

# Charges, Countercharges Levied In CETA Snafu

## Penski's Statement

CANTON — The following is Comprehensive Employment Training Act (CETA) assistant director Robert J. Penski's letter, released Wednesday afternoon, announcing his resignation.

"Over the past seven months, there has been a series of events which has eroded my confidence in Mr. William Collins, the county administrative assistant, and ultimately in county government leadership. Without such confidence, I do not feel I can do the job that should be done in the Employment and Training Department. I very much appreciate the support from staff, legislators, and associates, but I must in good conscience resign.

"As assistant director, I was responsible for developing, planning, and coordinating the operation of the many CETA programs. I was not responsible for fiscal affairs.

"Since their inception manpower programs have helped thousands of county residents who deserved a 'second chance' to get out of the public assistance-unemployment insurance rut. In part the success of the program, which has led state and national observers to consider the St. Lawrence County CETA programs among the best of small 'prime sponsors' in the country, was due to the support and encouragement from the county government. Rather than 'leading the fight to save 100 CETA jobs' as the headlines indicate, Mr. Collins has led the way to costing the county thousands — perhaps one hundred or more thousands — of dollars in lost revenues and federal reimbursements.

"Anyone associated with the management of the CETA programs this last year knew that fiscal problems existed. Knowledgeable people knew that weaknesses in the county's accounting and financial systems were more than partially to blame.

"In January of this year Mr. Collins was made aware of the problems. A local accounting firm performed an extensive audit of the CETA programs for the federal government and presented Collins with the findings. Not one penny was found to have been illegally expended. But what the audit reported in considerable detail are numerous weaknesses in the county's financial management practices. The auditor included specific recommendations on how the county could correct those weaknesses in order to enable CETA to properly reimburse the county for the benefits of CETA payroll expenses, as well as to give the CETA fiscal department the information they needed to fully account for their expenditures and plan programs.

"Collins refused to acknowledge county problems but admitted a lack of expertise in accounting matters. Recognizing that, I suggested that CETA fund an auditor position that would report directly to Collins and the Board. I specified that the position be filled by a person with an accounting background. To my knowledge, Collins accepted the idea but when the time came to fill the position, he overrode the objections of the CETA director and fiscal officer and appointed an individual with no accounting background. He refused to interview qualified applicants.

"In the spring months the former CETA fiscal officer repeatedly sought Collins' help to get the necessary information from the county in order to prepare accurate financial reports and to pay the county literally thousands of dollars for fringe benefit and other expenses that were long overdue. The fiscal officer resigned in frustration in mid-June. Adding insult to injury, Collins apparently got the Personnel Committee of the Board to rely on his expertise to decide what, if any, upgrading should be given to the two remaining assistant fiscal officers who would have to shoulder the fiscal responsibilities for at least another six months to a year before a new person could become functional as fiscal officer.

"Precipitated by the fiscal officer's resignation, the County Treasurer's office and Data Processing Department finally agreed to cooperate and on July 6 the two assistant fiscal officers reviewed the first computer print-out of expenditures through June 30. By the following week they were able to estimate that prior financial reports, which had been based on insufficient data, had substantially under-estimated expenditures.

"I felt that immediate action was warranted to assure that county taxpayers did not have to pay out \$200,000 or more on Sept. 30, 1978 to compensate for CETA over-expenditures.

"Our staff considered many alternatives, estimating costs and savings, and determined which alternative would both realize the necessary saving and yet promote the interests of the program and of the vast majority of participants.

"On Wednesday afternoon Collins was made aware of that decision. Newspaper reporters were present. Collins made no comment. He seemed satisfied with our efforts.

"Then suddenly on Thursday morning Collins appeared in our offices. Despite his prior admission of a lack of understanding of fiscal matters and his spathy regarding our fiscal dilemma in the winter and spring, he questioned our staff for three hours, belying his lack of basic accounting knowledge, and occupying sorely needed staff time. He seemed determined to make an issue of the situation with himself as the centerpiece. We finally persuaded him to let us put together detailed projections of costs and saving measures by the next afternoon.

"In a memo to him arranging the meeting, I said that with minimal assurances from the county we could guarantee that no person would be laid

off who, in their supervisors' estimation, genuinely wanted to get training and work experience leading to a regular job. Collins never responded to the memo.

"Instead, in the Friday afternoon meeting Collins and William Hess, chairman of the Economic Development Committee of the Board, refused to listen to the staff's recommendations. Neither appeared to understand the financial reports, yet both persisted in pursuing their proposal. Our staff pointed out that such a proposal had been considered but was found to be inadequate and, moreover, would defeat the purposes of the program. In essence, their proposal would have penalized 630-odd participants who had done their jobs well and rewarded 50-odd participants who had not performed well and were headed back to unemployment insurance rolls. We stressed that such individuals would be laid off regardless.

"Collins would not listen.

"Finally—in Hess' presence—he directed his remarks to me and said that CETA staff does not have the authority to terminate anyone. 'That's the county's decision,' he said, referring to his gesture to himself. He went on to wait—until now—to give him the opportunity to admit that there are weaknesses in the county's financial and accounting systems and that his actions on Friday were a mistake.

"Collins called me Friday evening to 'see if I wanted to talk about it.' While I appreciated the courtesy, I chose to wait—until now—to give him the opportunity to admit that there are weaknesses in the county's financial and accounting systems and that his actions on Friday were a mistake.

"But on Monday and Tuesday of this week, Collins has continued his media campaign. He made a big deal about contacting the federal government and calling in an outside accounting firm. I told him if he called the federal government to be sure to talk to the top man. It turns out his assistant talked with an equivalent of a Senior Clerk and obviously got nowhere. I welcomed the outside accountant coming in, if nothing else than to provide still another unbiased opinion on the weaknesses in the county's financial and accounting systems.

"It's ironic. If from the beginning the county had hired an administrative assistant with the expertise and interest in financial and accounting matters that one would expect from the chief budget officer of a multi-million dollar operation, then the county would not only have saved jobs but also thousands—perhaps one hundred thousand or more—of county dollars.

"Instead there has been Mr. Collins' belated heroics, a hypocritical charge. I am now convinced that Mr. Collins lacks not only the interest and expertise, but also the moral leadership to properly manage the county government. It also seems to me that the current Board of Legislators has not fulfilled its responsibility to oversee and direct the management of county government.

"Coming to this decision today disappoints me greatly.

"This is an exceptional county with much potential, where family, community, and a simple life may still flourish. The Board of Legislators is truly democratic, reflecting the different social and economic groups of the county. And, to my knowledge, Bill Collins had done a noteworthy job running the Probation Department. He had aided me personally on one occasion, and I had hoped that he would be a good Administrative Assistant.

"The CETA programs still need improvement, particularly in keeping current and attracting any new competent fiscal staff. Much remains to be done. But, as I had stated many times, political ambition and CETA don't mix, at least not in a program in which I have responsibility.

"While I have appreciated the opportunity afforded me to work for the

county and with an outstanding staff, and while I appreciate those who expressed their support in the last few days, I felt that someone had to speak out and at the same time not jeopardize the future effectiveness of the Employment and Training Department.

"As any other county taxpayer at this moment, I only hope that we aren't left holding the bag.

## Collins's Statement

CANTON — The following is Administrative Assistant William P. Collins' response to former CETA assistant director Robert Penski's announced resignation.

"The following information is provided so that County residents might have an opportunity to understand fully the situation with regard to the County and its CETA program. I have financial reports to the state and federal government as is the CETA program.

"The Department of Social Services is a prime example of this situation and is an agency with a significantly larger budget than the CETA Department and has always been able to work extremely well within the County's existing financial structure. Therefore, I have over the past seven months refused to accommodate the County system to a new and developing CETA program. Obviously, CETA personnel have not had the ability to internally control their own financial situation as other County departments have, since it was, in fact, a difference of opinion as to what type of corrective action to take and as is often the case in this kind of a serious situation, the arguments being put forth on both sides were strong and forcefully presented. I have known Mr. Hess for more than six years and was very surprised that he was unable to accept the give and take that was evident in that session. I am sure by the very nature of County government and how it provides services to people, there will be other times and other situations where the same type of differences of opinion will take place. I would only hope that other county departments and individuals involved in high administrative positions would have the ability to participate in these situations and a proper resolution of the problem can be developed.

"Ultimately, that resolution or the problem should be one that is acceptable to the County Legislature, who are the elected representatives of the people of St. Lawrence County. In the discussion that took place last Friday, no individual expressed a position that would have the people from the CETA administrative and fiscal unit had firmly decided on a course of action. Mr. Penski resigned and left the agency before a solution could be developed and since Mr. Doane was not available, I remained in writing to Mr. Doane a suggestion that I remain in the agency structure who could continue to speak on behalf of CETA.

"On Monday morning, discussions continued between the director, Mr. Doane, Mr. Hess and myself, and later on Tuesday, I again met with Mr. Doane, his financial people, and an independent auditor, where upon it was determined that the CETA over-expenditures exceeded the initial estimates developed by the agency. Following that meeting on Tuesday, I recommended in writing to Mr. Doane a suggested course of action and pointed out that if he chose not to follow that recommendation, that I would appreciate an opportunity to talk more with him about that. Ultimately that recommendation was the one put forth by the director of the CETA agency.

"Mr. Penski's claim that during the past seven months support and cooperation were not forthcoming from the County for further development of CETA programming is not borne out by the facts. On a number of occasions the CETA Department recommended to the County and to the County treasurer, as well as to the director of data processing, various changes that would be helpful to

them in their bookkeeping system. Each of their recommendations was accepted and they were allowed to pursue the course of action that they themselves had requested. I did, however, continue to raise questions about the method of the internal financial controls that existed within the agency. One of the reasons that I strongly resisted changing in any significant way the County's financial practices is the fact that those financial practices and accounting procedures are the same as those which have been in effect for over the past 23 years and those methods have served the County well. The record will show that to be the case regardless of the personnel that are managing the systems at any given time. The CETA program is just one of over 30 programs in County government, many of which have ties to federal and state agencies and are required to issue financial reports to the state and federal government as is the CETA program.

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the County's auditing staff an individual who could oversee the various programs being funded by CETA. It has turned out, and I do have the initial audits developed by that individual which show significant problems in each of the projects of CETA that have been audited up to the present time. Many of those problems, it has been pointed out by the auditor, are directly related to lack of orientation and direction by CETA staff. It should be pointed out, as Mr. Penski indicates, he was responsible for programs and therefore, the lack of direction provided by CETA were not necessarily program limitations, but in fact, fiscal in nature.

"With regard to Mr. Penski's comment concerning my recommendations to the personnel committee, I believe the chairman of that committee has already clarified that it was the committee's decision to take the action it did with regard to the assistant fiscal officers and they did not come to their conclusion based on any undue influence provided by me.

"Mr. Penski's claim that there was some relationship between the CETA fiscal officer's resignation and an incinerator effort by the treasurer's office and Data Processing Department is a gross error. Most people were not aware of the fiscal officer's resignation, nor the reasons for that resignation. The situation between the Treasurer's Office, the Data Processing Department, and the Budget Office was an arrangement that I worked out at the request of the CETA director, so again that they might develop sufficient internal bookkeeping records.

"Mr. Penski's letter indicates that I did not take any action with regard to CETA's dilemma on Wednesday afternoon. The problems were presented by Mr. Doane and Mr. Penski in a newspaper interview at which I was present. He is correct, and I do not feel that it would have been appropriate for me to recommend a course of action and discuss the problem in detail with the newspaper present. Later that evening, Mr. Doane, the director of the agency, reported the situation to the Economic Development Committee of the St. Lawrence County Legislature. It was that committee that decided that the course of action being taken by the CETA Department was one which should be examined further before any final decisions were made, and it was at the committee's direction that I did arrive in the CETA office on Thursday morning to discuss with the staff the financial situation which was in existence at that time.

"It is interesting that Mr. Penski finds it convenient to leave that entire sequence of events out of his letter relating to his resignation.

"In the meeting on Thursday morning, I did ask the CETA staff to prepare detailed financial records which would insure that any steps of a corrective nature that were going to be taken that would affect people's lives

should be taken only after a complete and thorough examination of the total situation had taken place. Mr. Doane, Mr. Penski and members of the CETA staff at that time indicated and agreed with me that certain reports should be developed and that they would have them available the following afternoon. Enclosed is a memorandum from Mr. Penski to me and other individuals involved in this project concerning that meeting which was to be scheduled for Friday afternoon at 1:30 and, of course, an examination of the language in that memo will clearly show that the reports were needed to make a final decision were not available on Thursday. They had not been available on Wednesday, but that the CETA staff was expected to be able to produce them by 1:30 on Friday. The memo again, which was written by Mr. Penski, will show his own attitude above the degree of accuracy that those reports would be able to address themselves to. It is inconceivable to me that with the memo that was written by Mr. Penski on Thursday, in which there was a clear indication of a lack of information, that the staff had already made a decision without these reports as to what type of corrective action to take.

"In a subsequent meeting that took place on Friday, of course, Mr. Penski mid-way through that meeting tendered his resignation. His report indicates that that followed a directive by myself that he take certain action on Monday. Even though my recommendation differed with his, the only recommendation I made with regard to Monday was that we discuss the situation further with the Director of the agency, Mr. Doane, who would be returning at that time.

"To the best of my knowledge, Bob Penski's strength was in the area of program development in the CETA program. Like many other individuals who have that type of talent, it is absolutely imperative that within the same agency there is just as much talent in the fiscal, accounting and management areas. This is not the situation that exists, therefore, the positive program efforts in many cases suffer because of the lack of adequate controls and good management practices.

"It is only in recent years that the taxpayers have begun to demand a significantly increased level of efficiency and positive management techniques in government. In order to have any hope of accomplishing the most efficient provision of services to people with the least amount of public expenditure, it will be necessary for all of us to set aside our own personal prejudices and be willing to work with others, who in some ways may agree with us, while at other times, strongly differ, but hopefully through these differences will come proper services to people that we as a society can afford."

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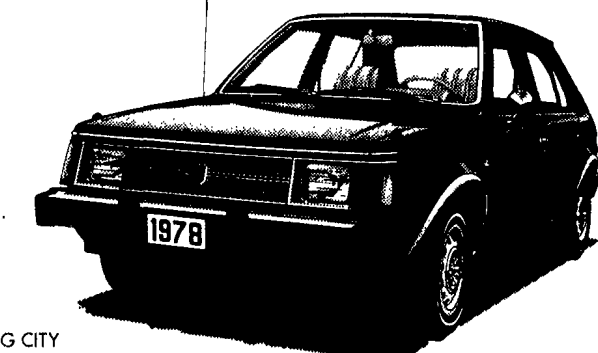
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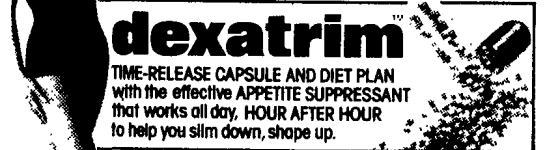
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