to the Chicano Park, the Chicano Federation building, a warehouse, and mural exhibits on a shop building on Imperial Avenue. Every attempt was made to gather information and evidence in order to make a fair and accurate finding.

Background

The CHICANO FEDERATION of San Diego County was incorporated in the State of California on September 25, 1969. The corporation has tax exempt status of a non-profit organization. The primary purpose of the organization, as stated in the Charter, is "to promote unity, strength and leadership in the Chicano Federation (Mexican/American) community in order to assist in the reshaping of our society for the benefit of all its citizens."

On December 17, 1971, the Chicano Federation and the City of San Diego entered into a Neighborhood Facilities Grant Contract with the Secretary of Housing and Urban Development. This grant

contract provided federal financial assistance under Title VII funds for a "Project," having as its purpose the provision of a neighborhood facility. The Agreement provided for the operation of a neighborhood facility by the Chicano Federation for a period of at least twenty years after its completion. The present structure at 1960 National Avenue is the neighborhood facility. This Agreement, amended on February 24, 1978, realigned mutual rights and obligations in regard to the operation, and the City of San Diego agreed to provide maintenance and repairs to the neighborhood facility as well as payment for all utilities.

The CHICANO PARK STEERING COMMITTEE was incorporated in July, 1975. The Committee was organized as a non-profit corporation with tax exempt status; stated objectives of the corporation are exclusively charity and education. The Chicano Park Steering Committee is a separate organization from the Chicano Federation. As a separate entity, it is an unsolicited resident advisory group housed in the neighborhood facility. Unfortunately, the relationship between the Federation and the Park Steering Committee has become so closely interwoven and intermingled that the two are often confused as one. This confusion exists partially because of the proximity, and partially because some Federation staff have been hired from the leadership ranks of the Park Steering Committee. Since the Steering Committee has traditionally been a Barrio Logan activist group, the result has been to assign the same category to the Chicano Federation, although it purportedly represents all

Chicano organizations within the County.

Finding

In interviewing witnesses and visiting Federation Headquarters, it was ascertained that a children's coloring book, distributed at a Chicano Park Christmas party, as well as murals, posters and publications (Appendix A), which could be construed as derogatory to the U. S. Government, and obviously degrading to law enforcement officers, had been prepared at the Federation Headquarters. For the most part, these were fostered by the CHICANO PARK STEERING COMMITTEE, endorsed by the Committee on Chicano Rights, and by some members of the Chicano Federation Board of Directors. These materials have done nothing to enhance the image of the Chicano Federation nor promote its charter purpose. The Grand Jury strongly objects to these materials since their preparation and production were apparently financed in part by public funds and directed by a paid employee of the Chicano Federation.

Testimony from several witnesses indicated that the present location of the Chicano Federation, adjoining Chicano Park in the Barrio Logan area, results in undue influence by the Chicano Park Steering Committee. At the same time, the openness of the Federation facility for social services and recreational activities results in a profound impact by the Barrio Logan and the Park Steering Committee on management and the executive director.

During the investigation, testimony indicated the neighborhood facility building (at 1960 National Avenue) used by the

Chicano Federation and other organizations has been the location of drug transactions and possible illegal weapons. As previously mentioned, the building has been used as a distribution point for publications highly critical of the United States Government and local law enforcement officers. Cases of intimidation and threats of bodily harm purportedly have occurred on the premises. Some witnesses reported that the pressure came from members of the Chicano Park Steering Committee.

The location of the Chicano Federation building within Barrio Logan and Chicano Park has resulted in a dubious relationship between the Federation and the Park Steering Committee. This relationship harbors possible collusion and conflict of interest. However, the prevailing influence results from having paid employees of the Federation on the Board of Directors of either the Federation or the Park Steering Committee.

RECOMMENDATION 1: That the County consider as a part of its continuing contract with the Chicano Federation that its headquarters be moved to a more neutral environment that will allow it to serve ALL Mexican-American people equally, without undue pressure from any one group or Barrio.

RECOMMENDATION 2: That the County consider (or adopt) a restriction that in contracts with the Chicano Federation that no paid employee of the Chicano Federation be a member of the Board of Directors of the Chicano Federation or of the Chicano Park Steering Committee.

RECOMMENDATION 3: That the County monitor Federation payrolls and current lists of the Board of Directors of both corporations to insure compliance.

Finding

Since 1971, the Chicano Federation has had seven Executive Directors. Most of the turnover has allegedly been the result of discouragement and/or intimidation and harrassment of the Executive Director by the Board of Directors and the Chicano Park Steering Committee. The Executive Directors were further bewildered by continuous change of policies by the Board of Directors. Most of this controversy evolved from a difference of views the Board of Directors held on whether the Federation should be mainly a social service or an advocacy agency. A general comment and complaint voiced by several witnesses interviewed by the Grand Jury from funding agency staffs and staff members of the Federation was a lack of leadership and management ability of the past Executive Directors.

RECOMMENDATION 4: That the County Board of Supervisors require that the Board of Directors establish a firm policy on whether the Chicano Federation should be a social service or an advocacy agency.

Background

The major thrust of the Grand Jury investigation dealt with possible fiscal mismanagement of the Chicano Federation. During this period of review by the Grand Jury, the Chicano Federation had contracts and income from sixteen funding sources totalling \$1,343,592. Because of multiple funding sources, the Grand Jury requested the assistance of the County Auditor's staff in its investigation. The audit report reveals extremely damaging evidence directed toward the Chicano Federation, as well as to the County and other funding agencies (Appendix B).

Finding

In the course of the investigation, it became apparent that the County contract with the Chicano Federation was loosely drawn as were other service contracts with the Federation. Funding agencies granted public monies to the Federation without ensuring that standard accounting and fiscal procedures were followed; not did they inquire into the capability of management staff to administer public grants. As far as the County is concerned, the responsibility is with the Department of Human Services.

Review and monitoring of the Chicano Federation contracts (Appendix C) by the County Department of Human Services has been totally inadequate. The Grand Jury has found there are insufficient guidelines, little follow-up action on evaluations of inspections, and lack of response to negative reports.

The responsibility of these functions usually lies with the same staff person that has written and negotiated these county contracts. This practice allows for a procedure that produces a benevolent and protective attitude toward the contractor rather than the detached impersonal involvement required to monitor, evaluate and implement negative findings.

RECOMMENDATION 5: That the Board of Supervisors create a separate monitoring division whose sole function is to monitor and evaluate all contracts of the Human Services Department on a periodic basis.

RECOMMENDATION 6: That contracts for services be strictly monitored for both programmatic and fiscal compliance by monthly progress reports verified by on-site visits of the monitor.

RECOMMENDATION 7: That ongoing monitoring be supported by documented recorded verifications.

RECOMMENDATION 8: That written contracts be improved by establishing priorities and, more precisely, defining contract goals, objectives and service requirements.

Finding

The Grand Jury heard sworn testimony regarding irregularities in accounting for time cards, use of telephones, vehicles, fixed assets, tools, and other equipment. For example, vehicles belonging to the Federation were sold to former employees for \$1.00 each. Disappearances of tools and other equipment were not always reported.

RECOMMENDATION 9: That a standard system of accounting procedures for public funds be introduced and adequate controls be established.

RECOMMENDATION 10: That funding agencies monitor closely the use of public funds granted and equipment contributed to the Federation, and ensure that funds and equipment are not co-mingled nor misappropriated.

RECOMMENDATION 11: That the specific recommendations in the Audit Report be implemented immediately.

Conclusion

The Grand Jury is as anxious and interested as anyone in the overall community to see people of Hispanic background be served not only socially, but legally and within the guidelines of the funding agencies. However, the Chicano Federation, in its present form, is not a viable organization. The turnover of management level personnel at the executive level and on the

Board of Directors preclude program stability. Selection of the Director and background experience level and training programs for staff personnel is insufficient for multi-project programs totalling \$1,343,592.

Despite all the negative findings, the Grand Jury found that some social services were well performed and could support continuance of funding for the Federation, if the above outlined deficiencies are corrected.

RECOMMENDATION 12: That the Board of Supervisors terminate funding of the Chicano Federation pending compliance of the foregoing recommendations.



COMUNIDAD DE CHICANOS

COMITÉ DE DEFENSA DEL CHICANO

1968

POSTER - APPENDIX - A

MURAL - APPENDIX A





QUE VIVA EL CHICANO PARK!!



CCR

Committee on Chicano Rights, Inc.

"La Raza En Marcha"

"Marching in Unity"



ORGANISADA
COMUNIDAD



LOS BARRIOS
DE
AZTLÁN





"Aztec Fire Dance"

Cultura Chicano Indigena

Prison Art

Hinto Arte

Soledad,

VISA

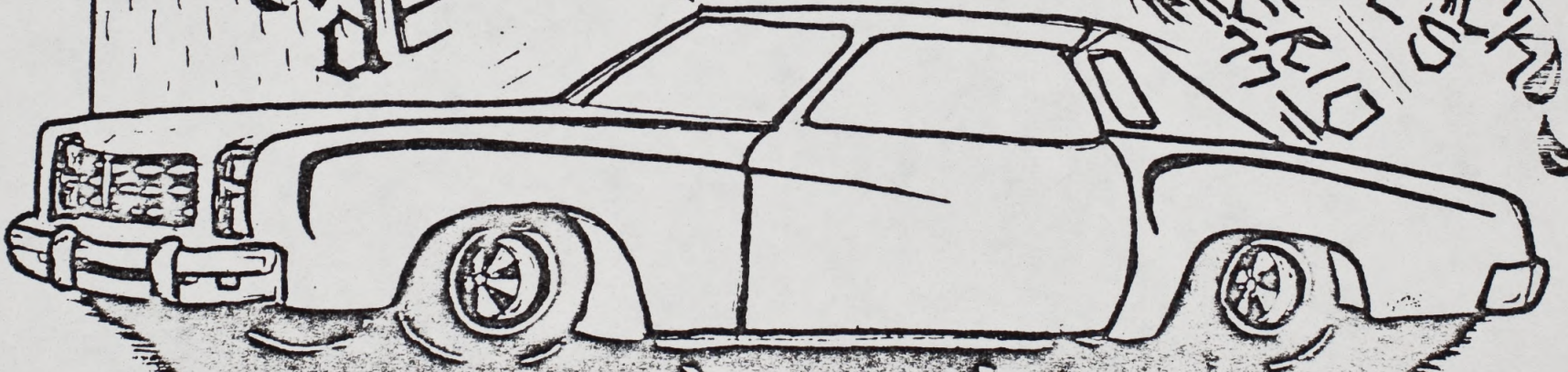
PONTONA
12TH
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FRESNO

MSM

COOPER

ALL BLACKS
ON STRIKE



onterio

(*Reprinted from "Low Rider" magazine No.5)

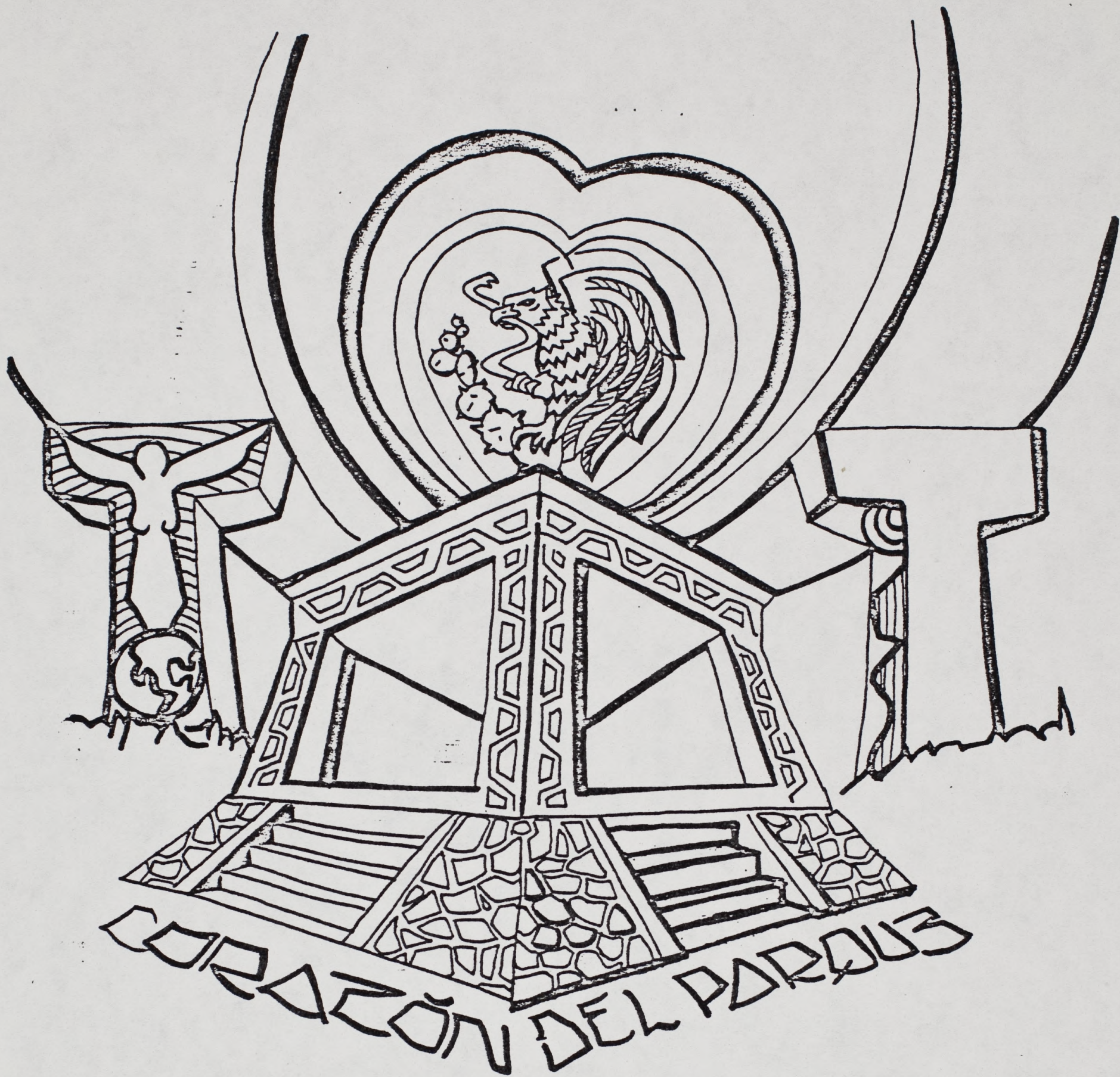


"Danzante Azteca"
"Aztec Dancer"

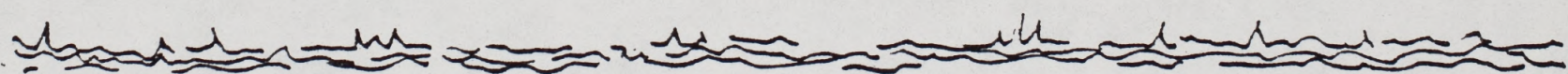
"Aztec Symbol"

"Nuestra Cultura"





"El Kiosco De Nuestro Parque Chicoro"





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PART II

Audit Report

Unified Audit of Chicano
Federation of San Diego County, Inc.

* * * * *

June 1, 1979

Prepared by:

Assistant County Auditor for
San Diego County Grand Jury



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

TO: San Diego County Grand Jury (C40)

DATE June 1, 1979

FROM: Assistant County Auditor (A5)

SUBJECT: UNIFIED AUDIT OF THE CHICANO FEDERATION

SCOPE

The Grand Jury is presently investigating the Chicano Federation of San Diego County Inc. As a result, on March 21, 1979 the Grand Jury formally requested the County Auditor to conduct an in-depth audit of this organization.

Pursuant to this request, we have coordinated a unified audit of all Chicano Federation funding. Primarily, our audit covered fiscal year 1977-78. However, we did audit Chicano Federation projects which had various funding periods. Specific projects, sources of funding, amounts, periods audited and by whom are indicated on Appendix A.

We coordinated our audit efforts with the Regional Employment Training Consortium, California Department of Employment and Development, United Way, and the City of San Diego. Also, we contracted with Arthur Young and Company to assist our staff by performing portions of this audit (per Appendix A). We were also assisted by the District Attorney's staff.

Our primary audit objective was to determine the Chicano Federation's overall propriety with respect to managing funds. A related area of concern was to ascertain whether funding sources have been examining the services provided by the Chicano Federation and to review methods utilized in such evaluations. In this endeavor, we performed audit procedures in the following areas:

I. Fiscal

- A. Reviewed cash transactions and overall disbursement procedures to determine if proper management of all grant funds occurred.
- B. Reviewed payroll and related procedures to determine propriety of grant expenditures and reasonableness of policies carried out by the Chicano Federation.
- C. Reviewed selected expenditures for reasonableness.

June 1, 1979

II. Grant Administration

Since the Regional Employment Training Consortium, California Department of Employment and Development, City of San Diego and National Alliance of Business had terminated funding of Chicano Federation programs prior to the commencement of our audit, we selected to review the evaluative procedures performed by the County of San Diego and the United Way.

With respect to County of San Diego funding, we reviewed evaluation procedures relating to the Chicano Federation's Multi-service program due to its overall materiality in relation to total Chicano Federation programs currently funded.

We performed audit procedures in the following areas:

- A. Examined evaluations.
- B. Reviewed monitoring efforts.
- C. Analyzed written contract services.
- D. Tested contractor service documentation.
- E. Discussed the above with the two funding sources.

OTHER AUDITS

In addition to our performance of this audit, recent and concurrent audits of various Chicano Federation Projects were also performed by other audit entities (see Appendix A). Also, the City of San Diego, Housing and Community Services Department performed a review of invoices submitted for payment (Barrio Logan Neighborhood Renovation Project).

To provide you with a comprehensive and unified summary of findings resulting from our audit and all other recent and concurrent audits, we have incorporated them into this report. Where similar or identical audit findings have been disclosed both in our audit and by another audit entity, our discussion of these findings will be cross referenced to the applicable audit report. The same cross referencing will also apply to findings exclusively derived in other audits. Audit reports from which findings have been incorporated into this report are included as Attachments. Footnotes cross referencing other audit entity findings are included in Appendix D.

Discussion items will be listed under the same headings as recommendations. Additionally, Appendixes B and C contain schedules and supplemental information relative to disallowed and questioned costs disclosed by all audit entities.

B. United Way

Our audit disclosed that the United Way does not evaluate Chicano Federation program services. Primarily, the United Way relies on evaluations performed by other funding sources as a basis for determining program viability.

- We were informed the United Way evaluates Chicano Federation management practices through meetings with the organization's Board of Directors and management personnel. This is accomplished through review of organizational procedures and reports from the Chicano Federation as well as funding sources.

C. Contractor Compliance with Required Contract Services

1. Based on the results of tests performed during our audit, we found that services reported by the Chicano Federation's Multi-service program were not sufficiently documented to validate monthly progress reports. In addition, because goals, objectives and service requirements were not precisely defined, we could not determine whether the contractor is providing services in conformance with contract specifications.
2. In addition to our audit of the Chicano Federation's compliance with County contracts' required services, an audit by Arthur Young and Co. of the RETC Title VI - Special Projects' Contracts disclosed that compliance with a majority of primary program purposes (i.e., program purposes which absorbed the greatest amount of costs) could not be ascertained because the Chicano Federation did not maintain records that allow for audit verification of such program purposes.^{1/}

RECOMMENDATIONS

I. Fiscal

A. We recommend the following:

1. The Department of Human Services should establish a receivable and collect from the Chicano Federation \$5,578 in disallowed costs as detailed on Appendix B.
2. Applicable funding sources should determine the ultimate resolution of \$154,595 questioned costs as detailed on Appendix B.

B. We recommend that the Chicano Federation:

1. Accounting System

Establish and maintain appropriate accounting records and procedures which conform with grant requirements.

CONCLUSION

I. Fiscal

Based on findings disclosed within our audit and other recent and concurrent audits by various agencies listed in Appendix A, it is our opinion that the Chicano Federation did not properly discharge its fiscal responsibilities nor adequately manage public funds provided. Our rationale for formulating this conclusion is based on the following:

- A. In general, the Chicano Federation did not maintain adequate accounting records and did not employ standard accounting methods. As a result, material amounts of claimed costs were found to be disallowable and/or questionable.
- B. Improper transfers of restricted grant funds were made to and from various fund accounts on numerous occasions.
- C. Per discussion with the District Attorney's office, it appears that an illegal short-term loan of public funds was made to an employee by the Chicano Federation. This matter has been referred to the District Attorney for their action.
- D. Fixed assets purchased with public funds were not properly safeguarded and accounted for.

II. Grant Administration

A. County Department of Human Services (DHS)

Our audit indicated the following pertaining to DHS contract administration:

1. Conclusions reached by DHS staff with respect to the Multi-service program's annual evaluation report could not be substantiated because they were not supported by documentation and were predominantly based on unverified information.
2. Monitoring reviews of Chicano Federation service delivery did not document verification of reported services.
3. Written contract services require substantial improvement. Specifically, this would entail prioritizing and precisely defining contract goals, objectives, and service requirements.

Other audits of DHS and its contracts during the last two years, (in particular our report on DHS Contract Monitoring-Administration dated 9-30-78), have found similar contracting and monitoring problems with other contracts. The department has previously conceded the need for improvement in this area. From our followup of previous audits we are aware that the department is reorganizing its efforts in this area. They are trying to finalize change in this area by 1-1-80.

2. Interfund Cash Transfers

Eliminate interfund cash transfers between functional programs in order to use grant funds as authorized and required by grant provisions.

3. Personal Loans

Discontinue the practice of lending public funds to employees.

4. Salary Advances

Discontinue the practice of giving salary advances to employees.

5. Cost Allocation Plan

Establish and submit for approval Fiscal Year 1977-78 and Fiscal Year 1978-79 indirect cost allocation plans in order to determine the propriety of questionable administration costs included within Appendix B.

6. Long Term Leases and Space Utilization

Avoid entering into long term building leases without ensuring that space will be adequately utilized for program purposes. Also insure that funding sources have previously agreed to pay for associated liabilities incurred.

7. Fixed Assets

Accomplish the following relative to fixed assets purchased with public funds:

- A. Maintain and establish adequate inventory procedures.
- B. Improve security of buildings and equipment.
- C. Dispose of fixed assets in a proper manner.

8. Travel Expenses

Maintain adequate mileage and fuel cost records which will properly support travel expenses.

9. Telephone Expense Documentation

- A. Properly document long distance telephone expenses.
- B. Exercise adequate managerial controls over the number of telephone lines available for use in order to reduce costs and increase efficiency.
- C. Update telephone expense allocation plan on a periodic basis to ensure that all projects are charged equitable amounts.

II. Grant Administration

A. County Department of Human Services (DHS)

The DHS is currently working to effect improvements in the following areas by 1-1-80. The DHS should continue these efforts to:

1. Monitoring

Ensure that (A) programmatic and (B) fiscal on-site monitoring is performed on a frequent and systematic basis.

2. Program Evaluation

Ensure that conclusions reached through the annual program evaluation are based on data which is supported by documented record verifications. This would include both service delivery and general organizational statistical data.

3. Contract Writing

Improve written contract services by prioritizing and precisely defining contract goals, objectives, and service requirements.

B. Chicano Federation

The Chicano Federation should:

1. Contractor Documentation of Services

Improve basic record keeping standards relative to programmatic requirements in order to increase accuracy when reporting services delivered.

2. Background History - Employment Applications

Adopt a policy that prevents accepting or processing any incomplete employment applications.

3. Self-Evaluation of Program Performance

Implement self-evaluation procedures in a documented manner and perform reviews of program performance and progress on a regular basis.

DISCUSSION

I. Fiscal

A. 1. and 2. Disallowed and Questioned Costs

A combined summary of all disallowed and questioned costs recommended by our office and by other audit entities is contained in Appendix B (Combined Summary of All Disallowed and Questioned Costs by Program). Also, supplemental information relative to specific disallowances and questioned costs by program are contained in Appendix B-1 through B-5.

We condensed the narrative description concerning the reason for questioned costs disclosed by other audit entities (Appendix B-2 through B-5). We have attached and cross referenced applicable reports which contain more in-depth information.

B. Chicano Federation

1. Accounting System

Our audit findings relative to the Chicano Federation's overall accounting records and procedures disclosed that effective management control has not been exercised with regard to grant fiscal requirements. As a result, major accounting deficiencies have occurred and a material amount of costs have been either disallowed or questioned with respect to all combined programs (Appendix B and C).

We formulated this conclusion based on our work performed and reviewing other audit entities' reports. Specific findings relative to major accounting deficiencies are the following:

Documentation - A substantial amount of costs have been disallowed or questioned due to insufficient documentation. This finding was prevalent in all audits performed.^{2/}

Cost Accounting - A material amount of indirect administration costs charged to various programs could not be adequately substantiated due to the lack of a cost allocation plan.^{3/} In addition, cost accounting procedures specific to the RETC Title VI programs were found

to be inadequate because they did not document, summarize, or control costs of specific project tasks.^{4/} As a result of this major accounting deficiency, questionable costs applicable to ineligible home site projects were found to be undeterminable.

Journal Entries - Journal entries were not recorded for a majority of accrued expenses. Additionally, accounts payable which were not journalized were found to be improperly recorded, eg., they did not correctly state period expenses. Also, short cuts were found to be taken to correct previous errors by reducing or increasing subsequent accrued costs as opposed to correcting errors through a journal entry.

In addition to the above, our review of interfund cash transfers disclosed that in most cases, a particular journal entry would be the net amount of several interfund transfers.^{5/}

In all cases stated above, such netting of cash transfers, lack of proper journal entries and incorrectly accrued expenditures led to inadequate audit trails and made auditing of these activities extremely time consuming. Additionally, this action reduces the effectiveness of internal accounting controls.

Budgetary Controls - In addition to misclassifying and overstating actual expenditures, the audit conducted by the State of California, Fiscal Management Audits Division, disclosed that budgetary controls on various expenditures were inadequate.^{6/} This finding resulted from the Chicano Federation's duplication of claimed costs and submittal of costs which were not budgeted.

2. Interfund Cash Transfers

Our review of cash disbursement transactions and procedures disclosed that interfund cash transfers were very prevalent between all functional program accounts. This activity should be eliminated due to the following reasons:

- A. Provisions applicable to both RETC and CHAMBA grants prohibited such activity per Federal Management Circular 74-7, Attachment G requirements.^{7/}

- B. Notwithstanding grant prohibitions, interfund cash transfers should not be made between functional program accounts because these fund accounts are established to carry out specific program purposes and are therefore restricted by these objectives. Should transfers result in uncollectable receivables, program purposes could not be carried out effectively.

Cash transfers should only be made to functional program accounts through an unrestricted general fund account. Should this course of action be impossible due to insurmountable cash flow problems, the Chicano Federation should re-evaluate their financial capabilities with respect to working capital required prior to entering into contracts.

3. Personal Loans

On August 10, 1978, the Chicano Federation's Executive Director authorized an \$11,000 unsecured loan to be made to the Controller for personal and emergency reasons. The \$11,000 was obtained from the Multi-services fund account (\$4,000) and the Community Development Block Grant fund account (\$7,000). The loan agreement specified that 9% interest would be paid on the full amount for each day beyond August 14, 1978 until full repayment.

Although this loan was repaid in full by August 14, 1978, this transaction not only violates the terms and intent of both the County and City contracts, but it appears an illegal use of public funds according to our discussion with the District Attorney.

4. Salary Advances

During our audit we noted that salary advances were given to various Chicano Federation employees on numerous occasions from several fund accounts. In order to strengthen internal controls and provide more effective safeguards of public funds, this practice must be discontinued.

5. Cost Allocation Plan

Our review of indirect administrative costs charged to various funding sources disclosed that the Chicano Federation did not have an adequate plan or method of allocating these costs, consequently they could not be substantiated.^{8/} As a direct result of this deficiency we have questioned \$79,903 in indirect costs charged to various programs. (This includes the salaries of the Acting Executive Director and Building Manager.)

Undocumented administrative costs charged to the various programs could primarily be grouped in the following categories:

- (1) A straight percentage was charged on the basis of program costs without sufficient documentation to justify the charge.
- (2) A flat fee per month was charged without sufficient documentation to justify the charge.

In order to correct this deficiency, an annual indirect cost allocation plan must be developed by the Federation and submitted to the various funding sources for their approval.

In addition to the above, we reviewed the propriety of pooled administrative expenses which could be potentially allocated to various funding sources. Our review indicated the following:

- (1) In FY 1977-78, \$9,935 in costs were either unauthorized non-program related and/or unsupported by documentation. As such, these costs should not be included within the recommended cost allocation plan. (See Appendix C for details). We would have recommended disallowances of these costs, however, the appropriate amount of disallowance applicable to each funding source could not be ascertained due to the lack of a cost allocation plan.
- (2) \$24,096 of salaries charged as direct program salaries to the DHS Multi-services program and subsequently questioned (see Appendix B-1, Explanation (5) and (6)) should be included in pooled administrative cost center expenses and allocated to all funding sources (also see Appendix C for detail).

Our rationale for excluding costs in item (1) and adding costs in item (2) to the indirect cost allocation plan is discussed further in the following paragraphs. In addition, we have given a brief guideline relative to implementation of the recommended cost allocation plan as follows:

1. All personnel and non-personnel costs which cannot be directly related to functional programs should be accumulated in an indirect cost center. Although indirect, these costs must relate to the organization's

overall objectives, benefit all functional programs, and be appropriately supported by documentation.

2. In order to avoid cost duplication, all indirect costs included within this cost center should be reduced or offset by revenues received from United Way grant cost reimbursements for administration salaries and benefits. In addition, they should be further reduced by revenues earned as the result of providing bookkeeping services, etc., for other non-Chicano Federation social programs.
3. All indirect administration costs which were previously charged to functional programs, e.g., Multi-services (Acting Executive Director and Building Manager, Salaries \$24,066) should be deleted from direct program salary and wage expenses and added to the indirect cost center.
4. Accumulated indirect costs to be allocated to functional programs in FY 1977-78 should then be reduced by \$9,935 because these costs are disallowable.
5. Total indirect administration costs included within this cost center should be allocated to Chicano Federation functional programs on a reasonable and systematic basis.
6. Indirect administration costs claimed on a reimbursement basis should be compared by funding sources with costs allocated through this process to determine their propriety.

In addition to FY 1977-78 disallowances of \$9,935, we found that disallowable costs of the same nature were also contained within the United Way fund account in FY 1978-79. These costs should also be excluded from the cost allocation plan established for FY 1978-79. Due to time limitations and the scope of this audit, we did not fully audit FY 1978-79, therefore these costs were not computed and are not contained within this report. Also, administrative salaries (see Appendix B-1, (5) and (6)) for the period 7/1/78 to 3/31/79 were found to be questionable as direct program expenditures and should be deleted from this cost category and included in FY 1978-79 cost allocation plan.

6. Long Term Leases

In April 1978, the Chicano Federation entered into a two year building lease costing \$925 per month (building located at 2120 Main Street). This action was taken based on the assumption that anticipated programs would be established and implemented through contract with various funding sources. Subsequent to the signing of this lease, the expected new programs including

additional RETC projects, an immigration program, and a solar heating program did not materialize.

Through December 15, 1978, this building was utilized to store renovation project materials and for a very brief time span to house a few administrative personnel. However, after the termination of RETC projects this building has been substantially underutilized. It has been used only to warehouse unused equipment and organization records. The majority of space is not used.

In addition to the Main Street building, we also observed that the Barrio Logan Center was underutilized. Although occupied by Chicano Federation staff, we noted that much office space was sparsely used. Also, some rooms were left empty.

Based on data obtained at the Chicano Federation and County standards for space occupancy applied by the Department of General Services, Space Management Unit, it was estimated that approximately 4,000 of the available 11,000 square feet are not being utilized. While this calculation is not absolute, it does indicate that space is not being utilized efficiently.

In our opinion, both cases stated above illustrate that proper management planning has not been exercised and that much improvement can be made in this area. This issue becomes even more salient in view of the ever increasing need for government program efficiency mandated by Proposition 13.

7. Fixed Assets

A. The Chicano Federation does not possess a complete and adequate system for recording and identifying fixed assets purchased with grant funds.⁹⁷ Primarily, the following deficiencies were found concerning inventory procedures:

- (1) Written procedures regarding the maintenance and transfer of fixed assets were not established.
- (2) A written fixed asset listing indicating asset designation, property number, and funding used to purchase assets has not been established.
- (3) A majority of assets were not assigned property numbers and tagged.

To properly account for fixed assets and improve internal controls with respect to this area, the Chicano Federation should implement corrective action by establishing adequate inventory procedures.

- B. Security of fixed assets also requires substantial improvement. During our review we noted that: an unattended warehouse which contained various fixed assets and both fiscal and programmatic records was not properly locked; the Barrio Logan's electrical burglary system was not functioning; and stolen items of equipment, etc., were not reported to appropriate authorities.
- C. We also found that the Chicano Federation could improve methods regarding the disposal of fixed assets purchased with grant funds.^{10/} During our audit we noted that two trucks (a 1972 Ford and 1962 Chevrolet) used in renovation projects were sold to former employees for the sum of \$1.00 each. In our opinion, these trucks should have been sold on a competitive basis, or, at the very least, to a salvage yard. All revenue derived from these sales should then be used to offset the Federation's program costs.

8. Travel Expenses

Our review of travel expenses disclosed that in general, mileage claims were not properly and uniformly filled out by Chicano Federation employees.^{11/} Specific destination and trip purposes were not specifically identified and recorded in most cases.

Usually general destinations such as North County and San Ysidro, etc., were recorded and trips were so vaguely worded that it could not be ascertained whether they were program related. Due to these inadequacies, additional audit testing was required.

Results of this additional audit testing disclosed that although a majority of total organizational mileage expenses claimed from various funding sources could be substantiated, a material amount of costs could not be justified. Primarily, questionable costs were found in the Multi-service program (all mileage costs claimed), however, questionable costs were noted in the Community Development Program (Home Renovation) and CHAMBA (State CETA Employment) program.

Additionally, our review of the vouchers for the gasoline expense attributed to the Chicano Federation vehicles indicates that in some instances the vouchers did not have the license number noted. In order to properly support these expenses as being purchased for the Federation vehicles, a license number on all gasoline vouchers should be obtained.

9. Telephone Expense Documentation

- A. Although the Chicano Federation maintained a log of long distance telephone calls, our audit disclosed that information contained within this log was not sufficiently documented to justify many expenses charged to various programs. Primarily, the log did not indicate the person, entity, and purpose of calls. In addition, we noted that many calls appeared to have been arbitrarily charged to program accounts.

As a result of these deficiencies, we have questioned the cost pertaining to these calls because we were unable to determine whether calls were program related and properly charged.

- B. We also noted that the Chicano Federation was not exercising proper management controls over the number of lines and phones available for use. Our findings disclosed there were more phones available for use than employees. Additionally, we noted that the organization was still being charged for a line that was located at a former program site. This program site was vacated in approximately June of 1976 subsequent to contract termination.
- C. Although the Chicano Federation's original plan for allocating telephone expenses to program accounts appeared to be reasonable, we noted that this plan had not been updated since September 1977.

For example, per the original plan the Multi-services program was charge expenses based on a 19 line usage rate. Our review disclosed that current usage had dropped 31% because this program was using only 13 lines at the time we conducted our audit field work.

In order to assess fair and equitable charges to funding sources, allocations should be reviewed and updated on a periodic basis.

II. Grant Administration

A. County Department of Human Services (DHS)

1. Monitoring

A. Programmatic

In our management report dated September 12, 1978, "Audit of the Department of Human Services Contract Monitoring-

Administration for the period July 1, 1977 through June 30, 1978", we recommended the following pertaining to programmatic monitoring:

"Increase the frequency and expand the coverage of systematic analytical reviews of contracted services to include service record verifications and confirmation of services."; and

"Improve support to systematic record verification and confirmation of services as follows; i.e., implement the following service review procedures.

- (1) Develop a formal work plan that delineates precise review procedures to be followed by the monitor when conducting an on-site review of the project. For example, the monitor should reconcile monthly service reports with the totals shown on the contractor's records, describe record keeping systems through a narrative description or flow chart, indicate tests to be conducted, etc.
- (2) All tests of the contractor's records should describe the objective of the test, indicate procedures used to meet the objective, describe sample selection, indicate findings and give the monitor's conclusion as to the test results.
- (3) On-site reports of service observations should indicate quantity of service units, length of time and date observed.
- (4) Indicate follow-up action taken on problems noted in service report."

With respect to both written and verbal information provided to our staff by the Department, programmatic monitoring of the Multi-services program was generally limited to: in-house comparisons of monthly reported services with required services per contract; providing limited technical field assistance; evaluating organizational procedures; and reviewing records for completeness, as opposed to verifying that services were being accomplished as reported.

In light of the above information, we have concluded that previous management reports recommendations have not yet been implemented to date with regard to this contract and that monitoring procedures require improvement. The departmental timetable for accomplishing this is by January 1, 1980.

B. Fiscal

Our audit findings disclosed that fiscal reviews performed by the Department of Human Services were also inadequate and require substantial improvement. These reviews were found to be generally limited to in-house desk analysis of claimed costs and incomplete reviews of internal controls (although internal control questionnaires were filled out for some agencies, reviews of these controls were insufficiently detailed and no evidence of testing was noted in this area).

In order to appropriately carry out this effort, fiscal monitoring should include documented testing of internal controls, claimed costs, and compliance with the contract's fiscal requirements.

2. Program Evaluation

Our review of the Department of Human Services (DHS) annual program evaluation disclosed the following:

Many conclusions reached by DHS pertaining to the Multi-service program could not be substantiated because data used as the basis for this evaluation was not verified and appropriately documented. The DHS annual program evaluation report is formulated to measure program accomplishments by allotting scores to various criteria contained within the four following areas: performance of services; quality of services; quality of management; and community support. A maximum of 1,000 points may be achieved for all areas graded. Our examination of the Multi-service program (social service component) evaluation indicated that 864 points were awarded.

An analysis of the DHS grading process revealed that the basic tools utilized for allocating scores in the four areas noted above were two types of contractor reports. The first of which was the program's monthly progress reports concerning service delivery. The second was an interim update report which contained information relative to organizational, demographic, and client related statistical data.

Our examination of these reports and all supplementary material provided to us by the Department relative to the evaluation of this data revealed that information contained within these reports was not tested or verified by DHS staff. In terms of performance of services, this exception was previously noted in our discussion concerning programmatic monitoring. However, in the other three evaluated areas, quality of services, quality of management, and community support, we also had similar findings.

Again we stress our main emphasis put forth in our past management report recommendation pertaining to monitoring of services (included in our September 1978 Management Report on the Audit of DHS Contract Monitoring and Administration) for we believe this is also applicable to all evaluation procedures conducted. In order to effectively evaluate all information provided by the contractor such procedures as sample selection, the extent of the population, and testing procedures should be documented to substantiate conclusions reached. Evaluation should not be made solely on the basis of judging unverified contractor reports.

3. Contract Writing

Our review of contract compliance also disclosed that contract service goals, objectives, and requirements were not precisely defined and sufficiently detailed. In addition, they were not prioritized. As a result it is our opinion that these weaknesses have severely limited monthly service progress reports as a viable tool for evaluating performance and have contributed toward inflating and/or distorting the actual amount of services delivered. Our basis for formulating these conclusions are the following:

(1) Goals and Objectives

The goals and objectives of the Multi-service program contract do not succinctly state what is to be achieved in quantifiable and measurable terms. For the most part, they are stated in a vague and ambiguous manner and dwell on activities to be performed as opposed to expected program results or accomplishment. Some representative examples of objectives which were incorporated within this contract are the following:

THE OBJECTIVES TO BE ACCOMPLISHED DURING THE CONTRACT PERIOD BY THIS PROJECT ARE:

- a. "The purpose of the Advisory Board meetings is to receive input to determine the needs of the communities and the direction to address those needs."
- b. "The Advisory Boards will meet on a monthly basis and their input will be presented at the monthly general assembly meeting of the Chicano Federation."
- c. "Monitor and coordinate the direct delivery service system of the Chicano Federation in order to comply with the monthly, quarterly, and other requirements of the County of San Diego/CAP."

- d. "Document and research legal issues and policies related to affirmative action, discrimination, and related issues such as exists in the County of San Diego, City of San Diego, and similar areas as needed with the result of impacting these policy issues, that impacts the Spanish/Chicano Communities."

We do not believe the above objectives specifically and quantifiably address services to be delivered and expected program accomplishments.

(2) Core Services

Our analysis of this contract also disclosed that primary or core services, included within the program's goals, are not sufficiently or precisely defined. The Multi-service program's two primary goals are the following:

"To provide comprehensive social and legal services in a bilingual/bicultural (Spanish/English) framework so that clients become progressively self-determining and institutions relate to their needs in a more responsive manner." and

"To promote the cultural identity, to improve the social and economic lot of the Spanish speaking people of San Diego County, encouraging clients to fully exercise our political rights and improve our welfare so that we may effectively share with the majority community all rights, privileges and benefits of each person, without discrimination whatsoever, as promised of his/her human right."

We take exception with the definitional framework established within this contract, because "social services" is an ambiguous term which could denote an almost unlimited variety of services. Nowhere within the context of this contract or other supplementary documents attached to it could we find a suitably precise delineation of what specific services are required to be provided under this broad term.

Notwithstanding, our audit of contract service delivery disclosed that with the exception of legal services, most services provided by the Multi-service program could not be classified or grouped under any major social service description, e.g., housing, employment, mental health services, etc. In contrast, they encompassed a wide variety of social service disciplines.

Due to a finite supply of resources, funding, and contractor qualifications, it is our opinion that core contract services should be specifically defined and carried out within these parameters. In this manner, services may be more effectively evaluated by DHS and executed by the contractor.

(3) Service Activities

Per contract provisions, the contractor is required to report on 33 service activities which include 66 variables (two per service activity). The majority of these activities do not specify the type of service delivered, in contrast they are indicative of the actions or means by which a service is delivered. The following are examples of service activities reported on a monthly basis with applicable DHS standardized definitions:

"Information: Giving information to persons on the phone or in person about the agency and its services, or about the services of other agencies."

"Intake Assessment: The determination of the needs and/or capacities of an individual or family, at the time of application, and whether or not the project can provide the service needed, if the individual is eligible for service, and informing the individual of what services project can provide. (If early in the contact it is determined that the project cannot provide needed service, contact becomes referral rather than intake.)"

We take exception with reporting service accomplishments in this manner because of the following:

- (a) This format generally does not provide relevant informational data on core services delivered, rather it provides conglomerated information on actions taken to provide a service. The two examples noted above could pertain to actions taken while providing a legal or any other type of social service. Therefore, when reported, a reviewer of the monthly progress report, for example, cannot readily ascertain the type and number of intakes (admissions of clients into the program) for any type of services provided.

- (b) In addition to the above, we noted that activities are not only recorded and reported by counselors providing services, but also by the contractor's clerical staff. As a result, as many as ten activities were found to be recorded and reported for one client contact, and as many as five were reported due to a ten minute telephone conversation. These examples were found not to be isolated cases, but representative of the majority of information contained on monthly progress reports.

Because this format of reporting services allows such a large degree of leeway in reporting numerous activities for both personal and telephone contacts with clients (regardless of amount of time spent), it is our opinion that information provided inflates and/or distorts the actual amount of services delivered.

B. Chicano Federation

1. Contractor Documentation

- a. Our review of Multi-service program records disclosed that contractor documentation relative to specific services tested could not support figures reported via monthly service reports. Primarily, these would include the following services:

Client intake

Legal advice

Translation/interpretation

Client follow-up

Linkages

For all the above services, we found material exceptions. In general, services were not reported as required per contract specifications and/or documentation did not substantiate that the particular service was delivered.

It is our opinion that inadequate reporting of service resulted primarily because the contractor did not fully understand service activity definitions and the manner in which services should be documented. Also, we noted that in general a uniform approach in recording service delivery was not utilized by all contractor employees.

- b. In addition to our audit of the Multi-service program, Arthur Young and Company's audit of RETC projects disclosed that "administrative procedures were inadequate because they did not document, summarize or insure that the program purposes and description of work to be performed, as defined in the RETC contract, were accomplished."^{12/}

Also, the State of California, Fiscal Management Audit Division, audit findings revealed that "The Enrollment/Termination Summary (report concerning CETA participants) submitted to the CETA Office was unreliable."^{13/} For example:

"The figures reported in the monthly enrollment termination reports, when added, did not agree with the reported "Actual to Date" figure at September 30, 1978.

Furthermore, the September, 1978 report showed 320 participants were terminated for the month, while subgrantee's Termination Worksheet (CETA 12T) for the same month listed 416 terminations."

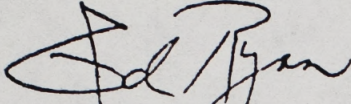
2. Background History-Employment Applications

Arthur Young and Company's examination of RETC participant applications during the eligibility test revealed that some of those applications sampled did not include adequate background history.^{14/} Consequently, the Chicano Federation allowed applicants to be enrolled without obtaining background information to properly place participants in positions that would best benefit them. Since these errors occurred, Arthur Young and Company found that the Chicano Federation does not appear to be in conformance with CFR 29, Section 98.18, maintenance and retention of records.

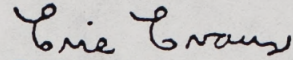
3. Self-Evaluation of Program Performance

Arthur Young and Company also found that the Chicano Federation does not have written procedures to review program performance in relation to goals and objectives.^{15/} In addition, there is no evidence of any self-evaluations performed, or documentation describing procedures thereof. Because of this, the Chicano Federation was unable to evaluate the fulfillment of specific contractual goals and objectives and is not in accordance with CFR 29, Section 98.31(b)(c); P.L. 93 - 203, Section 703(14).

If you have any questions, we will discuss them with you at your convenience.



ED RYAN
Assistant County Auditor



EVIE EVANS
Senior Auditor

A:CG:pao

Attachments

cc: Chief Administrative Officer (A6)
Principal Assistant Chief Administrative Officer (A6)
Director, Office of Management and Budget (A214)
Director, Department of Human Services (D273)
Robert Abel, District Attorney's Office (C16)
Richard Castro, San Diego Regional Employment and
Training Consortium
Hermie Briomes, California Employment Development Dept.
William G. Sage, San Diego City Auditor and Comptroller
Claude Townsend, Associate Director of United Way
National Alliance of Business

APPENDIX B

UNIFIED AUDIT OF CHICANO
FEDERATION OF SAN DIEGO, INC.

RECEIVED
JUN - 5 1979
SAN DIEGO COUNTY GRAND JURY

UNIFIED AUDIT OF CHICANO
FEDERATION OF SAN DIEGO, INC.

RECEIVED
JUN - 5 1979
SAN DIEGO COUNTY GRAND JURY

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COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

DATE June 1, 1979

TO: San Diego County Grand Jury (C40)

FROM: Assistant County Auditor (A5)

SUBJECT: UNIFIED AUDIT OF CHICANO FEDERATION OF SAN DIEGO, INC.

On March 21, 1979 the Grand Jury requested that the Assistant County Auditor perform an audit to determine the Chicano Federation's propriety with respect to managing funds. We are issuing this report in response to that request.

It is our

RECOMMENDATION: That the San Diego County Grand Jury

1. Accept the report of the Assistant County Auditor.
2. Permit the Auditor's office to discuss this report with the auditees.
3. Consider this report in conjunction with your own report and then conclude as to whether you wish to recommend terminating the County's contract with the Chicano Federation.
4. File this report and any responses thereto with the Board of Supervisors for recommended action.

Discussion

Our audit survey indicated that a unified audit of all Chicano Federation funding would provide the Grand Jury a more complete analysis of the management of funds. Secondly, based on discussions and concerns of the Grand Jury we also analyzed current funding source evaluation methods pertaining to the Chicano Federation.

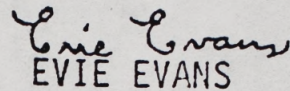
In addition to the above, we have incorporated into this report a comprehensive and unified summary of funding and findings from our audit and all other recent and concurrent audits.

Unified Audit of Chicano
Federation of San Diego, Inc.
Page Two
June 1, 1979

We would like to express our appreciation to the staffs of the Chicano Federation, Arthur Young & Company, District Attorney's Office, Department of Human Services, United Way, RETC and all other funding sources for their time and assistance in this project.



ED RYAN
Assistant County Auditor



EVIE EVANS
Senior Auditor

A:EE:pao

Attachment

cc: Chief Administrative Officer (A6)
Principal Assistant Chief Administrative Officer (A6)
Director, Office of Management and Budget (A214)
Director, Department of Human Services (D273)
Robert Abel, District Attorney's Office (C16)
Richard Castro, San Diego Regional Employment and
Training Consortium
Hermie Briomes, California Employment Development Dept.
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Claude Townsend, Associate Director of United Way
National Alliance of Business

PART I

Executive Summary

to

Unified Audit of Chicano
Federation of San Diego County, Inc.

* * * * *

June 1, 1979

Prepared by:

Assistant County Auditor for
San Diego County Grand Jury

EXECUTIVE SUMMARY

Introduction

We have provided assistance to the Grand Jury in their current investigation of the Chicano Federation of San Diego County Inc. by completing a unified audit of all Chicano Federation funding. While conducting this audit, we coordinated our efforts with this organization's funding sources.

For the most part, our audit covered Fiscal Year 1977-78, however, we did audit several other prior and subsequent project funding periods.

Our primary audit objective was to determine the Chicano Federation's overall propriety with respect to managing funds. A related area of concern was to ascertain whether funding sources have been examining the services provided by the Chicano Federation and to review methods utilized in such evaluations.

Other Audits

In addition to our performance of this audit, recent and concurrent audits of various Chicano Federation Projects were also performed by other audit entities. To provide you with a comprehensive and unified summary of findings resulting from our audit and all others, we have incorporated them into this report.

Conclusion

I. Fiscal

It is our opinion that the Chicano Federation did not properly discharge its fiscal responsibilities nor adequately manage public funds provided. This conclusion is based on the following:

- A. In general, the Chicano Federation did not maintain adequate accounting records and did not employ standard accounting methods. As a result, material amounts of claimed costs were found to be disallowable and/or questionable.
- B. Improper transfers of restricted grant funds were made to and from various fund accounts on numerous occasions.
- C. Per discussion with the District Attorney's office, it appears an illegal short-term loan of public funds was made to an employee by the Chicano Federation. This matter has been referred to the District Attorney for their action.
- D. Fixed assets purchased with public funds were not properly safeguarded and accounted for.

II. Grant Administration

A. County Department of Human Services (DHS)

1. Conclusions reached by DHS staff with respect to the Multi-service program's annual evaluation report could not be substantiated because they were not supported by documentation and were predominantly based on unverified information.
2. Monitoring reviews of Chicano Federation service delivery did not document verification of reported services. (The department has previously conceded the need for improvement in this area. We are aware that the department is trying to finalize changes by 1-1-80.)
3. Written contract services require substantial improvement. Specifically, this would entail prioritizing and precisely defining contract goals, objectives, and service requirements.

B. United Way

Our audit disclosed that the United Way does not evaluate Chicano Federation program services. Primarily, the United Way relies on evaluations performed by other funding sources as a basis for determining program viability.

C. Contractor Compliance with Required Contract Services

Based on the results of tests performed during our audit, we found that services reported by the Chicano Federation's Multi-service program were not sufficiently documented to validate monthly progress reports. Additionally, Arthur Young and Company had similar findings with respect to RETC Projects.

Findings and Recommendations

I. Fiscal

Finding

A material amount of disallowable (\$19,054) and questionable (\$154,595) costs have been disclosed by all audits. Numerous costs were found to be questionable due to improper documentation, unauthorized expenditures and duplicated costs.

Recommendation

1. The Department of Human Services should establish a receivable and collect from the Chicano Federation \$5,578 in disallowed costs. (RETC has also disallowed \$13,476 as of this writing.)

2. Applicable funding sources should determine the ultimate resolution of \$154,595 in questioned costs.

Finding

Our audit findings relative to the Chicano Federation's overall accounting records and procedures disclosed that effective management control has not been exercised with regard to grant fiscal requirements.

Specific deficiencies were disclosed in the following areas:

1. Documentation of Costs.
2. Cost accounting methods.
3. Journalization of costs.
4. Budgetary controls.

Recommendation

The Chicano Federation should establish and maintain appropriate accounting records and procedures which conform with grant requirements.

Finding

Interfund cash transfers were very prevalent between all functional program accounts. This activity should be eliminated because it is prohibited by various funding source grant provisions and jeopardizes project goals and objectives.

Recommendation

The Chicano Federation should eliminate interfund cash transfers between functional programs in order to use grant funds as authorized and required by grant provisions.

Finding

A personal short-term loan of \$11,000 (subsequently repaid) was made to a Chicano Federation employee through County and City project fund accounts. This transaction not only violates the terms and intent of the contracts, but it appears an illegal use of public funds according to the District Attorney.

Recommendation

The Chicano Federation should discontinue the practice of lending public funds to employees.

Finding

Salary advances were given to various Chicano Federation employees on numerous occasions.

Recommendation

The Chicano Federation must discontinue this practice in order to provide more effective safeguards of public funds and strengthen internal control.

Finding

An adequate plan of allocating indirect costs to funding sources was not established. Consequently, they could not be substantiated and \$79,903 has been questioned as a result.

Recommendation

The Chicano Federation should establish and submit for approval Fiscal Year 1977-78 and Fiscal Year 1978-79 indirect cost allocation plans in order to determine the propriety of questionable administration costs.

Finding

Proper management planning has not been exercised with regard to leases and space utilization. Subsequent to December 15, 1978, (termination of RETC contract) a leased building has been substantially underutilized because expected new programs did not materialize.

We also found that the main office (Barrio Logan Center) was 30% underutilized based on County space standards.

Recommendation

The Chicano Federation should avoid entering into long term building leases without ensuring that space will be adequately utilized for program purposes and that funding sources have previously agreed to pay for associated liabilities incurred.

Finding

The Chicano Federation does not possess a complete and adequate system for recording and identifying fixed assets purchased with grant funds. A majority of fixed assets are not tagged, written procedures are not established, and a fixed asset listing has not been drafted.

Security of fixed assets also required substantial improvement. An unattended building containing assets was found to be unlocked; Barrio Logan's electrical burglary system was not functioning; and stolen equipment has not been reported to appropriate authorities.

In addition, we found that methods of disposing of fixed assets could be improved. We noted that two trucks (1972 Ford and 1962 Chevrolet) used in renovation projects were sold to former employees for \$1.00 each.

Recommendation

The Chicano Federation should accomplish the following relative to fixed assets purchased with public funds:

1. Maintain and establish adequate inventory procedures.
2. Improve security of buildings and equipment.
3. Dispose of fixed assets in a proper manner.

II. Grant Administration

Finding

Department programmatic monitoring of Multi-services program was inadequate. Service record verifications and confirmation of services were not accomplished.

Also, fiscal reviews performed by DHS were inadequate. These reviews were found to be generally limited to an in-house desk analysis of claimed costs and incomplete reviews of internal controls.

The department has previously conceded the need for improvement in this area. From our followup of previous audits we are aware that the department is reorganizing its efforts in this area. They are trying to finalize change in this area by 1-1-80.

Recommendation

DHS should ensure that programmatic and fiscal on-site monitoring is performed on a frequent and systematic basis.

Finding

Many conclusions reached by DHS on their annual program evaluation of Multi-service could not be substantiated because data used as the basis for this evaluation was not verified and appropriately documented.

Recommendation

DHS should ensure that conclusions reached through the annual program evaluation are based on data which is supported by documented record verifications.

Finding

Written contract service goals, objectives, and requirements were not precisely defined and sufficiently detailed. In addition, they were not prioritized. As a result it is our opinion that these weaknesses have severely limited monthly service progress reports as a viable tool for evaluating performance and have contributed toward inflating and/or distorting the actual amount of services delivered.

DHS should improve written contract services by prioritizing and precisely defining contract goals, objectives, and service requirements.

Finding

Chicano Federation documentation relative to specific services tested could not support figures reported via monthly service reports.

Also, Arthur Yound and Company's audit of RETC projects disclosed that "administrative procedures were inadequate because they did not document, summarize or insure that the program purposes and description of work to be performed, as defined in the RETC contract, were accomplished."

Recommendation

Chicano Federation should improve basic record keeping standards relative to programmatic requirements in order to increase accuracy when reporting services delivered.

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
 4% GOVERNOR'S SPECIAL GRANT
 FEDERAL GRANT NO. 06-5001-18
 CONTRACT NO. 7500-1321
 SUMMARY SCHEDULE OF QUESTIONABLE COSTS
 FROM NOVEMBER 1, 1975 TO SEPTEMBER 30, 1976

<u>Cost Category</u>	<u>Total Amount questioned</u>	<u>Supporting Exhibit</u>
Administration	\$1,813.89	I-A
Allowances	-0-	
Wages	-0-	
Fringe Benefits	-0-	
Training	-0-	
Services	<u>3,116.10</u>	I-A
Total	<u><u>\$4,929.99</u></u>	

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
 4% GOVERNOR S SPECIAL GRANT
 FEDERAL GRANT NO. 06-5001-18
 CONTRACT NO. 7600-1321
 DETAILED SCHEDULE OF QUESTIONABLE EXPENDITURES
 FROM NOVEMBER 1, 1975 TO SEPTEMBER 30, 1976

Administration

1. Accounting

\$900.00 of accounting fees were questioned because they were not budgeted. Of the \$900.00 questioned, \$250.00 paid by the program to Chicano Federation was not supported.

\$900.00

2. Airfare and ground transportation expenses incurred for two trips to Sacramento were questioned because these trips were not necessary for the administration of the CETA 4% program.

151.00

3. Duplicating expenses in excess of the budgeted amount were questioned. (\$747.89 less \$80.00 budget less \$8.00, 10% flexibility)

659.89

Reported data processing expenses were questioned because these were not budgeted.

103.00

Administration

\$1,813.89

Services

Staff salaries were questioned because amounts of voided checks and salary charges were included, and one payroll period salary was overstated:

Check #	Date	Employee	Voided Checks	Duplicate Charges	
1151	8-15-76	T. Boucon	\$ 108.38		\$ 108.38
1152	8-15-76	I. Duron	446.04		446.04
1153	8-15-76	D. Fierro	531.62		531.62
1156	8-15-76	R. Tato	447.13		447.13
1157	8-15-76	R. Lograsso	372.84		372.84
170	7-16-76	D. Fierro		\$ 562.50	562.50
171	7-16-76	R. Lagrasso		393.80	393.80
175	7-16-76	R. Tato		472.50	472.50
174	7-16-76	T. Boucon		125.00	125.00
172	7-16-76	I. Duron		472.50	472.50
			<u>\$1,906.01</u>	<u>\$2,026.30</u>	<u>\$3,932.31</u>

Overstatement of Pay Period Ended 8-31-76

183.79

4,116.10

Less Subgrantee's Adjustment for Voided Checks

(1,000.00)

Services

\$3,116.10

STATE OF CALIFORNIA
AUDIT REPORT FOR
GOVERNOR'S SPECIAL GRANT
FEDERAL GRANT NO. 06-7001-18
CONTRACT NO. 7700-3629
TO CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

SCOPE

We have examined Schedules A, B, and C, which summarize reported financial results and cash position of Subgrant #7700-3629 for the period April 1, 1977 to September 30, 1979. The subgrant was awarded by the Employment Development Department to Chicano Federation of San Diego County, Inc., for the period 1977 to 1979, in the amount of \$122,378.00.

Our examination was made in accordance with the CETA Financial and Compliance Audit Guide and the provisions of the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions," promulgated by the Comptroller General, which pertain to financial and compliance audits. Our examination included such tests of the accounting and program records and other such auditing procedures as we considered necessary in the circumstances. The last day of field work was on January 12, 1980.

The aforementioned Schedules have been prepared by the subgrantee, in accordance with the Federal Standards for Grantee Financial Management Systems (Federal Management Circular 74-7), in conformity with the CETA Regulations; therefore, the reports do not present either the financial results of operations or financial position in conformity with generally accepted accounting principles.

Auditors' Exhibit I lists \$7,097.75 in questioned costs disclosed by our audit sampling. The final determination as to whether these costs will be allowable or unallowable will be made by the Office of the Governor-Governor's Special Grants.

OPINION

In our opinion, subject to any effects of the ultimate resolution of questioned costs, the Schedules A, B, and C present fairly the financial results of operations and CETA cash position in accordance with the Standards for Grantee Financial Management Systems (Federal Management Circular 74-7) in conformity with the CETA Regulations.

REVIEW OF INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROL

As a part of our examination, we made a study of the system of internal accounting and administrative control to the extent we considered necessary to evaluate the system as required by the CETA Audit Guide.

The objective of internal accounting and administrative control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any internal and administrative accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures, whose effectiveness depends upon segregation of duties, can be circumvented intentionally by management with respect to the estimates and judgment in the preparation of financial statements. Further, projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal accounting and administrative control for the period April 1, 1977 to September 30, 1978 would not necessarily disclose all weaknesses in the system. In our opinion, the internal accounting and administrative control procedures are not in general agreement with procedures prescribed by Federal Regulations and the Department of Labor CETA guidelines, which have been determined to be adequate for accountability of assets and compliance with regulations. Specific details are provided in the Findings and Recommendations which follow.

This report is intended for use in connection with the administration of the CETA grant to which it refers and should not be used for any other purpose.

FINDING

1. CETA 4% funds totaling \$4,000.00 were transferred to subgrantee's Multi-Service and United Way accounts, and were used for non-CETA 4% purposes.
 - a. The amounts were loaned to these programs to pay for their monthly expenses until they received reimbursements from their funding source.
 - b. These improper transfers were outstanding from October 31, 1978 until January, 1979. The program terminated September 30, 1978.
 - c. The practice of using CETA 4% funds for non-program purposes subjected the funds to potential risks. In the event that the funding sources (of the program for which the money was used) could not reimburse

Chicano Federation for those expenses, CETA 4% loans would end up being uncollectible accounts, unless Chicano Federation secures funds from other sources.

- d. Federal Management Circular 74-7, Attachment G, 20 states, "Grantee financial management systems shall provide for effective control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes."

In future programs, we recommend subgrantee not transfer funds between

programs and utilize funds for authorized grant purposes only.

FINDINGS

1. \$7,137.75 miscellaneous costs reported are not CETA 4% related and authorized, and are questioned, as follows:

- a. Consultant fees charged to miscellaneous service cost and miscellaneous administrative cost in the amount of \$2,311.00 and \$653.00, respectively, (\$2964.00 total) were not a reasonable and necessary cost to administer the CETA 4% program.

(1) These charges were for programming the job skills bank computer.

(2) This job skills bank was not used for the program.

(3) Page 26 of the contract states... "Through its efforts, the Chicano Federation was able to obtain computer time on a donated basis.

The Dan Diego Gas and Electric Company was so enthused about the proposed program that they have made available two (2) programmers to assist and develop the system."

b. Subgrantee's review procedure in certifying and approving the Business Liaison Officer's mileage claims was inadequate, resulting in an overstatement of mileage. For example, round trip travel between Chicano Federation and EDD (Front & Ash Streets) is approximately ten miles; however, the Business Liaison Officer claimed 78 miles. In another instance, mileage claim to Sea World was 67 miles when actual mileage is no more than 40 miles. We could not place any reliance on the claims as well as the subgrantee's internal control for mileage claims; therefore, we are questioning all his travel claims totaling \$2,895.75.

c. ~~\$110.14 to repair two (2) IBM typewriters used in other programs were~~
erroneously charged to this program.

d. Out-of-area travel totaling \$937.05 by the Program Director (D. Fierro) and Recruitment Supervisor was not in conjunction with the CETA 4% program. Furthermore, travel outside San Diego County was not authorized in the contract budget.

e. A non-CETA 4% member of subgrantee testified before the Energy Commission in Sacramento and one-half of his expenses (\$65.81) were charged to this program. The expenses incurred were not CETA 4% related.

f. \$25.00 of bank charges for non-sufficient funds are unallowable under the CETA Federal regulation.

g. \$120.00 payments for training of four (4) staff members were not supported.

We recommend:

a. CETA-0 disallow expenditures that were not authorized and not CETA 4% related.

Chicano Federation for those expenses, CETA 4% loans would end up being uncollectible accounts, unless Chicano Federation secures funds from other sources.

- d. Federal Management Circular 74-7, Attachment G, 20 states, "Grantee financial management systems shall provide for effective control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes."

In future programs, we recommend subgrantee not transfer funds between programs and utilize funds for authorized grant purposes only.

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1. \$7,137.75 miscellaneous costs reported are not CETA 4% related and authorized, and are questioned, as follows:

- a. Consultant fees charged to miscellaneous service cost and miscellaneous administrative cost in the amount of \$2,311.00 and \$653.00, respectively, (\$2964.00 total) were not a reasonable and necessary cost to administer the CETA 4% program.

(1) These charges were for programming the job skills bank computer.

(2) This job skills bank was not used for the program.

(3) Page 26 of the contract states... "Through its efforts, the Chicano Federation was able to obtain computer time on a donated basis.

The San Diego Gas and Electric Company was so enthused about the proposed program that they have made available two (2) programmers to assist and develop the system."

b. Subgrantee's review procedure in certifying and approving the Business Liaison Officer's mileage claims was inadequate, resulting in an overstatement of mileage. For example, round trip travel between Chicano Federation and EDD (Front & Ash Streets) is approximately ten miles; however, the Business Liaison Officer claimed 78 miles. In another instance, mileage claim to Sea World was 67 miles when actual mileage is no more than 40 miles. We could not place any reliance on the claims as well as the subgrantee's internal control for mileage claims; therefore, we are questioning all his travel claims totaling \$2,595.75.

c. ~~\$110.14 to repair two (2) IBM typewriters used in other programs were erroneously charged to this program.~~

d. Out-of-area travel totaling \$937.25 by the Program Director (D. Fierro) and Recruitment supervisor was not in conjunction with the CETA 4% program. Furthermore, travel outside San Diego County was not authorized in the contract budget.

e. A non-CETA 4% member of subgrantee testified before the Energy Commission in Sacramento and one-half of his expenses (\$65.81) were charged to this program. The expenses incurred were not CETA 4% related.

f. \$25.00 of bank charges for non-sufficient funds are unallowable under the CETA Federal regulation.

g. \$120.00 payments for training of four (4) staff members were not supported.

We recommend:

a. CETA-0 disallow expenditures that were not authorized and not CETA 4% related.

- 6
- b. The \$1,895.75 travel claims be disallowed, unless subgrantee can prove that the mileage claims are not overstated.

FINDING

3. The "Enrollment Termination Summary" submitted to CETA-Office was unreliable.

- a. The figures reported in the monthly enrollment/termination reports, when added, did not agree with the reported "Actual to Date" figures as September 30, 1978.

- b. Furthermore, the September, 1978 report showed 310 participants were terminated for the month, while subgrantee's Termination Worksheet (CETA 12T) for the same month listed 416 terminations.

6

We recommend that the subgrantee correct enrollment/termination information for the grant period and submit the correction to the CETA Office.

GOVERNOR'S SPECIAL GRANT (TITLE I)

GRANTEE'S NAME AND ADDRESS

Chicano Federation of San Diego Co, Inc.
 1960 National Avenue
 San Diego, CA 92113

GRANT # 7700-3629

Period Covered by Grant

From 4/1/77 To 9/30/78

Amount of Grant \$ 182,378.00

CASH RECEIVED

SCHEDULE A

Date received	AMOUNT
April, 1977	\$ 15,000.00
May, 1977	9,801.18
June, 1977	5,310.88
September, 1977	19,775.00
October, 1977	10,410.85
November, 1977	21,440.50
December, 1977	20,400.00
February, 1978	10,500.00
April, 1978	1,768.59
May, 1978	26,000.00
July, 1978	10,000.00
August, 1978	20,000.00
September, 1978	11,971.00

Total received

Less:

B) Cash (check) returned with closeout package

\$5,226.09

C) Total Accrued Expenditures, Program Year to Date

\$177,151.91

(A) \$ 182,378.00

Cash to be Refunded or

Cash to be Paid Subgrantee (Circle One)

Total B + C 182,378.00

SCHEDULE B

SCHEDULE C

A - (B + C) \$ -0-

Total Accrued Expenditures by Cost Category

1. Administration	\$ 43,194.49
2. Allowances	
3. Wages	
4. Fringe Benefits	
5. Training	
6. Services	133,957.42
7. Total Program	\$ 177,151.91

Total Accrued Expenditures by Program Activity

1. Classroom Training	\$
Vocational Education/Others	
2. On-the-Job Training	
3. Work Experience	1) 177,151.91
4. Services-Participants	
5. Other Activities	
6. Public Service Employment	
7. Total Program	\$ 177,151.91

APPROVED BY STATE CETA-O:

Robert H. Mann

SIGNATURE

Angerica - Field Staff

TITLE

12/21/78

DATE

APPROVED BY SUBGRANTEE'S AUTHORIZED REPRESENTATIVE:

Jose Moreno

SIGNATURE

ACTING Executive Director

TITLE

11-20-78

DATE

1) This amount is improperly classified; it should be "Services-Participants."

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
 4% GOVERNOR'S SPECIAL GRANT
 FEDERAL GRANT NO. 06-7001-18
 CONTRACT NO. 7000-3629
 SUMMARY SCHEDULE OF QUESTIONABLE COSTS
 FROM APRIL 1, 1977 TO SEPTEMBER 30, 1978

<u>Cost Category</u>	<u>Total Amount Questioned</u>	<u>Supporting Exhibit</u>
Administration	\$ 350.95	I-A
Allowances	-0-	
Wages	-0-	
Fringe Benefits	-0-	
Training	-0-	
Services	<u>6,233.80</u>	I-A
Total	<u>\$7,087.75</u>	ON APPENDIX B-3

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
 47. GOVERNOR'S SPECIAL GRANT
 FEDERAL GRANT NO. 06-7001-10
 CONTRACT NO. 7700-2629
 DETAILED SCHEDULE OF QUESTIONABLE EXPENDITURES
 FROM APRIL 1, 1977 TO SEPTEMBER 30, 1978

Administration

Miscellaneous Administrative Cost

- | | |
|--|-----------|
| 1. Consultant fees were questioned because the services were not of a benefit to the program. (See finding 2a) | \$ 653.95 |
| 2. IBM typewriter repairs for \$110.14 were questioned because these typewriters were not used for the CETA 47 program. | 110.14 |
| 3. Air fare and per diem expense for \$65.81 was questioned because the purpose of the trip did not relate to the program. | 65.81 |
| 4. Bank charges for non-sufficient funds were questioned because they are unallowable under the CETA Federal regulation. | 25.00 |

Administration \$ 853.95

Services

- | | |
|---|------------|
| 1. Consultant fees were questioned because the services performed did not benefit the program. (See Finding 2a) | \$2,311.00 |
| 2. \$120.00 were charged for staff (4) training; this cost was questioned because there was no supporting documentation. | 120.00 |
| 3. \$2,895.75 in mileage claimed by Business Liason Officer was questioned because his claims were overstated. (See Finding 2b) | 2,895.75 |
| 4. Out-of-area travel expenses totaling \$907.05 was questioned because the trips were not in conjunction with the CETA 47 program and were not authorized in the contract. | 907.05 |

Total \$6,233.80



CHICANO FEDERATION

SAN DIEGO COUNTY, INC

1960 NATIONAL AVE., SAN DIEGO, CA 92113 (714) 236-1228

3-30-79

M. David Takesue
 Employment Development Department
 Fiscal Management Audit Division
 300 Capitol Mall #10378
 Sacramento, CA 95833

Dear Mr. M. David Takesue:

This letter is in response to your audit findings presented to my office on February 13, 1979. I have tried to present my comments in two sections, one as it relates to contract number 7600-1321, and the other as it relates to contract number 7700-3629.

I. Contract Number 7600-1321

FINDING

A. Concurrence in audit findings:

1. Our organization does need to submit a corrected report.
2. We do need to refund the state \$151 in air fare, but I do not agree that it was not CETA related. I will agree that it should be disallowed on the basis that our organization did not request prior state approval on this travel expense.

B. Non-concurrence in audit findings:

1. I do not believe that there were actual duplicate charges for some staff salaries as is indicated, and I am fairly confident that a more detailed reconciliation of our records by our Controller would bear this true. If this would not be born out as true, than there would be no other alternative but for our organization to reimburse the state for those charges.

2. Charges for accounting services, duplicating costs, and data processing services should be accepted as allowable expenses. The proper documentation for these charges could be submitted to your office if allotted the time that I will be requesting.

II. Contract Number 7700-3629

A. Concurrence in audit findings:

1. Charges of \$110.14 for repair of two IBM typewriters were charged erroneously.
2. Out of area travel in the amount of \$907.05 should have had prior state authorization.
3. Charges of \$65.80 as it related to the testimony at the Energy Commission should not have been authorized.
4. \$25 for bank charges should be disallowed.



CHICANO FEDERATION

SAN DIEGO COUNTY, INC

1960 NATIONAL AVE., SAN DIEGO, CA 92113 (714) 236-1228

B. Non-concurrence in audit findings:

- #2.a. 1. Consultant fees for programming costs as it relates to the job skills bank computer should be allowed. I am still in the process of gathering all the appropriate documentation in order to justify these expenditures.
- #2.b. 2. Travel claims for Mr. Don Brady should be allowed. I have had contact with Mr. Brady as it relates to this matter, and he has indicated that he would provide the best assessment possible to other locations visited. He is currently employed in another company and is no longer an employee of the Chicano Federation, and it does make it a bit more difficult for me to encourage him to submit the requested information in a more expedient manner.
- #3 3. I do concur that our reports to the state need to reflect what was actually accomplished during the contract periods so indicated.

I want to apologize for the delay in my response to our exit conference on the audit findings for our prior programs. I have tried to the extent possible to respond to the findings that you did present to my office. I have found myself as well as some of my work associates in a very difficult and trying situation over the past several months. I have had a staff turnover in the past month that has impacted the amount of time allotted in trying to respond to your audit findings. In fact, I would like for your office to consider an extension in the amount of time that could be allowed for our organization to respond to your audit findings. We as an organization are under going a Grand Jury investigation by the County of San Diego, and in the past several weeks both my office and that of our Controllers has been over whelmed with the amount of work and information that has been requested of us as a direct or indirect result of the County Grand Jury investigation. We currently have a private auditing firm doing a comprehensive review of all our current and prior programs for the past three years, and for whatever reason it has not allowed or afforded neither Mr. Belisario, our Controller nor I the added time to concentrate giving your office the sufficient time to respond to your audit findings.

I would extremely appreciate your whole hearted attention on this request, and feel free to go ahead and give me a call if you have any questions.

Atentamente,

cc [signature]
Jose Moreno

Executive Director (Interim)

cc. Finance Committee
Board of Directors

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
4% GOVERNOR'S SPECIAL GRANT
FEDERAL GRANTS NO. 06-5001-18 AND 06-7001-18
CONTRACTS NO. 7600-1321 AND 7700-3629

AUDITORS' COMMENTS TO SUBGRANTEE'S RESPONSE

FINDING NO.

CONTRACT NO. 7600-1321

1. Subgrantee concurred.
2. The \$1,662.89 unbudgeted/over the budget expenditures remain questioned.

The contract specified that reimbursement for each budget line item expense shall not exceed ten percent of the amount budgeted for said expense specified in the budget.

(NOTE: \$250.00 of the \$900.00 unbudgeted accounting services was not supported.)

- a. Subgrantee agreed that the \$151.00 be refunded to State CETA-Office.
- b. Auditors' Exhibit 1-A identifies the check numbers and the amounts comprising the \$3,116.10 overstatement of reported wages. The subgrantee, at the exit conference and in the response, did not provide any supports to show that these were not overstatements.

FINDING NO.

CONTRACT NO. 7700-3629

1. Subgrantee did not respond to the finding.
2. a. The payments for programming costs remain questioned, and unless the subgrantee provides sufficient justification for the expenditures, they should be disallowed.

CONTRACT NO. 7700-3629 (CONT.)

b. The mileage claims remain questioned. Based on the information shown in the claims, i.e., starting point, destination, speedometer readings, and total miles, the claimed mileage was overstated.

c. Subgrantee agreed with the findings.

d. " " " "

e. " " " "

f. " " " "

3. Subgrantee concurred with the finding.

CONTENTS

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Schedule A - Status of federal cash

Schedule B - Statement of accrued costs

Schedule C - Statement of accrued costs by program activity

Note to statements

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I-a - Detailed schedule of questioned costs

Report of internal accounting and administrative controls

Appendix

Schedule I - Summary of judgmental sampling

Schedule II - Schedule of exit conference

ARTHUR YOUNG & COMPANY

110 WEST A STREET - SUITE 1400
SAN DIEGO, CALIFORNIA 92101

San Diego Regional Employment
and Training Consortium

We have examined the accompanying statements of status of federal cash, accrued costs and accrued costs by program activity of subgrant No. 0200-60-701 awarded to the Chicano Federation of San Diego County, Inc. under the Comprehensive Employment and Training Act (CETA) Title VI for the year ended June 30, 1978. Our examination was made in accordance with generally accepted auditing standards, The CETA Financial and Compliance Audit Guide and the provisions of "Standards for Audit of Governmental Organizations, Programs, Activities and Functions," promulgated by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in the note to the statements, the statements mentioned above have been prepared in accordance with the Federal Standards for Grantee Financial Management Systems in conformity with CETA Regulations; therefore, the accompanying statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with regulatory agencies and is not intended for any other purposes.

As a result of our examination, and as more fully described in Exhibits I and I-a, certain program costs have been listed as questioned costs. The final determination as to whether such costs will be allowable under the individual contracts will be made by the San Diego Regional Employment and Training Consortium (RETC).

SUMMARY

<u>Month</u>	<u>Amount</u>
April	\$ 901.32
May	2,277.54
June	3,377.77
July	1,279.45
August	1,495.08
Sept. thru Dec.	<u>1,546.68</u>
TOTAL	\$10,877.84

ATTACHMENT II

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
COMPREHENSIVE EMPLOYMENT AND TRAINING SUBAGENT
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

SUBGRANT NO. 0200-60-701

(TITLE VI)

STATEMENTS

YEAR ENDED JUNE 30, 1978

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ARTHUR YOUNG & COMPANY

ARTHUR YOUNG & COMPANY

110 WEST A STREET - SUITE 1400
SAN DIEGO, CALIFORNIA 92101

San Diego Regional Employment and Training Consortium

We have examined the accompanying statements of status of federal cash, accrued costs and accrued costs by program activity of subgrant No. 020-101 awarded to the Chicano Federation of San Diego County, Inc. under the Comprehensive Employment and Training Act (CETA) Title VI for the period January 9, 1978 through September 30, 1978. Our examination was made in accordance with generally accepted auditing standards, The CETA Financial and Compliance Audit Guide and the provisions of "Standards for Audit of Governmental Organizations, Programs, Activities and Functions," promulgated by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in the note to the statements, the statements mentioned above have been prepared in accordance with the Federal Standards for Grantee Financial Management Systems in conformity with CETA Regulations; therefore, the accompanying statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with regulatory agencies and is not intended for any other purposes.

As a result of our examination, and as more fully described in Exhibits I and I-a, certain program costs have been listed as questioned costs. The final determination as to whether such costs will be allowable under the individual contracts will be made by the San Diego Regional Employment and Training Consortium (RETC).

In our opinion, subject to the effects, if any, of the ultimate resolution of the questioned costs mentioned in the preceding paragraph, the statements mentioned above present fairly the status of federal cash, accrued costs and accrued costs by program activity of the Chicano Federation of San Diego County, Inc., under CETA Title VI for the year ended June 30, 1978 on the basis of accounting described in Note 1.

Our examination has been made for the purpose of expressing an opinion on the financial statements mentioned above. The accompanying exhibits are presented for analysis purposes and are not necessary for a fair presentation of the financial information referred to in the preceding paragraph. They have been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, subject to the effects, if any, of the ultimate resolution of the questioned costs in the second preceding paragraph, are fairly stated in all respects material in relation to the financial statements taken as a whole.

Our examination included a study of the systems of internal accounting and administrative controls to the extent we considered necessary to evaluate the systems in accordance with generally accepted auditing standards and the CETA Audit Guide. The objectives and limitations of such studies are more fully explained in the accompanying report of internal accounting and administrative controls.

Arthur Young & Company

May 3, 1979

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 0200-60-701

STATUS OF FEDERAL CASH

YEAR ENDED JUNE 30, 1978

Cash on hand, July 1, 1977	\$ -
Increases:	
Federal cash received	285,984
Decreases:	
Cash disbursements	<u>271,729</u>
Cash on hand, June 30, 1978	<u>\$ 14,255</u>

See accompanying note.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 0200-60-701

STATEMENT OF ACCRUED COSTS

YEAR ENDED JUNE 30, 1978

<u>Cost Category</u>	<u>Program Budget</u>	<u>Cash Disbursements</u>	<u>Accruals</u>	<u>Total</u>
Administration	\$ 26,000	\$ 20,676	\$5,609	\$ 26,285
Wages	216,672	214,805	-	214,805
Fringe benefits	<u>43,334</u>	<u>36,248</u>	<u>-</u>	<u>36,248</u>
	<u>\$286,006</u>	<u>\$271,729</u>	<u>\$5,609</u>	<u>\$277,338</u>

See accompanying note.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 0200-60-701
STATEMENT OF ACCRUED COSTS BY PROGRAM ACTIVITY
YEAR ENDED JUNE 30, 1978

<u>Program Activity</u>	<u>Accrued Costs</u>	<u>Program Budget</u>
PSE		
Wages	\$214,805	\$216,672
Fringe benefits	36,248	43,334
Other	<u>26,285</u>	<u>26,000</u>
	<u>\$277,338</u>	<u>\$286,006</u>

See accompanying note.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 0200-60-701

NOTE TO STATEMENTS

June 30, 1978

Basis of presentation

The accompanying statements of status of federal cash, accrued costs and disbursements by program activity have been prepared in accordance with the Federal Standards for Grantee Financial Management Systems in conformity with Comprehensive Employment and Training Act (CETA) Regulations; therefore, such statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with regulatory agencies for use in connection with the CETA program to which it refers and is not intended for any other purposes.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 0200-60-701
SUMMARY SCHEDULE OF QUESTIONED COSTS
YEAR ENDED JUNE 30, 1978

<u>Cost Category</u>	<u>Amount Questioned</u>	<u>Supporting Exhibit</u>
Administration	Undeterminable	I-a
Wages	Undeterminable	I-a
Fringe benefits	Undeterminable	I-a

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 0200-60-701
REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS
YEAR ENDED JUNE 30, 1978

As part of our examination, we made a study of the system of internal accounting and administrative control to the extent we considered necessary to evaluate the system as required by the CETA Audit Guide.

The objective of internal accounting and administrative control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are limitations that should be recognized in considering the potential effectiveness of any system of internal and administrative accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 0200-60-701
REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS
YEAR ENDED JUNE 30, 1978

Our study and evaluation of the system of internal accounting and administrative control for the year ended June 30, 1978 would not necessarily disclose all weaknesses in the system. In our opinion, the internal accounting and administrative control procedures are in general agreement with procedures prescribed by Federal Regulations and the Department of Labor CETA guidelines, except as indicated in the following paragraphs.

The following recommendations are made based on our study of internal accounting and administrative control procedures of the Chicano Federation of San Diego County, Inc. ("CFSD" hereafter). The purpose of these recommendations is to assist management in implementing procedures that would aid the overall operation of the organization.

PROGRAM ADMINISTRATION

Condition - CFSD's administrative procedures were inadequate because they did not document, summarize or insure that the program purposes and description of work to be performed, as defined in the RETC contract, were accomplished.

Cause - CFSD did not establish adequate administrative procedures or maintain adequate records of work performed.

Effect - The administrative records do not adequately describe the work performed or demonstrate that the project purposes, as defined in the RETC contract, were achieved.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 0200-60-701
REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS
YEAR ENDED JUNE 30, 1978

Criteria - Adequate documentation is required in order to comply with CETA regulations and the specific provisions of the RETC contract.

Conclusion - CFSD's administrative procedures were inadequate.

Recommendation - It is recommended that CFSD develop administrative procedures and adequately document the execution of the procedures, to insure the accomplishment of the RETC contract terms.

FINANCIAL MANAGEMENT

Condition - CFSD's cost accounting procedures were inadequate because they did not document, summarize, or control costs of specific project tasks.

Cause - CFSD did not maintain any separate accounting records that allow a summarization of each project's costs including labor from time and attendance records.

Effect - Documentation for Financial Activity Reports and internal budget evaluations contained no cost accounting support.

Criteria - Adequate financial management accounting is required in order to comply with CFR 29, Part 98, Subpart A, Section 98.5, and Federal Management Circular 74-7, Attachment G.

Conclusion - CFSD did not maintain adequate accounting records for costs of project tasks to provide financial management in accordance with applicable requirements.

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TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
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AND ADMINISTRATIVE CONTROLS
YEAR ENDED JUNE 30, 1978

Recommendation - It is recommended that CFSD develop a separate cost accounting record for project tasks - both as to expenditures and budget. These separate records should be updated weekly and summarized to provide adequate support for financial reports, general financial management of funds, and provide documentation of the use of funds.

NON-CETA USE OF CETA FUNDS

Condition - CFSD used funds received from RETC for programs other than CETA programs.

Cause - CFSD frequently made cash advances to non-CETA programs.

Effect - CFSD would use RETC grant funds for non-CETA expenditures in anticipation of repayment. This practice could jeopardize CETA program activities. However, all such advances had been repaid by June 30, 1978.

Criteria - CFSD is not in compliance with FMC 74-7, Attachment G.

Conclusion - CFSD expended CETA grant funds for other than authorized purposes.

Recommendation - CFSD should use CETA grant funds for authorized purposes only.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 0200-60-701
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YEAR ENDED JUNE 30, 1978

ALLOCATED COSTS

Condition - The basis utilized by CFSD to arrive at amounts of costs charged to the program as an allocation of administrative and fiscal service was not adequately supported. CFSD did not have an approved indirect cost allocation plan incorporated in the budget or contract agreement.

Cause - CFSD's position was that as long as costs allocated to the program appeared reasonable and were within budget guidelines, they could be charged to the program; therefore, a monthly budgeted amount was charged to the program.

Effect - Propriety of the allocated costs to the program cannot be determined in the absence of supporting documentation detailing the basis on which the allocated costs were calculated.

Criteria - CFSD's accounting records are not maintained in accordance with CFR 29, Part 98, Subpart A, Section 98.12, and Federal Management Circular 74-4, Attachment A.

Conclusion - The reasonableness of costs charged cannot be determined and are, therefore, questioned.

Recommendation - Expenditures allocated to the program on an indirect basis and not specifically authorized under a properly approved plan by RETC, as per FMC 74-4, should be documented with the necessary support indicating the basis on which amounts charged to the program were computed or derived.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 0200-60-701

REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

YEAR ENDED JUNE 30, 1978

EQUIPMENT, CLOTHING AND PERSONAL TOOLS RECORDS

Condition - Detailed records of CETA equipment, clothing and personal tools are not maintained by CFSD.

Cause - Procedures utilized by CFSD did not call for documentation of location, use and disposition of the property.

Effect - Adequate control over equipment, clothing and personal tools is not maintained.

Criteria - It appears CFSD is not in compliance with Federal Management Circular 74-7, Attachment N, regarding property management standards.

Conclusion - Records necessary to effectively control purchases, maintenance and sales or other dispositions of equipment, clothing or personal tools are not properly maintained and accordingly, certain of these costs are questioned.

Recommendation - Equipment records should be implemented showing proper documentation as required by Federal Management Circular 74-7, Attachment N. The disposition of clothing and personal tools to employees after six months of service should be documented by CFSD and certified by an employee receipt.

SUPPORTING DOCUMENTATION

Condition - Portions of expenses claimed for out of town travel, professional services and rent were not based upon adequate documentation.

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AND ADMINISTRATIVE CONTROLS
YEAR ENDED JUNE 30, 1978

Cause - CFSD's system of documentation of the expenses was inadequate.

Effect - Portions of the expenses above could not be supported.

Criteria - CFSD's accounting records are not maintained in accordance with CFR 29, Part 98, Subpart A, Section 98.5, and FMC 74-7, Attachment G.

Conclusion - A portion of expenses claimed by CFSD for out of town travel, professional services and rent are unsupported and, accordingly, are questioned due to lack of supporting documentation.

Recommendation - CFSD should utilize a system which effectively controls documentation for expenses claimed. Such documentation should also relate to purpose of expenditure to an appropriate program activity or objective.

BACKGROUND HISTORY

Condition - Our examination of participants' applications during the eligibility test revealed that some of those applications sampled did not include adequate background history.

Cause - CFSD processed applications which were not complete.

Effect - CFSD has allowed applicants to be enrolled without obtaining background information to properly place participants in positions that would best benefit them.

Criteria - CFSD does not appear to be in conformance with CFR 29, Section 98.18, maintenance and retention of records.

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YEAR ENDED JUNE 30, 1978

Conclusion - CFSD did not have adequate controls over the processing of application forms.

Recommendation - CFSD should adopt policies that prevent accepting or processing any incomplete applications.

SELF-EVALUATION

Condition - CFSD does not have written procedures to review program performance in relation to goals and objectives. In addition, there is no evidence of any self-evaluations performed, or documentation describing procedures thereof.

Cause - CFSD's position was that they did not have the proper staffing to perform these additional administrative functions.

Effect - CFSD has not documented any self-evaluations or program performance reviews.

Criteria - Documentation of self-evaluation and program performance reviews are not in accordance with CFR 29, Section 98.31(b)(c); P.L. 93 - 203, Section 703(14).

Conclusion - CFSD is unable to evaluate the fulfillment of specific contractual goals and objectives.

Recommendation - CFSD should implement self-evaluation procedures in a documented manner and perform reviews of the program performance and progress on a regular basis.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 0200-60-701

REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

YEAR ENDED JUNE 30, 1978

MILEAGE REIMBURSEMENT

Condition - Participant mileage reimbursement vouchers were not adequately supported.

Cause - CFSD's policy for documentation of mileage reimbursement did not require identification of specific destination, reason for travel or client visited.

Effect - The propriety of mileage expenses cannot be determined.

Criteria - CFSD's accounting policy regarding mileage reimbursement does not appear to be in accordance with CFR 29, Part 98, Subpart A, Section 98.5, and Federal Management Circular 74-7, Attachment G.

Conclusion - Procedures currently utilized to monitor mileage reimbursement charges to the program are not adequate to support mileage reimbursement paid to participants and, therefore, certain of these charges are questioned.

Recommendation - Mileage reimbursement vouchers should be supported with specific identification of destination, reason for travel, client or person visited and the number of miles driven.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 0200-60-701

SUMMARY OF JUDGMENTAL SAMPLING

YEAR ENDED JUNE 30, 1978

Certain auditing procedures used in the examination of the statements included the use of judgmental sampling. We tested the eligibility of all the program participants and tested \$59,403 of \$277,338 program accrued expenditures.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

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SCHEDULE OF EXIT CONFERENCE

On May 3, 1979 an audit exit conference was held.

ATTACHMENT III

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
COMPREHENSIVE EMPLOYMENT AND TRAINING SUBAGENT
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

SUBGRANT NO. 020-101

(TITLE VI)

STATEMENTS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ARTHUR YOUNG & COMPANY

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Report of certified public accountants

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Schedule B - Statement of accrued costs

Schedule C - Statement of accrued costs by program activity

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I-a - Detailed schedule of questioned costs

Report of internal accounting and administrative controls

Appendix

Schedule I - Summary of judgmental sampling

Schedule II - Schedule of exit conference

In our opinion, subject to the effects, if any, of the ultimate resolution of the questioned costs mentioned in the preceding paragraph, the statements mentioned above present fairly the status of federal cash, accrued costs and accrued costs by program activity of the Chicano Federation of San Diego County, Inc., under CETA Title VI for the period January 9, 1978 through September 30, 1978 on the basis of accounting described in Note 1.

Our examination has been made for the purpose of expressing an opinion on the financial statements mentioned above. The accompanying exhibits are presented for analysis purposes and are not necessary for a fair presentation of the financial information referred to in the preceding paragraph. They have been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, subject to the effects, if any, of the ultimate resolution of the questioned costs in the second preceding paragraph, are fairly stated in all respects material in relation to the financial statements taken as a whole.

Our examination included a study of the systems of internal accounting and administrative controls to the extent we considered necessary to evaluate the systems in accordance with generally accepted auditing standards and the CETA Audit Guide. The objectives and limitations of such studies are more fully explained in the accompanying report of internal accounting and administrative controls.

Arthur Young & Company

May 3, 1979

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 020-101

STATUS OF FEDERAL CASH

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Cash on hand, January 9, 1978	\$ -
Increases:	
Federal cash received	250,807
Decreases:	
Cash disbursements	<u>258,877</u>
Cash on hand, September 30, 1978	<u>\$ (8,070)</u>

See accompanying note.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 020-101

STATEMENT OF ACCRUED COSTS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

<u>Cost Category</u>	<u>Program Budget</u>	<u>Accrued Costs</u>	<u>Total</u>
Administration	\$ 28,147	\$ 25,888	\$ 25,888
Wages	222,595	197,081	197,081
Fringe benefits	<u>46,955</u>	<u>35,908</u>	<u>35,908</u>
	<u>\$297,697</u>	<u>\$258,877</u>	<u>\$258,877</u>

See accompanying note.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 020-101
STATEMENT OF ACCRUED COSTS BY PROGRAM ACTIVITY
FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

<u>Program Activity</u>	<u>Accrued Costs</u>	<u>Program Budget</u>
PSE		
Wages	\$197,081	\$222,595
Fringe benefits	35,908	46,955
Other	<u>25,888</u>	<u>28,147</u>
	<u>\$258,877</u>	<u>\$297,697</u>

See accompanying note.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

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NOTE TO STATEMENTS

September 30, 1978

Basis of presentation

The accompanying statements of status of federal cash, accrued costs and disbursements by program activity have been prepared in accordance with the Federal Standards for Grantee Financial Management Systems in conformity with Comprehensive Employment and Training Act (CETA) Regulations; therefore, such statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with regulatory agencies for use in connection with the CETA program to which it refers and is not intended for any other purposes.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 020-101

SUMMARY SCHEDULE OF QUESTIONED COSTS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

<u>Cost Category</u>	<u>Amount Questioned</u>	<u>Supporting Exhibit</u>
Administration	Undeterminable	I-a
Wages	Undeterminable	I-a
Fringe benefits	Undeterminable	I-a

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

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DETAILED SCHEDULE OF QUESTIONED COSTS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Contract program provisions

During our examination we read the contract amendments as to fiscal aspects and to determine program and project activity planned, authorized enrollment levels, description of the authorized activities from the statement of work and special restrictions on activities. We were unable to determine the extent to which any of the following program purposes were accomplished as the Chicano Federation did not maintain records that allow for audit verification of such program purposes. We have summarized the eleven program purposes by project below:

Project

Barrio Logan Linkage

1. Plant 150 trees.
2. Improve Chicano Federation neighborhood facility and warehouse facility.
3. Improve 9 homesites.
4. Provide a survey report of social indicators by conducting a door to door survey of 215 houses.
5. Monthly task report to RETC.

Otay Renovation

6. Four hours per week of job instruction.
7. Improve 20 homesites.
8. Monthly task report to RETC.

Encanto Renovation

9. Four hours per week of job instruction.
10. Improve 10 homesites.
11. Monthly task report to RETC.

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 TITLE VI - SPECIAL PROJECTS
 CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
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 DETAILED SCHEDULE OF QUESTIONED COSTS
 FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

We found that of the homesite improvement contract items #3, #7 and #10, that sixteen homesites were identified as worksites. Based upon the unverified documentation available to us, it appears that six of those homesites were ineligible. There is no method, based upon the records maintained by the Chicano Federation, to determine the costs associated with the homesite improvement program. Further, the Chicano Federation was requested to provide copies of the various reports as evidence of accomplishment of the foregoing program purposes and failed to produce such reports. Therefore, due to the foregoing inadequacies in the Chicano Federation's records, we believe that amounts of costs should be questioned, but we are unable to determine the specific amounts and accordingly, the total questioned costs are

Undeterminable

Administration

1. The Chicano Federation charged indirect costs to each project covered by this contract. The charges for indirect costs were accumulated in each project's general ledger account entitled "Fiscal Services." The Chicano Federation did not have a written cost allocation plan for the allocation of indirect costs among funding sources, therefore, the amounts allocated are questioned as detailed below:

<u>Project</u>	<u>General Ledger Account Number</u>	
Barrio Logan Linkage	720	\$2,400
Otay Renovation	720	1,715
Contractors Assistance Program	720	782
Encanto Renovation	720	445
Border Studies	720	304
		\$ 5,646

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
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 CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
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DETAILED SCHEDULE OF QUESTIONED COSTS
 FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

2. The following expenditures are questioned because they lack adequate supporting documentation:

<u>Project</u>	<u>Payee</u>	<u>Check Number</u>		
Barrio Logan Linkage	A. Ramirez	653	\$	500
Barrio Logan Linkage	R. Liezba	654		500
Otay Renovation	C.D.P. (Barrio Logan Renovation)	5		60
Otay Renovation	Adobe Lumber	8		399
Border Studies	Fronteras	9		324
				<u>\$ 1,783</u>

3. The Barrio Logan Linkage consultant expenditure for Juan Salazar, check number 586, is questioned because this payment together with prior payments exceed the \$250 expenditure approved by RETC

250

4. The December 22, 1978 rental refund from Bert's Office Trailer Rentals for Otay Renovation trailer rental was not used to reduce expenditures and accordingly, the amount of the refund is questioned

127

7,806

Wages

1. Participant wages are questioned to the extent that the number of participants exceeded the RETC contract authorized employment levels in the Barrio Logan Linkage project as follows:

<u>Bi-weekly Period</u>	<u>\$833 Monthly Salary Level Participants</u>		<u>Excess Wages</u>
	<u>Budgeted</u>	<u>Actual</u>	
July 28, 1978	7	9	\$833
August 11, 1978	7	9	833
August 25, 1978	7	8	417
September 8, 1978	7	8	<u>416</u>
			2,499

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TITLE VI - SPECIAL PROJECTS

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DETAILED SCHEDULE OF QUESTIONED COSTS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

2. The time and attendance records for the following participants could not be located and therefore their wages are questioned:

<u>Project</u>	<u>Name</u>	<u>Date</u>		
Otay Renovation	M. Guevara	5/ 5/78	\$ 384	
Encanto Renovation	R. Zamudio	7/28/78	323	\$ 707
				<u>3,206</u>

Fringe Benefits

- | | |
|---|-------|
| 1. Fringe benefits related to the wages questioned in wages item #1 above are questioned | 425 |
| 2. Fringe benefits related to the wages questioned in wages item #2 above are questioned | 113 |
| 3. For the portion of fringe benefits expended in excess of the RETC contracts project budget for Border Studies fringe benefits, the costs are questioned | 184 |
| 4. The Otay Renovation general ledger account entitled Personal Tools (No. 714) is questioned as fringe benefits because of the failure to obtain evidence of the ultimate disposition to participants | 1,822 |
| 5. The Encanto Renovation general ledger account entitled Personal Tools (No. 714) is questioned as fringe benefits because of the failure to obtain evidence of the ultimate disposition to participants | 1,920 |
| 6. The March 1978 Border Studies project mileage reimbursement to A. Velasco is questioned due to inadequate documentation | 105 |

Subtotal

15,581

Total questioned costs

Undeterminable

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 020-101

REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

As part of our examination, we made a study of the system of internal accounting and administrative control to the extent we considered necessary to evaluate the system as required by the CETA Audit Guide.

The objective of internal accounting and administrative control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are limitations that should be recognized in considering the potential effectiveness of any system of internal and administrative accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

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TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, .INC.

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REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Our study and evaluation of the system of internal accounting and administrative control for the period January 9, 1978 to September 30, 1978 would not necessarily disclose all weaknesses in the system. In our opinion, the internal accounting and administrative control procedures are in general agreement with procedures prescribed by Federal Regulations and the Department of Labor CETA guidelines, except as indicated in the following paragraphs.

The following recommendations are made based on our study of internal accounting and administrative control procedures of the Chicano Federation of San Diego County, Inc. ("CFSD" hereafter). The purpose of these recommendations is to assist management in implementing procedures that would aid the overall operation of the organization.

PROGRAM ADMINISTRATION

Condition - CFSD's administrative procedures were inadequate because they did not document, summarize or insure that the program purposes and description of work to be performed, as defined in the RETC contract, were accomplished.

Cause - CFSD did not establish adequate administrative procedures or maintain adequate records of work performed.

Effect - The administrative records do not adequately describe the work performed or demonstrate that the project purposes, as defined in the RETC contract, were achieved.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

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REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Criteria - Adequate documentation is required in order to comply with CETA regulations and the specific provisions of the RETC contract.

Conclusion - CFSD's administrative procedures were inadequate.

Recommendation - It is recommended that CFSD develop administrative procedures and adequately document the execution of the procedures, to insure the accomplishment of the RETC contract terms.

FINANCIAL MANAGEMENT

Condition - CFSD's cost accounting procedures were inadequate because they did not document, summarize, or control costs of specific project tasks.

Cause - CFSD did not maintain any separate accounting records that allow a summarization of each project's costs including labor from time and attendance records.

Effect - Documentation for Financial Activity Reports and internal budget evaluations contained no cost accounting support.

Criteria - Adequate financial management accounting is required in order to comply with CFR 29, Part 98, Subpart A, Section 98.5, and Federal Management Circular 74-7, Attachment G.

Conclusion - CFSD did not maintain adequate accounting records for costs of project tasks to provide financial management in accordance with applicable requirements.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
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REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Recommendation - It is recommended that CFSD develop a separate cost accounting record for project tasks - both as to expenditures and budget. These separate records should be updated weekly and summarized to provide adequate support for financial reports, general financial management of funds, and provide documentation of the use of funds.

NON-CETA USE OF CETA FUNDS

Condition - CFSD used funds received from RETC for programs other than CETA programs.

Cause - CFSD frequently made cash advances to non-CETA programs.

Effect - CFSD would use RETC grant funds for non-CETA expenditures in anticipation of repayment. This practice could jeopardize CETA program activities. However, all such advances had been repaid by September 30, 1978.

Criteria - CFSD is not in compliance with FMC 74-7, Attachment G.

Conclusion - CFSD expended CETA grant funds for other than authorized purposes.

Recommendation - CFSD should use CETA grant funds for authorized purposes only.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
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FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

ALLOCATED COSTS

Condition - The basis utilized by CFSD to arrive at amounts of costs charged to the program as an allocation of administrative and fiscal service was not adequately supported. CFSD did not have an approved indirect cost allocation plan incorporated in the budget or contract agreement.

Cause - CFSD's position was that as long as costs allocated to the program appeared reasonable and were within budget guidelines, they could be charged to the program; therefore, a monthly budgeted amount was charged to the program.

Effect - Propriety of the allocated costs to the program cannot be determined in the absence of supporting documentation detailing the basis on which the allocated costs were calculated.

Criteria - CFSD's accounting records are not maintained in accordance with CFR 29, Part 98, Subpart A, Section 98.12, and Federal Management Circular 74-4, Attachment A.

Conclusion - The reasonableness of costs charged cannot be determined and are, therefore, questioned.

Recommendation - Expenditures allocated to the program on an indirect basis and not specifically authorized under a properly approved plan by RETC, as per FMC 74-4, should be documented with the necessary support indicating the basis on which amounts charged to the program were computed or derived.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

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REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

EQUIPMENT, CLOTHING AND PERSONAL TOOLS RECORDS

Condition - Detailed records of CETA equipment, clothing and personal tools are not maintained by CFSD.

Cause - Procedures utilized by CFSD did not call for documentation of location, use and disposition of the property.

Effect - Adequate control over equipment, clothing and personal tools is not maintained.

Criteria - It appears CFSD is not in compliance with Federal Management Circular 74-7, Attachment N. regarding property management standards.

Conclusion - Records necessary to effectively control purchases, maintenance and sales or other dispositions of equipment, clothing or personal tools are not properly maintained and accordingly, certain of these costs are questioned.

Recommendation - Equipment records should be implemented showing proper documentation as required by Federal Management Circular 74-7, Attachment N. The disposition of clothing and personal tools to employees after six months of service should be documented by CFSD and certified by an employee receipt.

SUPPORTING DOCUMENTATION

Condition - Portions of expenses claimed for out of town travel, professional services and rent were not based upon adequate documentation.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

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REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Cause - CFSD's system of documentation of the expenses was inadequate.

Effect - Portions of the expenses above could not be supported.

Criteria - CFSD's accounting records are not maintained in accordance with CFR 29, Part 98, Subpart A, Section 98.5, and FMC 74-7, Attachment G.

Conclusion - A portion of expenses claimed by CFSD for out of town travel, professional services and rent are unsupported and, accordingly, are questioned due to lack of supporting documentation.

Recommendation - CFSD should utilize a system which effectively controls documentation for expenses claimed. Such documentation should also relate to purpose of expenditure to an appropriate program activity or objective.

BACKGROUND HISTORY

Condition - Our examination of participants' applications during the eligibility test revealed that some of those applications sampled did not include adequate background history.

Cause - CFSD processed applications which were not complete.

Effect - CFSD has allowed applicants to be enrolled without obtaining background information to properly place participants in positions that would best benefit them.

Criteria - CFSD does not appear to be in conformance with CFR 29, Section 98.18, maintenance and retention of records.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 020-101

REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Conclusion - CFSD did not have adequate controls over the processing of application forms.

Recommendation - CFSD should adopt policies that prevent accepting or processing any incomplete applications.

SELF-EVALUATION

Condition - CFSD does not have written procedures to review program performance in relation to goals and objectives. In addition, there is no evidence of any self-evaluations performed, or documentation describing procedures thereof.

Cause - CFSD's position was that they did not have the proper staffing to perform these additional administrative functions.

Effect - CFSD has not documented any self-evaluations or program performance reviews.

Criteria - Documentation of self-evaluation and program performance reviews are not in accordance with CFR 29, Section 98.31(b)(c); P.L. 93 - 203, Section 703(14).

Conclusion - CFSD is unable to evaluate the fulfillment of specific contractual goals and objectives.

Recommendation - CFSD should implement self-evaluation procedures in a documented manner and perform reviews of the program performance and progress on a regular basis.

MILEAGE REIMBURSEMENT

Condition - Participant mileage reimbursement vouchers were not adequately supported.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 020-101

REPORT OF INTERNAL ACCOUNTING
AND ADMINISTRATIVE CONTROLS

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Cause - CFSD's policy for documentation of mileage reimbursement did not require identification of specific destination, reason for travel or client visited.

Effect - The propriety of mileage expenses cannot be determined.

Criteria - CFSD's accounting policy regarding mileage reimbursement does not appear to be in accordance with CFR 29, Part 98, Subpart A, Section 98.5, and Federal Management Circular 74-7, Attachment G.

Conclusion - Procedures currently utilized to monitor mileage reimbursement charges to the program are not adequate to support mileage reimbursement paid to participants and, therefore, certain of these charges are questioned.

Recommendation - Mileage reimbursement vouchers should be supported with specific identification of destination, reason for travel, client or person visited and the number of miles driven.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM

TITLE VI - SPECIAL PROJECTS

CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

CONTRACT NO. 020-101

SUMMARY OF JUDGMENTAL SAMPLING

FOR THE PERIOD JANUARY 9, 1978 THROUGH SEPTEMBER 30, 1978

Certain auditing procedures used in the examination of the statements included the use of judgmental sampling. We tested the eligibility of all the program participants and tested \$57,522 of \$258,877 program accrued expenditures.

SAN DIEGO REGIONAL EMPLOYMENT AND TRAINING CONSORTIUM
TITLE VI - SPECIAL PROJECTS
CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.
CONTRACT NO. 020-101
SCHEDULE OF EXIT CONFERENCE

On May 3, 1979 an audit exit conference was held.



THE CITY OF
SAN DIEGO

CITY OPERATIONS BUILDING • 1222 FIRST AVENUE • SAN DIEGO, CALIFORNIA 92101

HOUSING &
 COMMUNITY
 SERVICES
 DEPARTMENT
 236-6663

February 5, 1979

Mr. Jose Moreno
 Chicano Federation
 1960 National Avenue
 San Diego, CA 92113

Mr. Moreno:

This department has completed its review of the Barrio-Logan Neighborhood Renovation Project operated by the Chicano Federation. The findings of this review indicate a total of \$10,877.84 of ineligible expenditures in the program. An expenditure was judged ineligible if the invoice submitted for payment: (1) had been identified by Federation staff as a known ineligible cost; (2) was signed by a member of a renovation team other than Barrio-Logan; or (3) indicated in any way that it might be attributable to another renovation project. Further, a cost was judged "Questionable" if the invoice submitted for payment bore no signature or was signed only by the "Community Resource Specialist." Due to the lack of adequate evidence of eligibility for these questionable expenditures, they too were declared ineligible.

In order to reconcile this matter, we will delay the request for repayment of these expenditures for two weeks during which time the Federation will have the opportunity to provide any additional information that may affect our determination of ineligibility. This information must be provided to this office no later than February 21, 1979, in order to be considered. If we do not hear from the Federation prior to the above date, we will assume that you concur with our determination.

Attached is a listing of those invoices judged ineligible. Questions concerning the invoices and the eligibility determinations may be addressed to Jim Collins at 236-7046.

Sincerely,

Tom Eggleston
 TOM EGGLESTON

Chief, Administrative Services

JC:mm

cc: Linda Sue Goldzimer
 Vern Duncan

BARRIO LOGAN RENOVATION PROJECT

Disallowed Invoices

MONTH	VENDOR	IDENTIFICATION: I = Invoice PO = Purchase Order CK = Check	AMOUNT
April	U-Haul	Contract 50902459	\$ 117.16
	Pro-Line Paint	I-90953 90759 91882- 90893 90760 90667 91911 92022	\$ 9.79 50.48 64.87 267.33 140.82 14.73 27.86 27.53
	Pro-Line Paint Sub-Total		\$ 603.41
	Handyman	No Identification Ck. #361	\$ 38.12 60.81
	Handyman Sub-Total		\$ 98.93
	Squires Belt	Ck. #398 A 8780	\$ 20.14
	S.D. Glass & Paint	Ck. #443	\$ 12.39
	Color Mart	Ck. #360	\$ 49.29
	APRIL - TOTAL		\$ 901.32

MC	I	VENDOR	IDENTIFICATION	AMOUNT
May		Montgomery Ward	P.O. 7900 Ck. #030	\$ 9.53
		Industrial Photo	Ck. #024	\$ 33.50
		Handyman	Ck. #032	\$ 16.26
		Thrifty	Ck. #026	\$ 2.69
		Coast Electric	I-115295	\$ 12.94
		S.D. Glass & Paint	Ck. #031 I-45705 Ck. #027 Ck. #027(?)	\$ 44.82 1.80 35.13
		S.D. Glass & Paint Sub-Total		\$ 81.75
		Pro-Line Paint	I-93925 93418 93398 92977 93171 92655	\$ 104.25 79.18 7.16 104.94 140.77 10.60
		Pro-Line Paint Sub-Total		\$ 446.90
		Whiting-Mead	Ck. #026 I-02919 02883 02256 02438 02464 02339 02478 02342 02341 02491 02550 02092 02620 02622 02623 02624 02628 02852 02621 02586 02070 01917 01898 01918 01769 01745	\$ 2.08 45.02 50.76 83.78 35.01 9.69 107.89 2.62 4.13 38.97 25.33 16.32 7.11 272.73 301.57 80.24 13.20 34.72 49.93 14.84 15.74 18.87 17.87 5.11 34.48 24.12 8.96

MONTH	VENDOR	IDENTIFICATION	AMOUNT
May	Continued		
	Whiting-Mead-Continued	I-01795	\$ 8.85
		01707	47.53
		01711	1.06
		02022	3.91
		01677	65.73
		01645	17.81
		01639	90.00
		01879	4.03
		01861	44.52
		01807	18.51
		01873	29.63
		01989	20.30
	Whiting-Mead Sub-Total		<u>\$ 1,672.97</u>
	Plus overcharge		<u>1.00</u>
	MAY - TOTAL		\$ 2,277.54

MONTH	VENDOR	IDENTIFICATION	AMOUNT
J.	Continued		
	Pro-Line Paint - Continued	I-94943	\$ 112.07
		95137	11.77
		94999	6.61
		95033	32.86
		95281	20.67
		95394	6.68
	Pro-Line Paint Sub-Total		\$ 404.47
	Whiting-Mead	I-03646	\$ 13.63
		03602	30.13
		03511	17.30
		03497	24.55
		03459	37.15
		03438	26.11
		03419	24.72
		03417	46.86
		03254	36.29
		03249	6.46
		03209	90.80
		03175	118.51
		03172	39.39
		03100	56.49
		03018	38.24
		03017	58.58
		02988	13.90
		03600	21.40
		03375	79.53
		03233	22.49
		Ck. #047	.48
	Whiting-Mead Sub-Total		\$ 803.01
	JUNE - TOTAL		\$ 3,377.77

EXHIBIT A

APPENDIX C

SCOPE OF SERVICE

CONTRACTOR: CHICANO FEDERATION OF SAN
DIEGO COUNTY, INC.

PROJECT: MULTI-SERVICES AND COMMUNITY
ORGANIZATION

ADDRESS: 1960 NATIONAL AVENUE
SAN DIEGO, CA 92113

ADDRESS: 527 ELM STREET
CARLSBAD, CA

THE GOAL(S) OF THE PROJECT IS:

To promote the cultured identity, to improve the social and economic lot of the spanish speaking people of San Diego County, encouraging clients to fully exercise our political rights and improve our welfare so that we may effectively share with the majority community all rights, privileges and benefits of each person, without discrimination whatsoever, as promised of his/her human rights.

THE OBJECTIVES TO BE ACCOMPLISHED DURING THE CONTRACT PERIOD BY THIS PROJECT ARE:

- 1.a)The purpose of the Advisory Board meetings is to receive input to determine the needs of the communities and the direction to address those needs.
- b)The Advisory Boards will meet on a monthly basis and their input will be presented at the monthly general assembly meeting of the Chicano Federation.
2. Monitor and coordinate the direct delivery service system of the Chicano Federation in order to comply with the monthly, quarterly, and other requirements of the County of San Diego/CAP.
3. Document and research legal issues and policies related to affirmative action, discrimination, and related issues such as exists in the County of San Diego, City of San Diego, and similar areas as needed with the result of impacting these policy issues that impacts the Spanish/Chicano Communities.
4. Provide direct social services such as problem/solving counseling #2, follow-up, information, outreach referral on a daily basis. Provide these services to approximate 15 new clients per month. This would result in addressing individual needs of clients.
5. Maintain relations with the community and coordinate various events via committees of organizers and such as Barrio Logan--Chicano Park Day, Christmas Party for Children in Barrio Logan. The outcome is to maintain rapport with the various Chicano communities in San Diego County

CONTRACTOR SHALL FOR THE CONTRACT PERIOD:

Provide services to a total of 300 (21 months) different clients and services to 1000 agencies/individuals.

Provide pre-service, in-service and continuing education for 7 staff during the period of the contract. A plan for this training program will be submitted to the Department of Human Services by December 1, 1977.

Provide public relations services as required involving 250 hours of paid staff time. Copies of material will be sent to the Department of Human Services.

Maintain records of all services delivered using the Basic Record Keeping format and other reporting devices as required including monthly, interim and annual reports. There will be a record kept, which includes specific objectives, pertaining to each client service activity - each activity carried out.

The Department of Human Services reserves the right to conduct research and evaluation concerning the project as appropriate. The Department of Human Services requests information pertaining to project self-evaluation.

For the purposes of this agreement the definitions of service activities used herein correspond to the Department of Human Services Standard Definitions. Copies of this form have been furnished to the contractor.

An office which will be open 72.5 hours a week.

The staff equivalent of:

Legal Services Coordinator
Program Services Coordinator
Community Development Coordinator
North County Center Director
Barrio Logan Center - Building Manager
Community Worker
Research and Program Development Coordinator (½ time)

WILL PROVIDE THE FOLLOWING SERVICE ACTIVITIES ON A MONTHLY BASIS:

- | | |
|---|---|
| 1. <u>Discrimination Complaints to:</u> | 2. <u>Intake Assessment to:</u> |
| # of different clients 5 | # of different clients 15 |
| # of client contacts 10 | # of client contacts 15 |
| # of paid staff hours 15 | # of paid staff hours 15 |
| 3. <u>Agency Referral to:</u> | 4. <u>Problem Solving/Counseling #2 to:</u> |
| # of different clients 5 | # of different clients 15 |
| # of client contacts 10 | # of client contacts 20 |
| # of paid staff hours 10 | # of paid staff hours 30 |
| 5. <u>Follow-up:</u> | 6. <u>Legal Research:</u> |
| # of different clients 15 | # of organizations 5 |
| # by telephone 10 | # of paid staff hours 65 |
| # by letter 2 | # of contacts 10 |
| # in person 3 | |
| # paid staff hours 23 | |
| 7. <u>Liaison:</u> | 8. <u>Linkages:</u> |
| # different agency 1 | # different agencies 10 |
| # contacts with agencies 1 | # contacts with agencies 20 |
| # paid staff hours 3 | # paid staff hours 50 |

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9. Affirmative Action:

of organizations worked with 5
of contacts 5
of paid staff hours 30

10. Community Education:

of groups 11
of meetings 11
of individuals 90
of paid staff hours 110

11. Agency Involvement:

of agencies 5
of individual participants 50
of sessions 20
of paid staff hours 100

12. Community Development:

of different individuals 170
of different organizations 8
of meetings 14
of paid staff hours 100

13. Community Relations:

of contacts 4
of meetings 4
of paid staff hours 10

14. Community Resource Utilization:

of organizations 14
of contacts 28
of meetings 14
of paid staff hours 75

15. Information:

of individuals 30
of paid staff hours 10

16. Program Development:

of organization assisted 1
of paid staff hours 40

For the contract year:

17. Special Events such as Open House, Chicano Park Day, Barrio Logan Christmas Party, 16th of September involving at least 7 such events during the contract year and 2000 individual 875 hours of paid staff time.

18. DHS-Liaison Meetings: with 20 DHS/CAP agencies involving 40 hours with 20 participants and 30 contacts for such duties as information dissemination meetings with CAC Advisory Members, Central Coordinating Committee, Representative Coordinating Committee.

19. Technical Assistance: Management information systems and program planning assistance to 5 agencies with 10 contacts and 20 participants with 25 hours of paid staff time.

DEPARTMENT OF HUMAN SERVICES
CAP DIVISION

Year: FY 1977-78
FY 1978-79

COMBINED
TOTAL BUDGET

PROJECT NAME: MULTI-SERVICES AND COMMUNITY ORGANIZATIN

CONTRACTOR NAME: CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.,

TOTAL PERSONNEL		<u>\$146,550</u>
WAGES AND SALARIES	<u>121,074</u>	
FRINGE BENEFITS	<u>16,562</u>	
CONSULTANT AND CONTRACT SERVICES	<u>8,914</u>	
TOTAL NON-PERSONNEL		<u>33,693</u>
TRAVEL	<u>4830</u>	
INSURANCE	<u>513</u>	
SPACE COSTS & RENTALS	<u>12,260</u>	
CONSUMABLE SUPPLIES	<u>4,137</u>	
RENTAL, LEASE, PURCHASE OF EQUIPMENT	<u>1,050</u>	
OTHER COSTS	<u>10,903</u>	
TOTAL PROGRAM		<u>180,243</u>

Payment Schedule: Payments to be made monthly.

CAP DIVISION

Year: 1977-78

MONTHLY BUDGET

PROJECT NAME: MULTI-SERVICES AND COMMUNITY

ORGANIZATION

CONTRACTOR NAME: CHICANO FEDERATION OF SAN DIEGO COUNTY, INC

LINE ITEM	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	TOTAL
PERSONNEL CATEGORY Wages & Salaries	5765	5766	5765	5766	5765	5766	5765	5766	5765	5765	5766	5765	69,185
Fringe Benefits	789	788	789	788	789	788	789	788	789	789	789	789	9,464
Consultant and Contract Services	425	424	425	424	425	424	425	424	425	424	425	424	5,094
TOTAL PERSONNEL	6979	6978	6979	6978	6979	6978	6979	6978	6979	6978	6980	6978	83,743
NON-PERSONNEL COSTS Travel	230	230	230	230	230	230	230	230	230	230	230	230	2760
Insurance	293	0	0	0	0	0	0	0	0	0	0	0	293
Space Costs and Rental	1015	515	515	515	515	680	515	515	515	515	515	680	7010
Consumable Supplies	197	197	197	197	197	197	197	197	197	197	197	197	2364
Rental, Lease, Purchase of Equipment	50	50	50	50	50	50	50	50	50	50	50	50	600
Other Costs	491	547	492	547	491	547	492	547	491	547	491	547	6230
TOTAL NON-PERSONNEL	2276	1539	1484	1539	1483	1704	1484	1539	1483	1539	1483	1704	19,257
TOTAL MONTH	9255	8517	8463	8517	8462	8682	8463	8517	8462	8517	8463	8682	103,000

CAP DIVISION

Year: 1978-1979

MONTHLY BUDGET

PROJECT NAME: MULTI-SERVICES AND COMMUNITY ORG.

CONTRACTOR NAME: CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.

LINE ITEM	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	TOT
<u>PERSONNEL CATEGORY</u> Wages & Salaries	5765	5766	5765	5766	5765	5766	5765	5765	5766				51,889
Fringe Benefits	789	788	789	788	789	789	788	789	789				7,098
Consultant and Contract Services	424	425	424	425	424	425	424	424	425				3,100
TOTAL PERSONNEL	6978	6979	6978	6979	6978	6980	6977	6978	6980				62,807
<u>NON-PERSONNEL COSTS</u>													
Travel	230	230	230	230	230	230	230	230	230				2070
Insurance	220	0	0	0	0	0	0	0	0				220
Space Costs and Rental	637	557	556	637	557	556	637	557	556				5,250
Consumable Supplies	197	197	197	197	197	197	197	197	197				1773
Rental, Lease, Purchase of Equipment	50	50	50	50	50	50	50	50	50				450
Other Costs	554	491	554	492	491	554	492	491	554				4,673
TOTAL NON-PERSONNEL	1988	1525	1587	1606	1525	1587	1606	1525	1587				14,436
TOTAL MONTH	8866	8504	8565	8585	8503	8567	8583	8503	8567				77,243

DEPARTMENT OF HUMAN SERVICES
CAP DIVISION

PERSONNEL SCHEDULE

PROJECT NAME: MULTI-SERVICES AND COMMUNITY ORGANIZATION YEAR: FY 1977-78 COMBINED
FY 1978-79

CONTRACTOR NAME: CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.,

POSITION (1)	START DATE (2)	TERM DATE (3)	NO. OF MONTHS (4)	RATE OF PAY* (5)	SALARY PER PAY PERIOD** (6)	TOTAL (7) ***
COMMUNITY DEVELOPMENT COORDINATOR	7-1-77	3-31-79	21	5.18	437.50	18,375
PROGRAM SERVICES COORDINATOR	7-1-77	3-31-79	21	6.41	540.75	22,712
LEGAL SERVICES COORDINATOR	7-1-77	3-31-79	21	5.18	437.50	18,375
RESEARCH AND PROGRAM DEVELOPMENT COORDINATOR (1/4 TIME)	7-1-77	3-31-79	21	6.71	150.00	6,300
BARRIO LOGAN CENTER BUILDING MANAGER	7-1-77	3-31-79	21	5.04	425.00	17,850
NORTH COUNTY CENTER DIRECTOR	7-1-77	3-31-79	21	6.22	525.00	22,050
COMMUNITY WORKER	7-1-77	3-31-79	21	4.35	366.96	15,412

*THIS POSITION IS 1/4 TIME, THE REST OF THE STAFF POSITIONS ARE FULL TIME POSITIONS

TOTAL 121,074

- List all personnel charged vs. Department of Human Services Contract Funds.
- The date this position will start being claimed vs. Department of Human Services Contract Funds.
- The date this position will stop being claimed vs. Department of Human Services Contract Funds.
- Number of months this position will be claimed vs. Department of Human Services Contract Funds.
- The rate of pay: hourly rate.*
- The salary per pay period. (** If step increases are due, they must be stipulated.)
- The total salary during this contract period. (***) The amount stipulated herein shall be considered to be the maximum available for each position during the contract period.)

Pay Schedule (Check One)

- Weekly
- Bi-Weekly**
- Monthly
- Twice a Month

15th
Date
30th
Date

DEPARTMENT OF HUMAN SERVICES
CAP DIVISION

YEAR: FY 1977-78

PROJECT NAME: MULTI-SERVICES AND COMMUNITY ORGANIZATION
CONTRACTOR NAME: CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.,

FY1978-79
COMBINED

To be used for itemization of Consultants, Equipment, and "Other" line items plus any line item with amounts over 10% of total funds or over \$1,000.

LINE ITEM 1.1 Salaries and Wages

DESCRIPTION	AMOUNT
COMMUNITY DEVELOPMENT COORDINATOR (875 x 21 months)	\$18,375
PROGRAM SERVICES COORDINATOR (1081.50 x 21 months)	22,712
LEGAL SERVICES COORDINATOR (875 x 21 months)	18,375
*RESEARCH AND PROGRAM DEVELOPMENT COORDINATOR 1/4 TIME (300 x 21 months)	6,300
BARRIO LOGAN CENTER BUILDING MANAGER (850 x 21 months)	17,850
NORTH COUNTY CENTER DIRECTOR (1050 x 21 months)	22,050
COMMUNITY WORKER (793.92 x 21 months)	15,412
TOTAL SALARIES AND WAGES ARE: (\$5765.42 x 21 months)	TOTAL \$121,074

*ALL OTHER POSITIONS ARE 100% TIME

LINE ITEM 1.2 Fringe Benefits (Employer's Share)

DESCRIPTION	AMOUNT
FICA: (121,074 x .0585) (\$337.25 x 21 months)	\$7082
SUI: 121,074 x .043) (\$247.92 x 21 months)	5206
WORKERS COMP: (121,074 x .00615) (\$35.50 x 21 months)	746
GROUP HEALTH (\$28 x 6 x 21 months) (\$168 x 21 MONTHS)	3528
THE TOTAL WOULD BE: (\$788.66 x 21 months)	TOTAL \$16,562

LINE ITEM 1.3 Consultant Costs & Contract Services

DESCRIPTION	AMOUNT
NEWSLETTER EDITOR CONSULTANT AT A COST OF :(\$250 x 21 mos)	\$5250
FISCAL MANAGEMENT AND PAYROLL SERVICE AT A COST OF (\$174.50 x 21 months)	3664
TOTAL COST WOULD BE \$424.50 x 21 months)	TOTAL \$8914

DEPARTMENT OF HUMAN SERVICES

CAP DIVISION

YEAR: FY 1977-78

PROJECT NAME: MULTI-SERVICES AND COMMUNITY ORGANIZATION

FY 1978-79
COMBINED

CONTRACTOR NAME: CHICANO FEDERATION OF SAN DIEGO COUNTY, INC.,

To be used for itemization of Consultants, Equipment, and "Other" line items plus any line item with amounts over 10% of total funds or over \$1,000.

LINE ITEM 2.1 Travel

DESCRIPTION

MILEAGE FOR STAFF AT 15 CENTS PER MILE X 1533.33 MILES PER MONTH X 21 MONTHS FOR AN AVERAGE OF \$230 PER X 21 MONTHS. TOTAL MILEAGE TO BE 32,200 MILES FOR A TOTAL COST OF \$4830 DURING THE 21 MONTH PERIOD.

(\$230 x 21 MONTHS)

AMOUNT

\$4830

TOTAL \$4830

LINE ITEM Insurance

DESCRIPTION

FIDELITY BOND
LIABILITY

THE FIDELITY BOND AND LIABILITY INSURANCE ARE PAID IN THE FIRST MONTH OF THE CONTRACT PERIODS OR DURING THE THE MONTH OF JULY FOR BOTH CONTRACTS.

THE COST FOR JULY OF 1977 will be \$293 and THE COST FOR JULY OF 1978 WILL BE \$220 FOR A TOTAL COST OF \$513

AMOUNT

\$293

220

TOTAL \$513

LINE ITEM 2.2 Space Costs & Rentals

DESCRIPTION

Facilities maintenance and repair:(165 x 2 mos. for 1977-1978) and (80 x 3 mos. for 1978-79) for a total of \$570.

Rental-North County Office (\$220 x 21 months)

Utilities- North County Office (\$20 x 21 Months)

Telephone installation costs including the addition of four new extensions and the costs incurred as a result of re-arranging the phones at the Barrio Logan Center. This includes all toll costs to the North County Office as well as message units. (275x12mos)t(316.66x3mos)t(\$500)

AMOUNT

\$570

4620

420

6650

TOTAL \$12,260

2. That Section 2, General Purpose and Scope of Services, shall read: "The General Purpose and Scope of Services regarding this agreement are set forth in Exhibit A-1 which is by reference made a part hereof."

3. That the first sentence of Section 3, Budget and Payment Schedule, subpart A, of the above-mentioned Agreement, shall be amended to read: "It is expressly understood by the parties to this Agreement that the total compensation to be paid to Contractor shall not, in any event, exceed Two hundred forty-one thousand and fifty-nine dollars (\$ 241,059)."

4. That the first sentence of Section 3, Budget and Payment Schedule, subpart B, of the above-mentioned Agreement, shall be amended to read: "The Budget is set forth in Exhibit B(a), and attachments thereto, which is hereby incorporated by reference and made a part of this Agreement."

5. That after the fifth sentence of Section 3, Budget and Payment Schedule, subpart B, of the above-mentioned Agreement, add the following sentence: "With the prior written approval of the CAP Director, Contractor may transfer from "Non-Personnel" to "Personnel" category an amount not to exceed ten percent of the amount originally approved for "Non-Personnel" category."

6. That the first sentence of Section 5, Fidelity Bonding and Insurances, shall read: "Prior to any disbursements, for any purpose other than obtaining fidelity bonds, Contractor agrees that its chief fiscal officer or its insurer shall forward to County an assurance that all persons handling funds received or disbursements made hereunder are covered by a fidelity bond in an amount not less than Twenty-five thousand dollars (\$ 25,000)."

JG.

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AMENDMENT TO AGREEMENT

THIS Third AMENDMENT TO AGREEMENT is made by the COUNTY OF SAN DIEGO, herein called "County", and Chicano Federation Of San Diego, Inc., herein called "Contractor".

RECITALS

WHEREAS, County has funds under the provisions of the State and Local Fiscal Assistance Act of 1972, herein called "Revenue Sharing";

WHEREAS, County and Contractor have previously entered into an Agreement, a copy of which is on file with the Clerk of the Board of Supervisors as Contract No. 11811, whereby Contractor agreed to perform certain services through the expenditure of Revenue Sharing funds;

WHEREAS, County and Contractor desire to amend said Agreement to provide for an increase in Contract amount, and to provide for continuing services to be provided by Contractor under said Agreement;

NOW, THEREFORE, in consideration of the recitals and the mutual obligations of the parties as herein expressed, County and Contractor agree as follows:

1. That the purpose of this Amendment is to continue existing services to be provided by Contractor under the contract and to add the amount of \$ 113,330 to the original contract maximum amount in order to finance contract performance under this Amendment.

JR

2. That Section 2, General Purpose and Scope of Services, shall read: "The General Purpose and Scope of Services regarding this Agreement are set forth in Exhibit A, A-1 which is by reference made a part hereof."

3. That Section 2, General Purpose and Scope of Services, as set forth in Exhibit A, shall be amended by increasing, for the contract period, the number of different clients to be provided services from 875 (9 months) to 2,350 (21 months).

4. That the first sentence of Section 3, Budget and Payment Schedule, subpart A, of the above-mentioned Agreement, shall be amended to read: "Contractor shall spend no more than \$ 359,539 on the performance of this Agreement."

5. That the third sentence of Section 3, subpart A, shall be amended to read: "Contractor recognizes that County expends Revenue Sharing Funds on a fiscal year basis, and therefore Contractor expressly agrees that it is to receive its funding on that basis, and that the obligation of County under this Agreement is severable for the amount of \$ 196,333 during the '77-78 Fiscal Year, commencing July 1, 1977 and to June 30, 1978, as set forth in Exhibit B-2(c) attached hereto and made a part of this Agreement; and for the amount of \$ 163,206 during the portion of the '78-79 Fiscal Year commencing July 1, 1978 and ending March 31, 1979."

6. That the first sentence of Section 3, Budget and Payment Schedule, subpart D, of the above-mentioned Agreement, shall be amended to read: "The Budget is set forth in Exhibits B-1(c,d); B-2(c); B-3(c); B-4(c) B-2(d); B-3(d); B-4(d) ,...."

7. That the first sentence of Section 4, Fidelity Bonding and Insurances, shall read: "Prior to any disbursements, Contractor agrees that its insurer shall forward to County an assurance that all persons handling funds received or disbursements made hereunder are covered by a fidelity bond in an amount not less than \$ 25,000."

8. The last sentence of Section 7, Time of Performance, subpart A, of the above-mentioned Agreement, will be amended to read: "This Agreement shall terminate on March 31, 1979 unless all parties hereto by mutual written agreement extend it beyond that date."

9. This Third Amendment to Agreement shall affect only those sections referred to above, and all other terms and conditions of the above-mentioned Agreement between Contractor and County shall remain in full force and effect.

7. The last sentence of Section 7, Time of Performance, subpart A, of the above-mentioned Agreement, will be amended to read: "This Agreement shall terminate on March 31, 1979 unless all parties hereto by mutual written agreement extend it beyond that date."

8. This First Amendment to Agreement shall affect only those sections referred to above, and all other terms and conditions of the above-mentioned Agreement between Contracto- and County shall remain in full force and effect.

IN WITNESS WHEREOF, this First Amendment to Agreement is hereby executed.

Dated this _____ day of _____, 1977.

Approved and/or authorized by the Board
of Supervisors of the County of San Diego

AUG 30 1977 #154

Peter A. Cimmarone
Clerk of the Board of Supervisors

COUNTY OF SAN DIEGO

By

Peter A. Cimmarone

Clerk of the Board of Supervisors

CONTRACTOR

By

James P. ...
Name and Title

Anthony ...
2/8/77

IN WITNESS WHEREOF, this Third Amendment to Agreement is hereby executed and made.

Dated this 21st day of March, 1978.

COUNTY OF SAN DIEGO

Approved by the Board of Supervisors of the County of San Diego

MAR 21 1978

#96

By Porter A. Cremans
Clerk of the Board of Supervisors

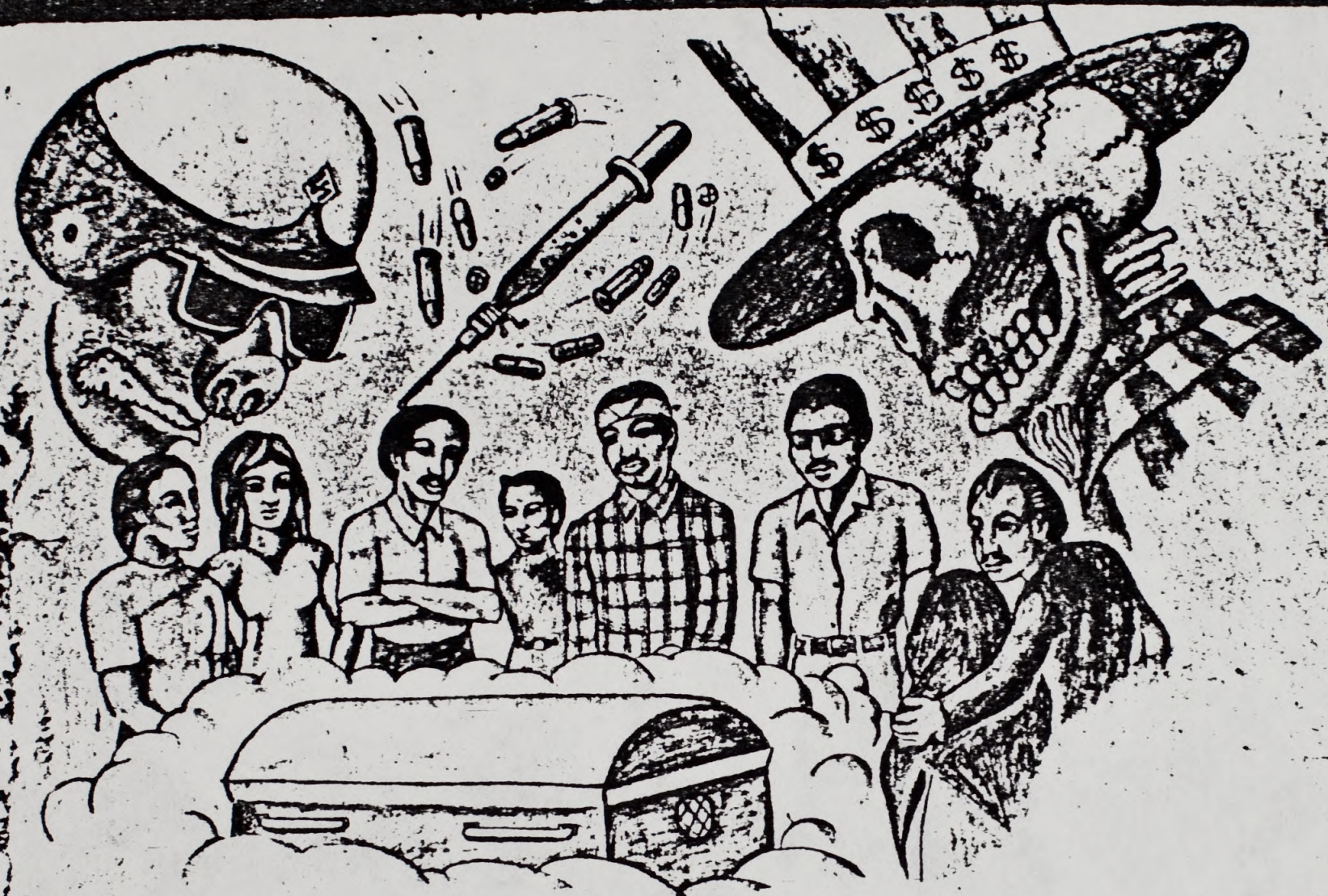
Porter A. Cremans
Clerk of the Board of Supervisors

CONTRACTOR

By James [unclear] [unclear]

APPROVED AS TO FORM AND LEGALITY
COUNTY COUNSEL

BY William D. Smith
DEPUTY



CHICANOS UNITE

CHICANOS DON'T KILL CHICANOS

1968. 10/20.

MURAL - APPENDIX A



PART I

Executive Summary

to

Unified Audit of Chicano
Federation of San Diego County, Inc.

* * * * *

June 1, 1979

Prepared by:

Assistant County Auditor for
San Diego County Grand Jury

EXECUTIVE SUMMARY

Introduction

We have provided assistance to the Grand Jury in their current investigation of the Chicano Federation of San Diego County Inc. by completing a unified audit of all Chicano Federation funding. While conducting this audit, we coordinated our efforts with this organization's funding sources.

For the most part, our audit covered Fiscal Year 1977-78, however, we did audit several other prior and subsequent project funding periods.

Our primary audit objective was to determine the Chicano Federation's overall propriety with respect to managing funds. A related area of concern was to ascertain whether funding sources have been examining the services provided by the Chicano Federation and to review methods utilized in such evaluations.

Other Audits

In addition to our performance of this audit, recent and concurrent audits of various Chicano Federation Projects were also performed by other audit entities. To provide you with a comprehensive and unified summary of findings resulting from our audit and all others, we have incorporated them into this report.

Conclusion

I. Fiscal

It is our opinion that the Chicano Federation did not properly discharge its fiscal responsibilities nor adequately manage public funds provided. This conclusion is based on the following:

- A. In general, the Chicano Federation did not maintain adequate accounting records and did not employ standard accounting methods. As a result, material amounts of claimed costs were found to be disallowable and/or questionable.
- B. Improper transfers of restricted grant funds were made to and from various fund accounts on numerous occasions.
- C. Per discussion with the District Attorney's office, it appears an illegal short-term loan of public funds was made to an employee by the Chicano Federation. This matter has been referred to the District Attorney for their action.
- D. Fixed assets purchased with public funds were not properly safeguarded and accounted for.

II. Grant Administration

A. County Department of Human Services (DHS)

1. Conclusions reached by DHS staff with respect to the Multi-service program's annual evaluation report could not be substantiated because they were not supported by documentation and were predominantly based on unverified information.
2. Monitoring reviews of Chicano Federation service delivery did not document verification of reported services. (The department has previously conceded the need for improvement in this area. We are aware that the department is trying to finalize changes by 1-1-80.)
3. Written contract services require substantial improvement. Specifically, this would entail prioritizing and precisely defining contract goals, objectives, and service requirements.

B. United Way

Our audit disclosed that the United Way does not evaluate Chicano Federation program services. Primarily, the United Way relies on evaluations performed by other funding sources as a basis for determining program viability.

C. Contractor Compliance with Required Contract Services

Based on the results of tests performed during our audit, we found that services reported by the Chicano Federation's Multi-service program were not sufficiently documented to validate monthly progress reports. Additionally, Arthur Young and Company had similar findings with respect to RETC Projects.

Findings and Recommendations

I. Fiscal

Finding

A material amount of disallowable (\$19,054) and questionable (\$154,595) costs have been disclosed by all audits. Numerous costs were found to be questionable due to improper documentation, unauthorized expenditures and duplicated costs.

Recommendation

1. The Department of Human Services should establish a receivable and collect from the Chicano Federation \$5,578 in disallowed costs. (RETC has also disallowed \$13,476 as of this writing.)

2. Applicable funding sources should determine the ultimate resolution of \$154,595 in questioned costs.

Finding

Our audit findings relative to the Chicano Federation's overall accounting records and procedures disclosed that effective management control has not been exercised with regard to grant fiscal requirements.

Specific deficiencies were disclosed in the following areas:

1. Documentation of Costs.
2. Cost accounting methods.
3. Journalization of costs.
4. Budgetary controls.

Recommendation

The Chicano Federation should establish and maintain appropriate accounting records and procedures which conform with grant requirements.

Finding

Interfund cash transfers were very prevalent between all functional program accounts. This activity should be eliminated because it is prohibited by various funding source grant provisions and jeopardizes project goals and objectives.

Recommendation

The Chicano Federation should eliminate interfund cash transfers between functional programs in order to use grant funds as authorized and required by grant provisions.

Finding

A personal short-term loan of \$11,000 (subsequently repaid) was made to a Chicano Federation employee through County and City project fund accounts. This transaction not only violates the terms and intent of the contracts, but it appears an illegal use of public funds according to the District Attorney.

Recommendation

The Chicano Federation should discontinue the practice of lending public funds to employees.

Finding

Salary advances were given to various Chicano Federation employees on numerous occasions.

Recommendation

The Chicano Federation must discontinue this practice in order to provide more effective safeguards of public funds and strengthen internal control.

Finding

An adequate plan of allocating indirect costs to funding sources was not established. Consequently, they could not be substantiated and \$79,903 has been questioned as a result.

Recommendation

The Chicano Federation should establish and submit for approval Fiscal Year 1977-78 and Fiscal Year 1978-79 indirect cost allocation plans in order to determine the propriety of questionable administration costs.

Finding

Proper management planning has not been exercised with regard to leases and space utilization. Subsequent to December 15, 1978, (termination of RETC contract) a leased building has been substantially underutilized because expected new programs did not materialize.

We also found that the main office (Barrio Logan Center) was 30% underutilized based on County space standards.

Recommendation

The Chicano Federation should avoid entering into long term building leases without ensuring that space will be adequately utilized for program purposes and that funding sources have previously agreed to pay for associated liabilities incurred.

Finding

The Chicano Federation does not possess a complete and adequate system for recording and identifying fixed assets purchased with grant funds. A majority of fixed assets are not tagged, written procedures are not established, and a fixed asset listing has not been drafted.

Security of fixed assets also required substantial improvement. An unattended building containing assets was found to be unlocked; Barrio Logan's electrical burglary system was not functioning; and stolen equipment has not been reported to appropriate authorities.

In addition, we found that methods of disposing of fixed assets could be improved. We noted that two trucks (1972 Ford and 1962 Chevrolet) used in renovation projects were sold to former employees for \$1.00 each.

Recommendation

The Chicano Federation should accomplish the following relative to fixed assets purchased with public funds:

1. Maintain and establish adequate inventory procedures.
2. Improve security of buildings and equipment.
3. Dispose of fixed assets in a proper manner.

II. Grant Administration

Finding

Department programmatic monitoring of Multi-services program was inadequate. Service record verifications and confirmation of services were not accomplished.

Also, fiscal reviews performed by DHS were inadequate. These reviews were found to be generally limited to an in-house desk analysis of claimed costs and incomplete reviews of internal controls.

The department has previously conceded the need for improvement in this area. From our followup of previous audits we are aware that the department is reorganizing its efforts in this area. They are trying to finalize change in this area by 1-1-80.

Recommendation

DHS should ensure that programmatic and fiscal on-site monitoring is performed on a frequent and systematic basis.

Finding

Many conclusions reached by DHS on their annual program evaluation of Multi-service could not be substantiated because data used as the basis for this evaluation was not verified and appropriately documented.

Recommendation

DHS should ensure that conclusions reached through the annual program evaluation are based on data which is supported by documented record verifications.

Finding

Written contract service goals, objectives, and requirements were not precisely defined and sufficiently detailed. In addition, they were not prioritized. As a result it is our opinion that these weaknesses have severely limited monthly service progress reports as a viable tool for evaluating performance and have contributed toward inflating and/or distorting the actual amount of services delivered.

DHS should improve written contract services by prioritizing and precisely defining contract goals, objectives, and service requirements.

Finding

Chicano Federation documentation relative to specific services tested could not support figures reported via monthly service reports.

Also, Arthur Yound and Company's audit of RETC projects disclosed that "administrative procedures were inadequate because they did not document, summarize or insure that the program purposes and description of work to be performed, as defined in the RETC contract, were accomplished."

Recommendation

Chicano Federation should improve basic record keeping standards relative to programmatic requirements in order to increase accuracy when reporting services delivered.

The San Diego Union

SAN DIEGO, CALIFORNIA, THURSDAY MORNING, JUNE 14, 1979

Chicano Group Fund Program Rapped By Jury

By SUZANNE CHONEY

Staff Writer, The San Diego Union

The finances of the Chicano Federation of San Diego County have been "totally mismanaged" and the Board of Supervisors should terminate its contract with the organization until better monitoring of the program is done, the county grand jury said yesterday.

County supervisors contacted yesterday said the grand jury report surprised them, but that they would not immediately cut the organization's funds.

"I'm glad the grand jury discovered those things and recommended immediate constructive action, but I don't intend to penalize constituents by eliminating funding," said Supervisor Jim Bates, who added that he thought many of the organization's problems already have been corrected.

A representative of the Chicano Federation said the board of directors will hold a special meeting before commenting officially on the grand jury report.

However, the representative, who asked that his name not be used, said "nobody in the federation expected a good recommendation from the grand jury, because there are no Chicanos on the grand jury."

He said the alleged cases of mismanagement were for relatively insignificant items, and that the Chicano Federation is "managing thousands and thousands of dollars well."

The grand jury audited 16 federation-funded programs totaling \$1.3 million during 1977 and 1978. Most of the federation's funding is from the county and the Regional Employment and Training Consortium (RETC), the local clearinghouse for federal job funds.

Despite the ongoing grand jury investigation, the Board of Supervisors last month approved renewing the Chicano Federation's contract through March 1981, providing the agency with a total of \$500,000 for its social and legal services programs.

Among the grand jury's key findings:

— The federation has not followed standard accounting and fiscal procedures, ranging from such incidents as a federation employee being issued an \$11,000 loan from county and city of San Diego project fund accounts (the loan was paid back within four days at 9 percent interest), to improperly logging and keeping track of mileage bills and long-distance phone calls.

— The county auditor's office found \$154,595 in "questionable" costs during the audit period because of the federation's "improper documentation, unauthorized expenditures and duplicated costs."

— Two cars belonging to the federation were sold to former employees for \$1 each. One of the cars had been donated to the federation by San Diego Gas & Electric Co. The cars were a 1972 Ford and a 1964 or 1965 Chevrolet.

— The disappearance of tools and other equipment was "not always reported."

— The verification of the federation's services to the public has not been adequately monitored or documented by the county's Department of Human Services.

The grand jury also was critical of the Chicano Park Steering Committee, a non-profit group which shares office space with the Chicano Federation at 1960 National Ave.

The grand jury said in the report the two groups have had conflicts, leading to cases of intimidation and threats of bodily harm, on the site, which also has been a point for drug dealing and sale of "possible" illegal weapons, according to some of the 25 witnesses interviewed.

(Continued on B-6, Col. 2)

Jury Raps County On Chicano Issue

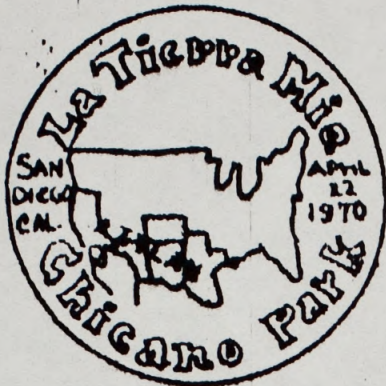
(Continued from Page B-1)

In addition, the grand jury said a coloring book prepared by the steering committee was at least "in part" financed by public funds.

The coloring book, which had two of eight drawings as protests against local police and a proposed immigration plan, could be "construed as derogatory to the U.S. government, and obviously degrading to law enforcement officers," the report said.

The police drawing showed a pig on wheels near the Coronado Bridge, with a clenched fist in the sky swooping down on the police helmet.

"Because it is a publicly funded agency, we should have a right to say what goes into that coloring book," said grand jury foreman Frank Kilcoyne. "They have an obligation not to degrade public officials."



CHICANO PARK STEERING COMMITTEE

1960 NATIONAL AVE

SAN DIEGO CALIF 92113

(714) 236 1228

TO: CHICANO FEDERATION BOARD OF DIRECTORS
FROM: CHICANO PARK STEERING COMMITTEE
SUBJECT: RETENTION OF CHICANO PARK BUILDING BY LOCAL COMMUNITY
DATE: AUGUST 20, 1979

This historical perspective is to inform you of our intention to begin immediate negotiations with the City of San Diego concerning the Lease of the Chicano Park Building. Historically the park and the building have been part and parcel of this community's effort to govern itself and conduct it's own affairs. Too often in our people's history have we had a goal such as this within our grasp, only to have it slapped away by those who would have us remain under their thumb.

It shall not happen here! We have risked to much and have worked to hard. We refuse to be patronized!

You were here as guests of this community and now you are forced to leave. This community is prepared to fill the void. We have been preparing for nine years.

We expect your support and assistance in this effort.

We need to be informed in matters dealing with the necessary insurance needed for the building, the HUD contract, the lease agreements with the City of San Diego, the necessary affirmative Action Program, and any other information we might need. We shall keep you informed of dates and places your presence will be needed in support of this effort.

Jose Enrique Gomez Irene Mena
Gonzalo Lopez
Josie S. Salas
KUPAE ENRIQUE
Joe Le Blanc
Ramon Sanchez
Irene Mercado
Octaviano Quintero
Rafael Sanchez
Alex Gonzalez



CHICANO PARK STEERING COMMITTEE

1960 NATIONAL AVE

SAN DIEGO CALIF 92113

(714) 236 1228

HISTORICAL NARRATIVE

The historical outline of the Chicano Park Steering Committee is this, and nothing more or less than this, without a consistent community clamoring for a Chicano Park there would be no need for a Chicano Park Steering Committee. This consistent community clamoring gave birth to Chicano Park, the Chicano Park Building and the Chicano Park Steering Committee. This community, known as Barrio Logan, then gave the Chicano Park Steering Committee the responsibility to develop and design this Park all the way to the bay and to maintain and staff the Chicano Park Building as the focal point of this beautification area.

Ever since this day, April 22, 1970, the development of the park and its building, the air and noise pollution, the complete disregard of the junkies for the health of the residents, and the gross governmental neglect have been the primary concerns of the Chicano Park Steering Committee. April 22, 1979, marked nine years of a strong steady stream of service to these environmental and humane concerns. The birth pains have been hard, but the stronger the pain the greater the love.

SERVICES TO THE BUILDING

It is heavily documented that we have assisted walk-ins in the areas of housing, health, manpower development referrals and legal referrals. We have also provided basic emergency services for those who are in dire need. We collect clean usable clothing for walk-ins who have nowhere else to turn. We also have a list of Senior Citizens

for whom we provide transportation to shopping centers in order that they might purchase their/basic needs at reasonable prices. We have planned and carried out a series of meetings and outings between the Chicano Community and Chicano Campus organizations concerning the importance of education in the development of their aspirations. In Oct. 1977 when the Chicano Park Building began receiving threats from the Ku Klux Klan concerning their intent to maim the staff and destroy the building, it was the volunteer members of the Chicano Park Steering Committee who maintained a twenty-four hour surveillance of the building and the surrounding area. For five years the Chicano Park Steering Committee has given a Christmas party for the Children of the area. We provide music, games, and stockings filled with fruit, toys, nuts, coloring book and crayons. The Christmas party of 1978 cost the Chicano Park Steering Committee a total of approximately \$1200.00.

It has already been stated to what tasks the local community has appointed the Chicano Park Steering Committee. It should be duly noted that we do without any official funding of any kind. We answer only to the local community through our weekly meetings. The results of our work are here to be seen, and we offer no excuses to anyone for the creative energy expressed by our work. Every single day visitors from other communities, cities, states, and countries come to photograph the murals painted on the pillars of the bridge.

SERVICES TO THE PARK AND COMMUNITY

Our environmental and humane concerns still have a long way to go, but experiences teaches well. Based on our background and projections for the future, we have never been more confident in the people of Barrio Logan or more determined in the tasks assigned us. The most important thing we have learned is that when professional bureaucrats listen to your pleas with deaf ears, then it is up to the residents to gather their tools and be about the tasks themselves.

When our organization was born Barrio Logan was not re-

cognized as an area for residents. The rats from the junkyards are known to run rampant in some areas. Documentation will prove that we worked with other community groups to eradicate this gross governmental neglect. The Barrio Caucus Community Planning Association, of which the Chicano Park Steering Committee is one of the founding members and strong supportive participants, presented to the San Diego City Council a Community Plan, which was passed 5-2, forcing the junkyards to respect the rights of the residents. This community plan deals with the development of the Park All The Way To The Bay, air and noise pollution, the complete disregard of the junkyards for the health of the residents and gross governmental neglect. Our track record remains intact as requested by the community.

INKIND SERVICES

At this point, the subject of inkind services should be explored. We have totaled a rough estimate of \$18,707.37 (refer to chart E) of inkind services contributed by community volunteers to the building and to Chicano Park Day (April 22, 1979). This figure is for the time period between May 1978 to April 1979. It is based on an hourly rate of \$5.625 for 2,107 hours and 23 minutes, with the exception of Tomasa Camarillo who totaled 575 hours and 20 minutes at \$5.1923 per hour (refer to Chart B). The figure of \$5.625 is what we estimate to be the average hourly rate of a Community Development Specialist, and after nine years we feel entitled to at least this appellation (refer to Chart A). Chart D is a minimum estimation of inkind services provided by the greater community of Aztlan (Southwestern United States). This does not include travel or accommodations for Chicano Park Day 1979 (\$3,850.).

The inkind services were contributed in this manner:

1. The hours members spend at C.P.S.C. meetings.,
2. Client services(handling survival need cases which others can not or choose not to accept),.
3. Preparations for Chicano Park Day.,
4. Barrio Caucus meetings.,
5. Preparations for Christmas Party.,
6. Handling complaints from community members.,

7. Education Services., 8. After hour referral and informational services., 9. Out of State Conferences.

PROJECTED IMMEDIATE USE OF CHICANO PARK BUILDING

At this stage of our development, we have already been out in the community discussing the various possibilities of the Neighborhood Facility. A series of community meetings are being planned to keep the residents informed of the progress of our negotiations with the city. We are in contact with various agencies who have shown a strong interest in stationing an outreach office at this site.

For the time being, the community knows that because the Chicano Federation must leave does not mean that we shall collapse and close. They know, for instance, that those senior citizens who we aid with transportation and translation services shall still be able to rely on us, for we shall still be at our stations. It might be hard for the average person to understand, but we do not arrive to the area at eight and race away at five. The community members of the Chicano Park Steering Committee are not bedroom commuters. This is where we live and where we spend our time, not because we have to but because we want to. Clean usable clothing shall still be collected and distributed to those in need. M.E.CH.A. Central, a student organization with statewide affiliations, would like office space within the building immediately. Their intention is to offer tutoring in various fields of study and in college entrance exams. They also speak of a student library. Their strong interest in our community is greatly appreciated.

The bilingual Legal Clinic, which meets here between the hours of 6:30 to 9:00p.m. on Tuesday evenings, has already stated they plan to continue their projects here. The Women, Infant, and Children program (WIC) which provides the nutritious foods needed by the young plan to stay, for they know their need in the area. The Latin Low Rider Car Club see no reason to stop meeting here every Friday from 7:00 to 9:00 p.m.. As for cultural events, the

Ballet Folklórico en Aztlan shall continue to meet and teach the youth discipline through dance. There are many different types of events held in the Kiosko next to the building. On July 15, 1979 the Toltecas en Aztlan held a "Feria Infantil de la Alegria". They maintain an active office in the building and every Tuesday and Thursday evenings they keep the beat and dance of our ancestral people alive by their practices in the Kiosko Del Chicano Park.

CHART A

MINIMUM ESTIMATIONS OF INKIND SERVICES PROVIDED FROM MAY 78 TO APRIL 79

April 1979 801 hours and 30 minutes @ \$5.625 per hour
= \$4508.37

March 1979 107 hours and 13 minutes @ 5.625
= \$603.04

February 1979 36 hours and 2 minutes @ 5.625
= \$202.65

January 1979 80 hours and 2 minutes @5.625
=\$450.19

December 1978 87 hours and 25 minutes @ 5.625
=\$491.71

November 1978 43 hours and 29 minutes @5.625
=\$244.58

October 1978 114 hours and 6 minutes @5.625
=\$641.77

September 1978 253 hours and 30 minutes @5.625
=\$1425.92

August 1978 169 hours and 39 minutes @5.625
=\$954.26

July 1978 135 hours and 35 minutes @5.625
=\$762.59

June 1978 194 hours and 30 minutes @5.625
=\$1094.04

May 1978 87 hours and 42 minutes @5.625
=\$493.29

TOTAL = \$11,872.84

CHART B

INKIND SERVICES RECORDED BY TOMASA CAMARIELLO ON TIME SHEET IN THE FORM OF VOLUNTEER

WORK FROM MAY 1978 TO APRIL 1979

575 hours and 20 minutes @ \$5.1923

=\$2984.53

CHART C

TOTAL OF CHART A AND CHART B

CHART A \$11,872.84

CHART B \$ 2,984.53

TOTAL \$14,857.37

CHART D

MINIMUM ESTIMATION OF INKIND SERVICES PROVIDED BY COMMUNITY OF AZTLAN

NOT INCLUDING TRAVEL OR ACCOMODATIONS
FOR CHICANO PARK DAY CELEBRATION '79

Ballet Chicano de Denver Colorado
=\$150.

Los Perros de Los Angeles California
=\$300.

OaxOax Band de Los Angeles California
=\$300.

Danzantes Aztecas de Aztlan
=\$500.

Ballet Nayar de San Ysidro California
=\$150.

Mosaico Band de San Diego California
=\$300.

2 Speakers from Denver Colorado
=\$300.

Solos Band de San Diego California
=\$200.

Mariachi Villa Nueva de San Ysidro
=\$100

P.A. Rental for Sound System
=\$700.

CHART D continued

Morning Meal for 100 people @ \$3.00
a plate = \$300.

Evening Meal for 100 people @ \$5.50
a plate = \$550.

(not including 8 persons in kind services
in food preparations and serving of meals
nor does it include money donated for meals)

TOTAL = \$ 3850.

CHART E

TOTAL MINIMUM ESTIMATION OF INK AND SERVICES PROVIDED FROM MAY 78 TO APRIL 79

CHART A \$11,872.84

CHART B 2,984.53

CHART D 3,850.00

TOTAL \$18,707.37

Investigation of the Chicano Federation
(An Interim Report)

1978-79 San Diego County Grand Jury

June 13, 1979

Investigation of the Chicano Federation

(An Interim Report by the 1978-79 San Diego County Grand Jury)

In December, 1978, the Grand Jury received a complaint alleging mismanagement of public funds by the Chicano Federation. In addition, the complainant requested the Grand Jury to "clear the air of widespread rumors" of alleged misdeeds by the Chicano Federation.

The Bylaws, organizational structure, goals and objectives, membership and resource capabilities of the Chicano Federation were studied. Testimony from more than twenty-five witnesses was taken. Contracts with the San Diego County Human Services Department were studied. On-site visits were made to the Chicano Park, the Chicano Federation building, a warehouse, and mural exhibits on a shop building on Imperial Avenue. Every attempt was made to gather information and evidence in order to make a fair and accurate finding.

Background

The CHICANO FEDERATION of San Diego County was incorporated in the State of California on September 25, 1969. The corporation has tax exempt status of a non-profit organization. The primary purpose of the organization, as stated in the Charter, is "to promote unity, strength and leadership in the Chicano Federation (Mexican/American) community in order to assist in the reshaping of our society for the benefit of all its citizens."

On December 17, 1971, the Chicano Federation and the City of San Diego entered into a Neighborhood Facilities Grant Contract with the Secretary of Housing and Urban Development. This grant

contract provided federal financial assistance under Title VII funds for a "Project," having as its purpose the provision of a neighborhood facility. The Agreement provided for the operation of a neighborhood facility by the Chicano Federation for a period of at least twenty years after its completion. The present structure at 1960 National Avenue is the neighborhood facility. This Agreement, amended on February 24, 1978, realigned mutual rights and obligations in regard to the operation, and the City of San Diego agreed to provide maintenance and repairs to the neighborhood facility as well as payment for all utilities.

The CHICANO PARK STEERING COMMITTEE was incorporated in July, 1975. The Committee was organized as a non-profit corporation with tax exempt status; stated objectives of the corporation are exclusively charity and education. The Chicano Park Steering Committee is a separate organization from the Chicano Federation. As a separate entity, it is an unsolicited resident advisory group housed in the neighborhood facility. Unfortunately, the relationship between the Federation and the Park Steering Committee has become so closely interwoven and intermingled that the two are often confused as one. This confusion exists partially because of the proximity, and partially because some Federation staff have been hired from the leadership ranks of the Park Steering Committee. Since the Steering Committee has traditionally been a Barrio Logan activist group, the result has been to assign the same category to the Chicano Federation, although it purportedly represents all

Chicano organizations within the County.

Finding

In interviewing witnesses and visiting Federation Headquarters, it was ascertained that a children's coloring book, distributed at a Chicano Park Christmas party, as well as murals, posters and publications (Appendix A), which could be construed as derogatory to the U. S. Government, and obviously degrading to law enforcement officers, had been prepared at the Federation Headquarters. For the most part, these were fostered by the CHICANO PARK STEERING COMMITTEE, endorsed by the Committee on Chicano Rights, and by some members of the Chicano Federation Board of Directors. These materials have done nothing to enhance the image of the Chicano Federation nor promote its charter purpose. The Grand Jury strongly objects to these materials since their preparation and production were apparently financed in part by public funds and directed by a paid employee of the Chicano Federation.

Testimony from several witnesses indicated that the present location of the Chicano Federation, adjoining Chicano Park in the Barrio Logan area, results in undue influence by the Chicano Park Steering Committee. At the same time, the openness of the Federation facility for social services and recreational activities results in a profound impact by the Barrio Logan and the Park Steering Committee on management and the executive director.

During the investigation, testimony indicated the neighborhood facility building (at 1960 National Avenue) used by the

Chicano Federation and other organizations has been the location of drug transactions and possible illegal weapons. As previously mentioned, the building has been used as a distribution point for publications highly critical of the United States Government and local law enforcement officers. Cases of intimidation and threats of bodily harm purportedly have occurred on the premises. Some witnesses reported that the pressure came from members of the Chicano Park Steering Committee.

The location of the Chicano Federation building within Barrio Logan and Chicano Park has resulted in a dubious relationship between the Federation and the Park Steering Committee. This relationship harbors possible collusion and conflict of interest. However, the prevailing influence results from having paid employees of the Federation on the Board of Directors of either the Federation or the Park Steering Committee.

RECOMMENDATION 1: That the County consider as a part of its continuing contract with the Chicano Federation that its headquarters be moved to a more neutral environment that will allow it to serve ALL Mexican-American people equally, without undue pressure from any one group or Barrio.

RECOMMENDATION 2: That the County consider (or adopt) a restriction that in contracts with the Chicano Federation that no paid employee of the Chicano Federation be a member of the Board of Directors of the Chicano Federation or of the Chicano Park Steering Committee.

RECOMMENDATION 3: That the County monitor Federation payrolls and current lists of the Board of Directors of both corporations to insure compliance.

Finding

Since 1971, the Chicano Federation has had seven Executive Directors. Most of the turnover has allegedly been the result of discouragement and/or intimidation and harrassment of the Executive Director by the Board of Directors and the Chicano Park Steering Committee. The Executive Directors were further bewildered by continuous change of policies by the Board of Directors. Most of this controversy evolved from a difference of views the Board of Directors held on whether the Federation should be mainly a social service or an advocacy agency. A general comment and complaint voiced by several witnesses interviewed by the Grand Jury from funding agency staffs and staff members of the Federation was a lack of leadership and management ability of the past Executive Directors.

RECOMMENDATION 4: That the County Board of Supervisors require that the Board of Directors establish a firm policy on whether the Chicano Federation should be a social service or an advocacy agency.

Background

The major thrust of the Grand Jury investigation dealt with possible fiscal mismanagement of the Chicano Federation. During this period of review by the Grand Jury, the Chicano Federation had contracts and income from sixteen funding sources totalling \$1,343,592. Because of multiple funding sources, the Grand Jury requested the assistance of the County Auditor's staff in its investigation. The audit report reveals extremely damaging evidence directed toward the Chicano Federation, as well as to the County and other funding agencies (Appendix B).

Finding

In the course of the investigation, it became apparent that the County contract with the Chicano Federation was loosely drawn as were other service contracts with the Federation. Funding agencies granted public monies to the Federation without ensuring that standard accounting and fiscal procedures were followed; not did they inquire into the capability of management staff to administer public grants. As far as the County is concerned, the responsibility is with the Department of Human Services.

Review and monitoring of the Chicano Federation contracts (Appendix C) by the County Department of Human Services has been totally inadequate. The Grand Jury has found there are insufficient guidelines, little follow-up action on evaluations of inspections, and lack of response to negative reports.

The responsibility of these functions usually lies with the same staff person that has written and negotiated these county contracts. This practice allows for a procedure that produces a benevolent and protective attitude toward the contractor rather than the detached impersonal involvement required to monitor, evaluate and implement negative findings.

RECOMMENDATION 5: That the Board of Supervisors create a separate monitoring division whose sole function is to monitor and evaluate all contracts of the Human Services Department on a periodic basis.

RECOMMENDATION 6: That contracts for services be strictly monitored for both programmatic and fiscal compliance by monthly progress reports verified by on-site visits of the monitor.

RECOMMENDATION 7: That ongoing monitoring be supported by documented recorded verifications.

RECOMMENDATION 8: That written contracts be improved by establishing priorities and, more precisely, defining contract goals, objectives and service requirements.

Finding

The Grand Jury heard sworn testimony regarding irregularities in accounting for time cards, use of telephones, vehicles, fixed assets, tools, and other equipment. For example, vehicles belonging to the Federation were sold to former employees for \$1.00 each. Disappearances of tools and other equipment were not always reported.

RECOMMENDATION 9: That a standard system of accounting procedures for public funds be introduced and adequate controls be established.

RECOMMENDATION 10: That funding agencies monitor closely the use of public funds granted and equipment contributed to the Federation, and ensure that funds and equipment are not co-mingled nor misappropriated.

RECOMMENDATION 11: That the specific recommendations in the Audit Report be implemented immediately.

Conclusion

The Grand Jury is as anxious and interested as anyone in the overall community to see people of Hispanic background be served not only socially, but legally and within the guidelines of the funding agencies. However, the Chicano Federation, in its present form, is not a viable organization. The turnover of management level personnel at the executive level and on the

Board of Directors preclude program stability. Selection of the Director and background experience level and training programs for staff personnel is insufficient for multi-project programs totalling \$1,343,592.

Despite all the negative findings, the Grand Jury found that some social services were well performed and could support continuance of funding for the Federation, if the above outlined deficiencies are corrected.

RECOMMENDATION 12: That the Board of Supervisors terminate funding of the Chicano Federation pending compliance of the foregoing recommendations.



Feliz Navidad

a toda

la familia

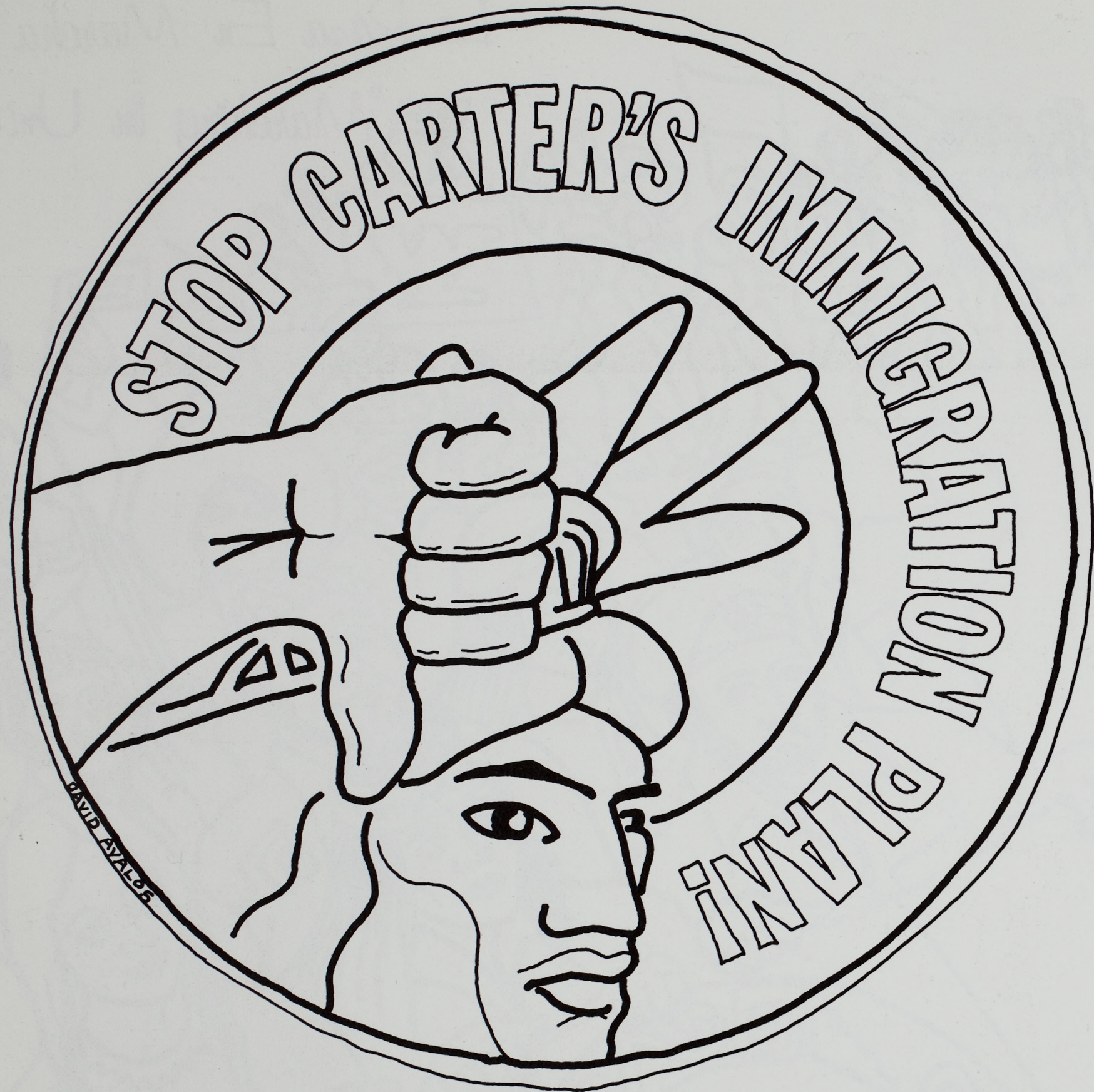
ORGANIZACION

QUE VIVA EL CHICANO PARK!!

"La Raza En Marcha"

"Marching in Unity"






CCR
Committee on Chicano Rights, Inc.





"Aztec Fire Dance"

Cultura Chicano Indigena



"Danzante Azteca"
"Aztec Dancer"

Prison Art

Hinto Arte

Soledad,

VISA

DONTOWA
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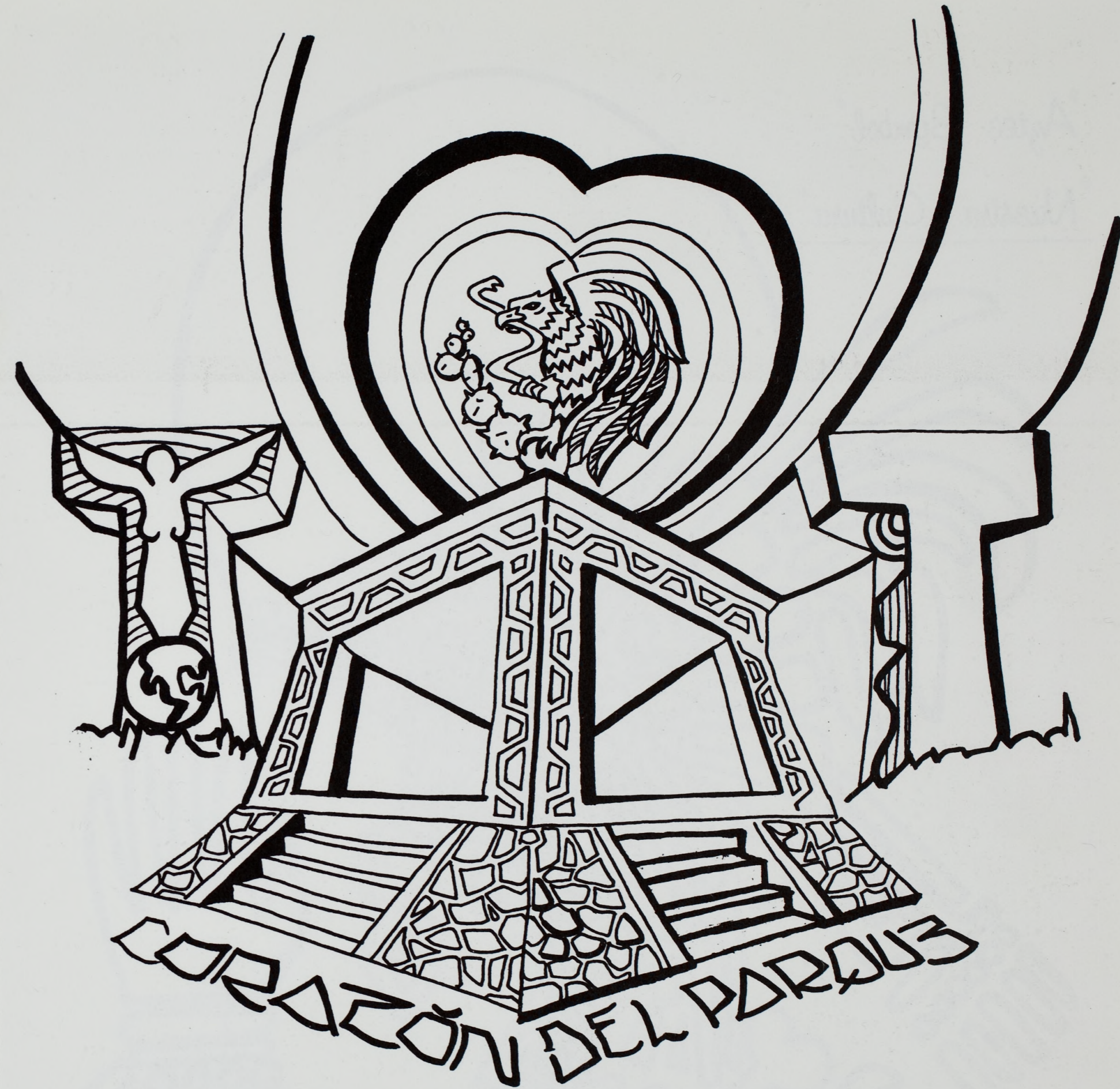
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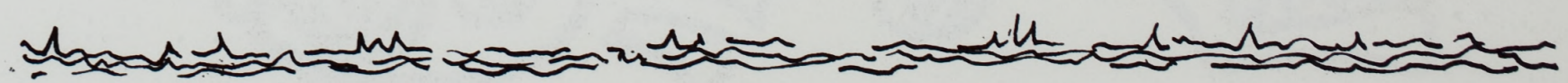


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(*Reprinted from "Low Rider" magazine No.5)



"El Kiosco De Nuestro Parque Chicow"



"Aztec Symbol"

"Nuestra Cultura"





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Chicano Federation of San Diego County, Inc.

NEWSLETTER

Vol. I, No. 1

233-8712

October 18, 1969

Human Relations Commission The city and county are thinking of setting up joint or separate Human Relations Councils or Commissions that will operate like the CIC (Citizens Interracial Committee) except on a broader scope, with broader citizen participation and with authority to effect change whenever this is necessary. A recommendation will be made to the Board that 1) the Federation support the establishment of such a commission or commissions, 2) Chicano participation be evident and effective, 3) the commission or commissions have real power to effect change, 4) Chicanos participate fully in the organization of such groups, 5) the commission (s) serve the human relations needs of the total community.

Memorial Jr. High Disturbance Two weeks ago a Mexican-American student or students allegedly beat a Black girl on the head at Memorial Jr. High. A Mexican-American mother said she saw several Black students gang up and beat a Chicano boy. On one day during the disturbance at the school approximately seventy Black students, some from Memorial and some older students, chased some thirty Chicano students, some of which were from Memorial and some of which were not, down the street two times. Only the intervention of Chicano and Black adults prevented a bloody riot. Then, in spite of the presence of a number of police and squad cars and school security personnel, the two groups engaged in a rock throwing melee which fortunately resulted in no injuries. Why the conflict between the two groups? Who were the aggressors? No one seems to have come up with valid reasons for the disturbance. A special ad hoc committee from the Parents Crisis Committee, meeting during that week, concluded, however, that the antagonism evident there was not aimed at the school but rather at one ethnic group and a resolution was passed demanding that the school guarantee the safety of Chicano students at the school. Since that time more than a hundred Mexican-American parents have asked that their children be transferred from Memorial.

Chicano Recruiters A special committee from the Federation, headed by Gus Segada, ~~for Chicano students~~ instructor at SDSC, has negotiated a settlement with Mrs. Geraldine Rickman, Director of COPE at SDSC, to provide for recruitments of Chicano High School students by a Chicano. Henceforth Black students will be recruited by Black recruiters and vice versa. In May a funding request is going to be made by the Federation for a complete COPE organization aimed at the special needs of Mexican-American students.

A Chicano From Washington Dr. Martin Castillo, Chairman of the President's Inter-Agency Committee on Mexican-American Affairs, was here October 14th to meet with Chicanos from the community and discuss their problems. The principal complaint brought to Castillo was the great imbalance, employment-wise, found in Federal programs aimed at minorities. It was pointed out that 1) Mexican-Americans are conspicuously absent from leadership positions, 2) half as many Mexican-Americans as Blacks are employed, and 3) recruitment for services rendered by these agencies seemed to favor one group over another. Dr. Castillo took this and other specific requests back with him for possible action.

Councilman
to Speak

Mr. Leon Williams, City Councilman 4th District, will speak at the October 22nd meeting of the Federation at the State Service Center. Time is 7:30 pm. Williams serves a large Mexican-American population and questions will be directed to him on the concerns he has manifested for this group.

Chicano-Black
Tensions

A special workshop is being planned by the University of San Diego College for Women on tensions between Chicanos and Blacks. The workshop will be held in January or February and is being organized by a committee made up of Chicano and Black community leaders. The workshop comes at a time when the Mexican-American community is demanding parity in all efforts to help minorities rise to the level of full and complete equality of opportunity and when Blacks, sensing this, have begun to show greater resistance to the rise of another minority.

Inexcusable
Stupidity!

Superior Court Judge Chargin of San Jose told a Mexican-American youth who had been charged with incest that Mexican-Americans become animals when they reach the age of thirteen; that all Mexican-Americans should be sent back to Mexico and that Hitler was right in exterminating bad elements in society. Chicanos in San Jose, enraged at this criminal abuse rose in protest and succeeded in having the judge transferred. However, Ramon Castro, Chicano criminal lawyer in San Diego, has urged that this is not enough and that all Chicanos here should call or write demanding that this insane judge be removed from the court permanently. Call, write or send a telegram to this effect to: Judicial Council, State of California, 350 McAllister Street, Room 4200, San Francisco, Calif. 94102. For further information call Mr. Castro at 291-4100. Incidentally, hat's off to Mr. Sherwood Gordon, owner of radio station KSDO, who in a broadcast on October 3rd, expressed the same feelings about Judge Chargin, calling for his removal from office.

PACHANGA -
NOV. 8th

The editorial staff of LA VERDAD is sponsoring its 2nd Semi-Annual Pachanga Saturday, November 8th to raise funds for its publication. Fun and dancing from 7:30 pm to 1 am at the VFW Hall, 7785 Othello Street on Kearny Mesa. \$3.00 single, \$5.00 for two. Support the only newspaper aimed at the Chicano community. Be there and bring a friend or two. Remember that donations are needed and welcome; send them to Richard Saiz, Editor, P. O. Box 13156, San Diego, Calif. 92113.

Chicano Student
Conference

The 2nd Annual Chicano Student Conference, sponsored by MECHA-MAYA and aimed at Chicano High School students, will be held at San Diego State College Saturday, October 25th. Transportation is needed and Mexican-American adults are urged to help by joining car pools in taking students from certain key points to the college. Pick-up stations are at San Diego High, Snyder, Lincoln High, Mar Vista and San Ysidro. Adults must be there at 7:30 am to transport students. Please help! Call Vivian Cermenho at 582-9031 or Centro de Estudios Chicanos (286-5145) for further details.

MAPA Assists
Grape Boycott

Picketing at the Safeway store on 4th and Highland in MAPA National City by members of the NC Chapter of MAPA and members of the SD Boycott Committee has resulted in the removal from that store of table grapes. This success under the leadership of Carlos Legarette and Herman Baca is being followed up with further picketing at a Mayfair store in another part of town. Pickets are needed for service on Fridays after 5 and on Saturday mornings. Call Carlos at 262-2950 or Herman at 477-5434.

Gracias, Gloria! Thanks to Gloria Becerra from Chula Vista, the Summary of the Federation originally distributed in English, will now be available in Spanish and will be distributed at Federation meetings in November. The Summary describes the objectives, structure and activities of the Federation and gives a synopsis of the statistics contained in Senator Montoya's report to a Senate subcommittee on June 11th of this year regarding the Mexican-American condition in the Southwest.

Federation
Incorporated

As of September 26th the Chicano Federation of San Diego County was incorporated. The Federation has now requested funding from the United Community Services and, when funded, will embark on programs of greater service to the community and the twenty-four Mexican-American organizations affiliated with it.

?Adonde la
Federacion?

Meanwhile, a special meeting is being called of the Chairman of the affiliated organizations for November 5th, State Service Center, 7:30 pm. to discuss the internal organization of the Federation, its immediate objectives, operation and communication with all organizations. Problems of representation and meeting procedures will be analyzed and solutions recommended.

Executive
Committee

Meetings of the Executive Committee, composed of seven members, have been set for the 1st and 3rd Wednesday of every month so that these will precede by one week meetings of the Federation Board. Everyone is welcome to attend; however, voting is restricted to members of the Committee.

2nd Annual Urban
Coalition Workshop
Set For Feb. 7th

Mr. George A. Scott, Chairman of the Urban Coalition Communications Task Force, has named Ray S. Blair, Jr., Assistant to the City Manager, conference chairman for February 7th at Lincoln High School. Members from the minorities will be asked to submit problems and suggestions for discussion and action at the workshop. On the suggestions from the Chicano Federation, Senator Joseph Montoya (N.M.) will be asked to be a principal speaker. More on this important workshop later.

Human Resources
Pool

Miss Juanita Sanchez is heading a committee to develop a comprehensive list of active Mexican-Americans in this area to look for when there is need for certain skills for certain problems and to turn to when there is a job opening that should be filled by a Mexican-American. She will be sending out Profile Questionnaires soon and we ask that these be completed and returned to her as soon as possible.

Meeting on Steve Moreno is appealing to Chicanos to appear Tuesday, October 21st,
EMR's 9:30 am at the San Diego City Administration Building, Community
Concourse, 202 "C" Street, for a meeting on wrongful placement of
Chicano students in classes for the educationally mentally retarded.
For further details call Steve at 453-2983.

OFFICIAL MEETING NOTICE

Chicano Federation - Wednesday, October 22nd - 7:30 pm - State Service Center