

Report in Brief

Date: January 2023

Report No. A-02-19-02008

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

Prior audits of HHS awards have found deficiencies in the way recipients account for award funds. As part of its oversight activities, OIG is conducting a series of audits of recipients of multiple HHS awards to determine whether they are managing the awards in accordance with Federal requirements. We selected Greater Bergen Community Action, Inc. (GBCA) for this audit because it received multiple awards from the HHS Administration for Children and Families (ACF).

Our objective was to determine whether GBCA managed its ACF Head Start awards in accordance with Federal and State requirements.

How OIG Did This Audit

We reviewed GBCA accounting records related to \$22 million in Head Start expenditures for March 1, 2017, through November 30, 2018 (audit period). Specifically, we reviewed costs related to rent, vehicles, salaries, fringe benefits, and volunteer services. In addition, we verified GBCA's compliance with background check and health screening requirements for the 30 individuals who volunteered the most time to GBCA during our audit period.

Greater Bergen Community Action, Inc., Did Not Manage Its Head Start Awards in Accordance With Federal and State Requirements

What OIG Found

GBCA did not manage its Head Start awards in accordance with Federal and State requirements. Specifically, GBCA drew down Head Start funds in excess of immediate cash needs and used the funds to temporarily cover non-Head Start expenditures. In addition, GBCA claimed unallowable costs totaling \$394,733 for (1) rental income that was not properly credited as program income, (2) unallowable rent costs, (3) unallowable salary and fringe benefit costs, and (4) non-Head Start program costs. GBCA also claimed \$92,678 in potentially unallowable vehicle costs. Further, GBCA overstated its non-Federal share contributions (e.g., volunteer services) and did not perform required background checks and health screenings on some of its volunteers. These deficiencies occurred because GBCA had inadequate policies in place to ensure that its Head Start grant funds were used to reimburse current, allowable Head Start expenses; its financial reports to ACF accurately accounted for non-Federal contributions to its Head Start program; and background checks and health screenings were performed.

What OIG Recommends and GBCA Comments

We recommend that GBCA (1) refund \$394,733 to the Federal Government for unallowable costs charged to the Head Start awards, (2) work with ACF to determine the amount of allowable vehicle costs or refund \$92,678 to the Federal Government for potentially unallowable vehicle costs and (3) strengthen its policies and procedures to address the issues identified in the report.

In written comments on our draft report, GBCA concurred with some of our findings, did not concur with others, and disagreed with our recommendation that it refund \$394,733 because, according to GBCA, most of our findings are procedural in nature and not unallowable expenses. Additionally, GBCA described steps that it has taken or plans to take to improve its controls over Head Start grant funds, including adjusting policies and procedures to ensure compliance with Federal requirements. After reviewing GBCA's comments, we maintain that our findings and recommendations are valid. GBCA did not provide any new documentation that supports that it managed its Head Start awards in accordance with Federal and State requirements. We commend GBCA for revising its policies and procedures; however, we maintain that GBCA should refund \$394,733 to the Federal Government and continue to strengthen its policies and procedures related to its Head Start programs.