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UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
7014 FEDERAL BUILDING 1961 STOUT STREET  
DENVER, COLORADO 80202

APR 24 1973

Mr Edwin R LaPedis  
Regional Administrator  
Law Enforcement Assistance Administration  
6519 Federal Office Building  
1961 Stout Street  
Denver, Colorado 80202

Dear Mr LaPedis

We have conducted a survey on the status of Law Enforcement Assistance Administration (LEAA) fiscal year 1970 block grant funds and cash management procedures at the subgrantee, State Planning Agency (SPA), and LEAA regional levels. Work was performed at the LEAA Denver Regional Office, the Colorado and South Dakota SPAs, and at subgrantees administering 12 projects in Colorado and 59 projects in South Dakota. Since LEAA program authority has been delegated to the regions and our work was conducted entirely within your region we are providing you our comments on observations made during the survey.

The Omnibus Crime Control and Safe Streets Act of 1968 (42 U S C 3701) provides for grants to encourage States and general local governments to carry out programs and projects to improve and strengthen law enforcement. It specifies management controls which SPAs must maintain in planning and administering the grants. It also gives LEAA responsibility for assuring the financial integrity of the grant programs.

LEAA's fiscal year 1970 action block grants appropriation was significantly larger than in 1969--\$182,750,000 compared to \$24,650,000. These funds were to have been obligated by June 30, 1972, with a disbursement deadline of September 30, 1972. Since problems in the administration of LEAA grants and the inability of grantees to absorb appropriated funds in a prompt and effective manner have been a matter of congressional concern in the past, the survey was directed toward determining how much of those funds were used and to evaluate the effectiveness of LEAA fund management.

A summary of the results of the survey follows. More detailed comments can be found in the enclosure to this letter.

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## SURVEY RESULTS

SPA reports to LEAA provide information on disbursements and obligations of LEAA funds at the State level but not at the subgrantee level. Our survey showed a significant difference in the amount of funds obligated and disbursed at the two levels. We recommend that the Denver region require SPAs to obtain timely and accurate information from subgrantees on the status of funds, and that the Denver region periodically visit the SPAs to assure that such requirement is adhered to. Implementation of the recommendation should enable the SPAs and the Denver region to be better informed on whether funds are being used and how effectively subgrantees are administering the funds.

LEAA has established no closeout procedures for grants or subgrants and no deadline for return of unused funds. We were told that LEAA plans to comply with the Office of Management and Budget Circular A-102 which requires agencies to establish grant closeout procedures. We recommend that such procedures include dates by which unused funds must be returned, in order to avoid retention of unused cash balances at the grantee and subgrantee levels for excessive periods of time.

In addition, our test of fiscal year 1970 subgrants showed there were excessive cash balances at the subgrantee level. The Denver region has issued instructions designed to eliminate excessive cash balances at the SPA and subgrantee levels. It monitors the cash balances at the SPA level, but has no feedback to assure that SPA disbursements to subgrantees are in compliance with the instructions. We recommend that the region monitor the manner in which SPAs are ensuring that funds advanced to subgrantees are not unreasonable in comparison to their cash needs.

LEAA has contracted to have financial management systems developed at some SPAs, and requires audits to be made, however, we found numerous operational deficiencies at the SPA and subgrantee levels in the Denver region. We also noted LEAA has no procedures to ensure that State conducted audits and follow-up by the SPAs are adequate and effective. We recommend that the Denver region provide sufficient monitoring of and assistance to its SPAs in their financial operations to ensure reliable financial management systems and conformance with LEAA requirements.

We were told that South Dakota is being required to enlarge its financial administration staff. We recommend that the Denver region encourage similar action by other SPAs where needed.

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A copy of this report is being sent to the Associate Administrators of LEAA. We would appreciate your comments on the matters which we have discussed.

Thank you for the cooperation and assistance provided us during the survey.

Sincerely yours,



Irwin M. D'Addario  
Regional Manager

Enclosure

cc Mr. Clarence Coster  
Associate Administrator  
Law Enforcement Assistance Administration

Mr. Richard W. Velde  
Associate Administrator  
Law Enforcement Assistance Administration