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THE WHITE HOUSE
WASHINGTON

February 7, 1975

MR. PRESIDENT:

The attached memorandum has been staffed and Buchen, Marsh and Cavanaugh have no objection.

Don

A handwritten signature in dark ink, appearing to read "DR" or "DRC", with a long, sweeping underline that extends to the right.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FEB 19 1975

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: PAUL H. O'NEILL

SUBJECT: Report of the Chairman of the Equal Employment Opportunity Commission on a violation of section 3679 of the Revised Statutes, as amended

There is attached a letter dated January 24, 1975, from the Chairman of the Equal Employment Opportunity Commission reporting to you, as required by law, a violation of subsection (h) of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly known as the Antideficiency Act.

This violation involves the overobligation of an allotment in account 4540100, Salaries and Expenses, fiscal year 1974. The overobligation was in the amount of \$800,000 and resulted from poor management and judgment by EEOC's Office of Management; the failure to provide for prescribed Federal accounting procedures; and the conversion from an outdated manual accounting processing system to an automatic data processing system.

The letter from the Chairman of the Equal Employment Opportunity Commission states that the responsible officials were Ms. Yvette Duggar, Director, Office of Management; Ms. Clarice Bryce, Financial Manager; Mr. Herbert Jackson, Chief, Administrative Services; and Ms. Marlene Lee, Chief Accountant. It is further stated that disciplinary actions have been initiated against the latter three involving a letter of reprimand in all cases and reassignment to other positions in two cases. Pending review of a statement from Ms. Duggar, the Director of the Office of Management, a suspension for 28 days and a letter of reprimand are proposed. We feel the explanation of the violation and the disciplinary actions proposed are adequate.

The agency's regulations for the administrative control of funds have been a cause of concern to OMB for some time. Prior to the discovery of the deficiency, we had communicated several times about the Commission's lack of timely and adequate financial management data and suggested the development of strict expenditure controls to avoid any overobligation of funds. The deficiency was in fact discovered in the midst of a subsequent special study of the Commission's financial management operation.

The Commission is currently being assisted in the revamping of its whole operation relating to the administrative control of funds by personnel from the General Services Administration and the General Accounting Office. Detailed discussions are also being held with OMB. While the current procedures for the administrative control of funds still need strengthening, we consider the corrective actions underway to be satisfactory. Further, the establishment of a new Funds Control Unit, the reassignment of unqualified employees from within the Financial Management Division and the planned retraining and recruitment efforts should have a positive effect on the administrative control of funds.

Congress was informed of this deficiency by letters of December 19, 1974, and will receive an update reflecting changes informally from the Commission. A deficiency supplemental for \$800,000 is being transmitted with the fiscal year 1976 Budget to pay vendors for goods and services rendered to the Commission.

In view of the above circumstances, we do not recommend any further action other than continued close monitoring by both OMB and the General Services Administration.

Attachments