



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

March 10, 2010

TO: Yvette Sanchez Fuentes
Director, Office of Head Start
Administration for Children and Families

FROM: /Joseph E. Vengrin/
Deputy Inspector General for Audit Services

SUBJECT: Review of Norwalk Economic Opportunity Now, Inc.'s, Compliance With Health and Safety Regulations for Head Start Programs (A-01-09-02508)

Attached, for your information, is an advance copy of our final report on Norwalk Economic Opportunity Now, Inc.'s (the Grantee), compliance with Head Start health and safety regulations. We will issue this report to the Grantee within 5 business days. The Administration for Children and Families, Office of Head Start, requested this review.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Lori S. Pilcher, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through email at Lori.Pilcher@oig.hhs.gov or Michael J. Armstrong, Regional Inspector General for Audit Services, Region I, at (617) 565-2689 or through email at Michael.Armstrong@oig.hhs.gov. Please refer to report number A-01-09-02508.

Attachment



Office of Audit Services, Region I
John F. Kennedy Federal Building
Room 2425
Boston, MA 02203

March 18, 2010

Report Number: A-01-09-02508

Mr. Joseph E. Mann
President/CEO
Norwalk Economic Opportunity Now, Inc.
98 South Main Street
Norwalk, CT 06854

Dear Mr. Mann:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Norwalk Economic Opportunity Now, Inc.'s, Compliance With Health and Safety Regulations for Head Start Programs*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact George Nedder, Audit Manager, at (617) 565-3463 or through email at George.Nedder@oig.hhs.gov. Please refer to report number A-01-09-02508 in all correspondence.

Sincerely,

/Michael J. Armstrong/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Mr. Rick Borseti
Grants Management Officer
Administration for Children and Families
U.S. Department of Health & Human Services
JFK Federal Building, Room 2000
Boston, MA 02203

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF NORWALK ECONOMIC
OPPORTUNITY NOW, INC.'S,
COMPLIANCE WITH HEALTH AND
SAFETY REGULATIONS FOR
HEAD START PROGRAMS**



Daniel R. Levinson
Inspector General

March 2010
A-01-09-02508

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health & Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

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The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

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The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

EXECUTIVE SUMMARY

BACKGROUND

Within the U.S. Department of Health & Human Services, the Administration for Children and Families, Office of Head Start (OHS), administers the Head Start and Early Head Start programs. We refer collectively to both programs as the Head Start program. In fiscal year (FY) 2009, Congress appropriated \$7.1 billion to fund the program's regular operations. The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), provides an additional \$2.1 billion for the Head Start program during FYs 2009 and 2010.

Norwalk Economic Opportunity Now, Inc. (the Grantee), provides Head Start services to preschoolers and their families through a comprehensive early childhood development program at two facilities (the Nathaniel Ely School and the Ben Franklin Center) in Norwalk, Connecticut. For program year 2009, OHS awarded approximately \$1.46 million in Federal Head Start funds to the Grantee to provide services to 275 children. On July 15, 2009, the Grantee also received \$130,317 in Recovery Act funding.

OBJECTIVE

Our objective was to determine whether the Grantee complied with applicable Federal and State regulations on ensuring the health and safety of children in its care.

SUMMARY OF FINDINGS

The Grantee did not fully comply with Federal and State regulations on ensuring the health and safety of children in its care. Specifically, as of June 2009:

- The files on 21 of the Grantee's 72 Head Start employees lacked required documentation on child abuse and neglect registry checks, criminal record checks, and/or fingerprint cards. The files on the 51 remaining employees had all required documentation.
- The Nathaniel Ely School did not always meet Federal Head Start and State regulations on protecting children from unsafe materials and equipment.
- The Ben Franklin Center did not always provide a secure environment for the children in its care.

These deficiencies occurred because the Grantee did not have adequate procedures or did not consistently follow procedures that were in place to ensure that it complied with Federal and State health and safety regulations. The Grantee's failure to follow these regulations jeopardized the health and safety of children in its care.

RECOMMENDATIONS

We recommend that the Grantee develop and consistently implement procedures to ensure that:

- all employee files contain (1) evidence of a check of the State child abuse and neglect registry, (2) documentation of a criminal background check, and (3) evidence of completed fingerprint cards (for employees hired after September 1, 2000);
- all unsafe materials are stored in locked areas out of the reach of children and other unsafe conditions are addressed; and
- all facilities are secure.

GRANTEE COMMENTS

In its written comments on our draft report, the Grantee described its completed and ongoing actions to address the deficiencies that we identified. The Grantee's comments are included in their entirety as Appendix B.

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INTRODUCTION

BACKGROUND

Federal Head Start Program

Title VI of the Omnibus Budget Reconciliation Act of 1981 established Head Start as a Federal discretionary grant program. The major program objectives include promoting school readiness and enhancing the social and cognitive development of low-income children by providing health, educational, nutritional, and social services. In 1994, the Head Start program was expanded to establish Early Head Start, which serves children from birth to 3 years of age. We refer collectively to both programs as the Head Start program.

Within the U.S. Department of Health & Human Services, the Administration for Children and Families (ACF), Office of Head Start (OHS), administers the Head Start program. In fiscal year (FY) 2009, Congress appropriated \$7.1 billion to fund Head Start's regular operations.

The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), provides an additional \$2.1 billion for the Head Start program during FYs 2009 and 2010. These funds are intended for activities such as expanding enrollment, funding cost-of-living wage increases for grantees, upgrading centers and classrooms, and bolstering training and technical assistance.

Federal Regulations for Head Start Grantees

Pursuant to Federal Head Start regulations (45 CFR § 1304.53(a)(7)), Head Start grantees must provide for the maintenance, repair, safety, and security of all Head Start facilities. These regulations also specify that facilities used by Head Start grantees for regularly scheduled, center-based activities must comply with State and local licensing regulations. Alternatively, if State and local licensing standards are less stringent than the Head Start regulations or if no State licensing standards are applicable, grantees must ensure that their facilities comply with the Head Start Program Performance Standards related to health and safety (45 CFR § 1306.30(c)).

Norwalk Economic Opportunity Now, Inc.

Norwalk Economic Opportunity Now, Inc. (the Grantee), provides Head Start services to preschoolers through directed activities that promote physical, nutritional, emotional, and social development of children while encouraging parent involvement. The Grantee offers a comprehensive early childhood development program serving 3- and 4-year-old children and their families through a variety of programs at two facilities (the Nathaniel Ely School and the Ben Franklin Center) in Norwalk, Connecticut. For program year 2009, OHS awarded approximately \$1.46 million in Federal Head Start funds to the Grantee to provide services to 275 children. On July 15, 2009, the Grantee also received \$130,317 in Recovery Act funding.

Office of Inspector General Audits

This audit is one of a series of audits that address the health and safety of children who attend Head Start programs. We are conducting these audits in response to the \$2.1 billion in Recovery Act funds appropriated for the Head Start program in FYs 2009 and 2010.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the Grantee complied with applicable Federal and State regulations on ensuring the health and safety of children in its care.

Scope

Our review covered the Grantee's employee records and facilities as of June 2009. To gain an understanding of the Grantee's operations, we conducted a limited review of the Grantee's internal controls as they related to our audit objective.

We performed our fieldwork from June 3 through June 5, 2009, at the Grantee's administrative office and at its two childcare facilities in Norwalk, Connecticut.

Methodology

To accomplish our objective, we:

- selected the Grantee based on prior risk analyses and discussions with ACF officials;
- reviewed Federal and State laws, regulations, and policies related to Federal grant awards and the Head Start program;
- reviewed the Grantee's Head Start grant applications and current grant award documents;
- reviewed the Grantee's files on all 72 current Head Start employees;¹
- reviewed the Grantee's licenses and documentation of fire inspections;
- visited the Grantee's two childcare facilities; and
- discussed our preliminary findings with Grantee and ACF officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

¹The 72 current employees were partially or fully funded by the Head Start grant award.

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

FINDINGS AND RECOMMENDATIONS

The Grantee did not fully comply with Federal and State regulations on ensuring the health and safety of children in its care. Specifically, as of June 2009:

- The files on 21 of the Grantee's 72 Head Start employees lacked required documentation on child abuse and neglect registry checks, criminal record checks, and/or fingerprint cards. The files on the 51 remaining employees had all required documentation.
- The Nathaniel Ely School did not always meet Federal Head Start and State regulations on protecting children from unsafe materials and equipment.
- The Ben Franklin Center did not always provide a secure environment for the children in its care.

These deficiencies occurred because the Grantee did not have adequate procedures or did not consistently follow procedures that were in place to ensure that it complied with Federal and State health and safety regulations. The Grantee's failure to follow these regulations jeopardized the health and safety of children in its care.

EMPLOYEE BACKGROUND CHECKS

Federal and State Regulations

Pursuant to section 648A(g) of the Head Start Act (42 U.S.C. § 9843A(g)), a Head Start grantee may not hire an individual on a permanent or nonpermanent basis until it obtains (1) a State, tribal, or Federal criminal record check covering all jurisdictions where the grantee provides Head Start services to children; (2) a State, tribal, or Federal criminal record check as required by the law of the jurisdiction where the grantee provides Head Start services; or (3) a criminal record check as otherwise required by Federal law.

In Connecticut, child daycare facilities must comply with sections 19a-79-1a through 19a-79-13 of the State of Connecticut Regulation of Department of Public Health Concerning Child Day Care Centers and Group Day Care Homes (State regulations). Section 19a-79-4a(b) states that each prospective employee's file must include (1) completed State and Federal fingerprint cards for criminal record checks and (2) a completed form approved by the Department of Public Health submitted for a check of the State child abuse registry. The Connecticut Department of Public Health (the childcare licensing agency) stated that childcare facilities should keep proof of submission on file, such as a copy of the completed fingerprint cards. However, according to officials from the childcare licensing agency, childcare facilities are not required to keep evidence of fingerprint cards on file for employees hired before September 1, 2000.

Grantee's Compliance With Federal and State Employment Regulations

Our review of the Grantee's files on all 72 current employees found that the Grantee did not always comply with Federal and State employment regulations. Specifically, as of June 2009, 21 employee files lacked required documentation as follows:

- The files on 10 employees (3 assistant teachers, 2 teachers, 2 cooks, a custodian, a program aide, and an administrative support person) contained no evidence of a child abuse and neglect check.
- The files on seven employees (three teachers, two secretaries, a cook, and a curriculum specialist) contained no evidence of a child abuse and neglect check or any type of criminal record check.
- The files on two employees (a teacher and a family outreach employee hired since September 1, 2000) contained no evidence of a child abuse and neglect check or completed fingerprint cards.
- The file on one employee (a curriculum specialist) contained no evidence of any type of criminal record check.
- The file on one employee (a teacher hired since September 1, 2000) contained no evidence of completed fingerprint cards.

By not ensuring that all employees who supervised or had routine unsupervised contact with children met all employment regulations, the Grantee potentially jeopardized the safety of children in its care.

MATERIAL AND EQUIPMENT SAFETY

Federal and State Regulations

Pursuant to Federal Head Start regulations (45 CFR § 1304.53(a)(7)), grantees must provide for the maintenance, repair, and safety of all Head Start facilities, materials, and equipment. Grantees must ensure that indoor and outdoor premises are cleaned daily and kept free of undesirable and hazardous materials and conditions. Pursuant to 45 CFR § 1306.30(c), grantees also must ensure that Head Start facilities comply with any State and local licensing requirements. If these licensing standards are less comprehensive or less stringent than Head Start regulations or if no State or local licensing standards are applicable, grantees must ensure that their facilities comply with the Head Start Program Performance Standards related to health and safety.

State regulations (sections 19a-79-6a and 7a) specify that child daycare facilities must protect children from unsafe materials and equipment by, among other things:

- keeping first aid kits accessible to staff at all times but out of the reach of children,

- storing potentially hazardous substances in a separate locked area, and
- securing rugs to the floor.

Grantee's Compliance With Material and Equipment Safety Regulations

One of the Grantee's childcare facilities did not meet all Federal Head Start and State health and safety regulations on protecting children from unsafe materials and equipment. Our visit at the Nathaniel Ely School on June 3, 2009, found the following deficiencies, which we immediately reported to the facility manager on duty and received assurance that the facility would correct:

- A first aid kit was within the reach of children (Appendix A, Photograph 1).
- Toxic chemicals such as paint, ceramic tile adhesive, and cleaning supplies were accessible to children in an unlocked janitor's closet located behind the children's indoor play area (Appendix A, Photograph 2).
- Classroom rugs were not properly secured to the floor and thus presented a tripping hazard (Appendix A, Photograph 3).

By not ensuring that all facilities were kept free from unsafe materials and equipment, the Grantee jeopardized the safety of children in its care.

FACILITY SECURITY

Federal and State Regulations

Pursuant to 45 CFR § 1304.53(a)(7), grantees must provide for the security of all Head Start facilities. Pursuant to 45 CFR § 1306.30(c), grantees also must ensure that Head Start facilities comply with any State and local licensing requirements. If these licensing standards are less comprehensive or less stringent than Head Start regulations or if no State or local licensing standards are applicable, grantees must ensure that their facilities comply with the Head Start Program Performance Standards related to health and safety.

State regulations (section 19a-79-6a(a)(9)) require that the kitchen in a child daycare center be separated by a door or a gate from the rooms used by children to prevent the children from entering the kitchen except under supervision.

Grantee's Compliance With Facility Security Regulations

One of the Grantee's childcare facilities did not meet all Federal Head Start and State health and safety regulations on ensuring facility security. Our visit at the Ben Franklin Center on June 3, 2009, found that the kitchen door was left open, allowing children access to the kitchen area (Appendix A, Photograph 4). We immediately reported this concern to the facility manager on duty and received assurance that she would address the situation with kitchen staff.

By not ensuring that the facility was secure, the Grantee jeopardized the safety of children in its care.

INADEQUATE OR INCONSISTENTLY FOLLOWED PROCEDURES

These deficiencies occurred because the Grantee did not have adequate procedures or did not consistently follow procedures that were in place to ensure that it complied with Federal and State health and safety regulations.

RECOMMENDATIONS

We recommend that the Grantee develop and consistently implement procedures to ensure that:

- all employee files contain (1) evidence of a check of the State child abuse and neglect registry, (2) documentation of a criminal background check, and (3) evidence of completed fingerprint cards (for employees hired after September 1, 2000);
- all unsafe materials are stored in locked areas out of the reach of children and other unsafe conditions are addressed; and
- all facilities are secure.

GRANTEE COMMENTS

In its written comments on our draft report, the Grantee described its completed and ongoing actions to address the deficiencies that we identified. The Grantee's comments are included in their entirety as Appendix B.

APPENDIXES

APPENDIX A: LACK OF COMPLIANCE WITH MATERIAL SAFETY AND FACILITY SECURITY REGULATIONS



Photograph 1 – Taken at the Nathaniel Ely School on 6/3/09 showing a first aid kit stored on a shelf within the reach of children.



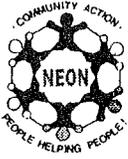
Photograph 2 – Taken at the Nathaniel Ely School on 6/3/09 showing an unlocked janitor's closet containing cans of paint, buckets of acrylic tile sealer, and cleaners that were accessible to children. This closet was located behind the children's indoor play area.



Photograph 3 – Taken at the Nathaniel Ely School on 6/3/09 showing six carpet squares that were pieced together and placed at the base of the children’s sink in the classroom. The carpet presented a tripping hazard because it was curling up on the ends and not securely tacked to the floor.



Photograph 4 – Taken at the Ben Franklin Center on 6/3/09 showing an open kitchen door.

**N.E.O.N.****Norwalk Economic Opportunity Now, Inc.**

98 SOUTH MAIN STREET, NORWALK, CT 06854-3126

January 29, 2010

Mr. Michael J. Armstrong
Regional Inspector General
Office of Audit Services
Department of Health & Human Services
Region 1
JFK Federal Building – Room 2425
Boston, MA 02203

Re: Report Number A-01-09-02508

Dear Mr. Armstrong:

We are in receipt of the draft report entitled “Review of Norwalk Economic Opportunity Now, Inc.’s Compliance with Health and Safety Regulations for Head Start Programs.” This draft report summarizes the findings of the on-site review conducted at NEON’s childcare facilities on June 3-5, 2009.

The following details the deficiencies that were noted in the areas of Material and Equipment Safety and Facility Security and the corrective action that has been taken.

ELY CENTER:**A first aid kit was within the reach of children.****Action(s) Taken:**

- Met with staff and immediately corrected finding. First aid kit was moved out of reach of children.
- First aid kits in all classrooms were checked and relocated to ensure that they were safely out of reach.

Action(s) planned:

- Monitoring spot checks in classrooms to ensure that first aid kits are stored safely.
- Reiterate related program’s safety rules and policies in the program’s Weekly Memo.

Toxic chemicals were accessible to children in an unlocked janitor’s closet located behind the children’s indoor play area (stage).

Action(s) Taken:

- Met with Facility Manager and custodians regarding the safe storage of chemicals behind locked doors.
- Signage for Janitor, Supply and Electrical closet doors and boiler room - "Keep Locked at All Times"

Action(s) Planned:

- Reiterate the program's safety rules and policies in the program's Weekly Memo, and alert all staff to lookout for doors labeled "Keep Locked at All Times, in compliance with DPH", and immediately report any violation found, (open or unlocked doors found).

Classroom rugs were not properly secured to the floor and thus presented a tripping hazard.

Action(s) Taken:

- Met with Facility Manager to implement corrective action.
- All rugs were properly secured.

Action(s) Planned:

- Reiterate the program's related safety rules and policies in the program's Weekly Memo, and alert all staff to immediately report unsecured carpets to facility maintenance for immediate correction.

BEN FRANKLIN CENTER:

Kitchen door was left open, allowing children access to the kitchen area.

Action(s) Taken:

- Met with Kitchen staff regarding policy of keeping door closed.
- Signage for the kitchen door - "Must Be Kept Closed in compliance with DPH regulations"

Action(s) Planned:

- Reiterate the program's related safety rules and policies in the program's Weekly Memo.

The review also revealed some deficiencies in the area of Human Resources; specifically, it was found that 21 of 72 current employee files lacked required documentation with regard to Employee Background Checks. Some of the documentation was misfiled but there were employees who did not have the documentation at all. Background checks were immediately completed for all of the employees found to have this missing from their files and the evidence of same was provided to the review team at the time of the visit. The HR Director is fully aware of the requirements for conducting background checks on all childcare staff prior to employment (all of the employees whose files were

missing the required documentation were hired long before the current HR Director came on board) and she has reiterated this to her staff.

We appreciate the time and effort of your staff in conducting the review and drafting the report, as well as the opportunity to respond to the findings.

Please do not hesitate to contact me if you should have any questions.

Sincerely,



Joseph E. Mann
President/CEO