

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF PREFERRED PLACEMENT
GRANT (90-RP-0008)**

**IMMIGRATION AND REFUGEE
SERVICES OF AMERICA**

WASHINGTON, D.C.



**JANET REHNQUIST
Inspector General**

**DECEMBER 2001
A-03-01-00514**



DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES
150 S. INDEPENDENCE MALL WEST
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DEC 11 2001

Common Identification Number A-03-01-00514

Lavinia Limon, Executive Director
Immigration and Refugee Services of America
1717 Massachusetts Avenue, Suite 200
Washington, D. C. 20036

Dear Ms. Limon:

We have reviewed the Administration for Children and Families (ACF) Office of Refugee Resettlement (ORR) Preferred Placement grant (90-RP-0008) awarded to the Immigration and Refugee Services of America (IRSA). The objectives of our review were to determine if IRSA:

- ☞ Achieved the grant objectives
- ☞ Complied with standard terms and conditions of the grant, and
- ☞ Maintained a system of accounting and internal controls capable of managing Federal funds.

In general, IRSA accomplished the grant objectives. However, IRSA placed 266 refugees into 2 communities (sites) that were not approved by ORR at the time of initial placement.

We also reviewed IRSA's organizational and accounting controls as well as controls to assure IRSA's compliance with the standard terms and conditions of the grant. All conclusions regarding these controls are found in our report "Review of the Kosovo Refugee Emergency Assistance Grant Program" Common Identification Number (CIN) A-03-01-00513 and are not repeated in this report.

BACKGROUND

The IRSA is a non-profit organization that began in New York in 1910 as the American Council for Nationalities Services. In 1994, the American Council for Nationalities Services merged with the United States Committee for Refugee Services to become IRSA, with headquarters in Washington D. C. The IRSA's mission is to defend human rights, build communities, foster education and promote self-sufficiency among immigrants. During the fiscal year ending September 30, 2000, IRSA had revenues of \$17,138,998 including federal grants of \$14,491,200.

The ORR provided \$1,199,707 in funding to IRSA under the Preferred Placement grant for a 36-month period from October 1, 1997 through September 30, 2000. The purpose of the grant was to increase placement of arriving refugees in preferred communities where the refugees have opportunities to attain early employment and sustained economic independence without public assistance

The Preferred Placement Grant Agreement

The ORR announced the Preferred Placement grant in the Federal Register of June 25, 1996. The announcement solicited applications for the grant and required that the application explain which preferred community sites were being proposed and the rationale for the sites. The announcement also required the application to include the following justification for the proposed sites in the first grant year:

- L Community support letters and state consultations.
- L Evidence of available entry-level employment, low welfare benefits relative to earnings potential and history of moderate cost of living based on "Needs and Payments" standards from Aid to Families with Dependent Children (AFDC) programs.
- L History of low out-migration rates and affordable housing at the proposed sites.
- L Qualifications for the staff working with the applicant at the site.

The IRSA responded to the announcement with an application that ORR approved. The ORR subsequently awarded the grant to IRSA on September 4, 1997. In 1998, ORR solicited an application from IRSA to place refugees infected with Acquired Immune Deficiency Syndrome (AIDS) in sites that could tend to their medical needs. The IRSA responded and this objective was merged into the objectives of the Preferred Placement grant.

OBJECTIVE SCOPE AND METHODOLOGY

The Preferred Placement grant was randomly selected for review along with other grants from a national database of grants maintained by ACF. The objectives of our review were to determine if IRSA:

- L Achieved the grant objectives,
- L Complied with the standard grant terms and conditions, and
- L Maintained an accounting system and system of internal controls capable of managing Federal funds.

We performed our review in accordance with Generally Accepted Government Auditing Standards. To determine if IRSA achieved the grant objectives we reviewed the grant final report and a judgmental sample of 10 refugee placement files and conducted interviews with IRSA and ORR personnel. We reviewed IRSA's organizational and accounting controls as well as controls to assure IRSA's compliance with the standard terms and conditions of the grant. All conclusions regarding these controls are found in our report "Review of the Kosovo Refugee Emergency Assistance Grant Program" CIN A-03-01-00513. As for items not tested, nothing came to our attention to indicate that IRSA was not in compliance with the regulations related to the grant. We performed our review at IRSA offices in Washington D. C. from July through September 2001.

RESULTS OF REVIEW

Program Results

In general, IRSA achieved the grant objectives. The IRSA subcontracted their work to affiliate Immigration and Refugee service organizations to fulfill the objectives in placing refugees in various communities across the country. In total, IRSA placed 2,657 refugees during the grant period¹.

The IRSA, however, placed 266 refugees into 2 unapproved communities (Buffalo, New York and Bridgeport/Waterbury, Connecticut) during the third year of the grant. This violated selected site justification requirements. The successive years' site justification requirements listed in the announcement for the grant differed from the first year requirements and included the following statement:

"Additional sites proposed under approved applications during the period of the project will require ORR's concurrence..."

The IRSA initially reported the placement of 12 refugees at the Buffalo, NY site on the interim progress report submitted to ORR on January 28, 2000. The placement of 11 refugees at the Bridgeport/Waterbury, CN site was first reported to ORR on the

¹ The number of placements in each community is found in Appendix A

April 27, 2000 progress report. The remaining refugees were placed at the sites after the interim progress reports were submitted.

We were unable to find any request for ORR’s approval of these sites from ORR’s records although IRSA mentions in the April 27, 2000 progress report that “ORR approval confirmed to expand Preferred Communities by adding the International Institute of Connecticut”. The IRSA provided an E-mail from ORR dated October 25, 2000 (after the completion of the grant period) that stated “since Bridgeport and Buffalo are relatively new sites, they may be considered for continuation”. This indicates that ORR accepted these sites after placements were completed but it does not constitute approval before placement.

The IRSA’s inclusion of previously unapproved communities as placement sites on a progress report should not be construed as a request for approval. Further, ORR’s lack of commentary during the grant period on the inclusion of the new community placement sites should not be considered as an approval. As a result, the placements were not in accordance with grant requirements.

CONCLUSION AND RECOMMENDATIONS

The IRSA was generally able to accomplish all grant objectives. However, IRSA placed 266 refugees into 2 communities that were not approved by ORR at the time of placement.

We recommend that IRSA notify and receive approval from ORR prior to placing refugees in communities that were not initially approved by ORR.

IRSA Response and OIG Comments

By letter dated November 21, 2001, IRSA responded to a draft of this report (APPENDIX B). The IRSA stated that they received verbal approval from ORR to place refugees in the two sites that we found were not approved by ORR at the time of initial placement. The IRSA further stated that they would never have proceeded with program activities at the sites without clear authorization from ORR.

We believe that while ORR accepted these sites for placement after placements had, in fact, been completed, there was no indication from our review of correspondence or interviews with ORR personnel that the sites were approved before placement. We believe that the only clear approval is documented approval. In this case the documentation was not available.

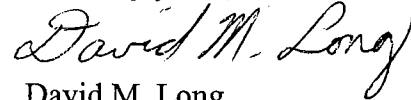
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Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-231, HHS/OIG Office of Audit Services reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act (See 45 CFR Part 5).

To facilitate identification, please refer to Common Identification Number A-03-01-00514 in all correspondence relating to this report.

Sincerely yours,

A handwritten signature in cursive script that reads "David M. Long".

David M. Long
Regional Inspector General
for Audit Services

Direct Reply to HHS Action Official:

Director, Division of Financial Integrity
Administration for Children and Families
Room 702 Aerospace Building
370 L'Enfant Promenade S.W.
Washington, D.C. 20447

PREFERRED PLACEMENT LOCATIONS	FY 1998	FY 1999	FY 2000	TOTAL
Manchester, New Hampshire	149 ³	188 ³	147 ³	484
Colchester, Vermont	122	220	117	459
Twin Falls, Idaho	123 ³	172	121	416
Erie, Pennsylvania	193 ³	191	124	508
Bowling Green, Kentucky	159 ³	198	89	446
Buffalo, New York ¹			141	141
Waterbury, Connecticut ¹			125	125
TOTAL PREFERRED PLACEMENTS	746	969	864	2,579
MEDICAL PREFERRED PLACEMENT LOCATIONS²				
Chicago, Illinois			41 ³	41
Brooklyn, New York			14 ³	14
Los Angeles, California			5 ³	5
Providence, Rhode Island			4	4
Houston, Texas			14 ³	14
TOTAL MEDICAL PREFERRED PLACEMENTS			78	78
TOTAL PLACEMENTS	746	969	942	2,657

¹ The locations were added to the Preferred Placement grant in Fiscal Year (FY) 2000

² All medical Preferred Placement locations were added in FY 2000

³ There is conflict between the IRSA documentation and the final grant report for 1998 placements in: Bowling Green, Kentucky; Erie, Pennsylvania; Manchester, New Hampshire; Twin Falls, Idaho and for 1999 placements in Manchester New Hampshire and for 2000 placements in: Manchester, New Hampshire; Brooklyn, New York; Chicago, Illinois; Los Angeles, California and Houston Texas. Therefore, these numbers are based upon documentation IRSA officials provided to us during the review.



November 21, 2001

David M. Long
Department of Health & Human Services
Office of Inspector General
Office of Audit Services
150 S. Independence Mall West
Suite 316
Philadelphia, PA 19106-3499

RE: Common Identification Number A-08-01-00514

Dear Mr. Long:

Thank you for sending me the Office of Inspector General (OIG) draft audit report entitled "**REVIEW OF PREFERRED PLACEMENT GRANT (90-RP-0008)**".

I was pleased that your auditors found we accomplished the grant objectives. This program has been instrumental in helping refugees gain self-sufficiency and successful resettlement in communities where services helpful to newcomers (strong public transportation, wide ranges of social services, established ethnic communities) are not always present, and we have been happy to participate in it. Our partner agencies also feel strongly that their communities have been enriched by the opportunities this program has made available to their clients.

In response to the finding that IRSA placed refugees in two sites that had not been approved by ORR at the time of initial placement, I wish to emphasize that IRSA received verbal approval for placement from ORR. IRSA would never have proceeded with program activities at the sites without clear authorization from ORR. Since your findings on IRSA's organizational and accounting controls are addressed in your report "Review of the Kosovo Refugee Emergency Assistance Grant Program", I will include any response IRSA may have to those findings separately.

Thank you for the opportunity to review and comment on this report.

Sincerely,

Lavinia Limón
Executive Director