

Report in Brief

Date: April 2019

Report No. A-02-16-02013



Why OIG Did This Review

The Office of Refugee Resettlement (ORR) within the Department of Health and Human Services (HHS), Administration for Children and Families (ACF), manages the Unaccompanied Alien Children (UAC) program. The UAC program served between 7,000 and 8,000 children annually from fiscal years (FYs) 2005 through 2011. In FY 2012, the number of children served in the program increased to 13,625. In FY 2014, ORR served 57,496 children. In FY 2015, ORR served 33,726 children.

The Children's Village, Inc. (Children's Village), a UAC grantee responsible for caring for children in ORR custody, received \$16.7 million in Federal funds for the care and placement of approximately 483 children during our review period. We selected Children's Village for review because it received the third highest amount of UAC program funding in New York.

Our objectives were to determine whether Children's Village (1) met applicable requirements for the care and release of children in its custody and (2) claimed only allowable expenditures in accordance with applicable laws, regulations, and Departmental guidance.

How OIG Did This Review

We inspected shelter care cottages and reviewed a nonstatistical sample of employee files and a statistical sample of case files for those children who had been released to a sponsor during FY 2015. We also reviewed a statistical sample of financial transactions.

The Children's Village, Inc., an Administration for Children and Families Grantee, Did Not Always Comply With Applicable Federal and State Policies and Requirements

What OIG Found

Children's Village did not always ensure that its facility was free from potentially harmful conditions, did not meet or properly document that it met certain requirements for the care and release of children in its custody, claimed unallowable expenditures, and had inadequate financial management procedures. Specifically, Children's Village failed to meet or properly document that it had met certain requirements for the care and release of children in its custody in 46 of the 50 case files reviewed. Additionally, the files for 2 of 20 employees did not contain evidence that Children's Village had performed all required background checks.

In addition, Children's Village claimed unallowable expenditures totaling at least \$2.6 million related to transactions that were not properly approved, allocated, or supported. Finally, Children's Village did not disburse drawdowns of Federal funds in a timely manner, drew down funds from one UAC grant to cover expenditures related to its other UAC grant, and did not separately track expenditures for its two UAC grants.

What OIG Recommends and Children's Village Comments

We recommend that Children's Village (1) ensure that its facility is free from potentially harmful conditions, (2) refund to the Federal Government \$2.6 million in unallowable grant expenditures, and (3) implement improvements to its financial management system. We also made a series of other procedural recommendations.

In written comments on our draft report, Children's Village generally concurred with our procedural recommendations and described steps it had taken or planned to take to address them. Children's Village did not concur with our recommended financial adjustment. In addition, Children's Village provided additional documentation in response to a number of our draft report findings.

Further, Children's Village disagreed with many of our draft report findings. Based on our review of additional documentation provided by Children's Village and subsequent discussions with ORR officials, we revised our findings as appropriate and clarified our recommendations. We maintain that our findings and recommendations, as revised, are valid and commend Children's Village for agreeing to take appropriate corrective actions.