

Report in Brief

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



Why OIG Did This Audit

The Disaster Relief Act, part of the Bipartisan Budget Act of 2018, provided \$650 million to the Administration for Children and Families (ACF) for the Head Start program. The law requires OIG to provide oversight to ensure that funds expended for recovery and response efforts related to hurricanes Harvey, Irma, and Maria achieved their intended purposes. This audit is one of OIG's Disaster Relief Act oversight products. Based on a risk assessment of Head Start disaster assistance awards, we audited the Municipality of Manati (the Municipality), Puerto Rico.

The objective of this audit was to determine whether the Municipality managed its Head Start disaster assistance awards in accordance with Federal and Commonwealth requirements.

How OIG Did This Audit

Our audit covered 629 expenditure transactions totaling \$3.1 million related to the Municipality's disaster assistance awards for the period April 2019, through September 2020. We reviewed accounting records and supporting documentation related to nonstatistical samples of 209 expenditure transactions for compliance with Federal and Commonwealth requirements.

The Municipality of Manati Did Not Always Manage Its Head Start Disaster Assistance Awards in Accordance With Federal and Commonwealth Requirements

What OIG Found

The Municipality did not always manage its Head Start disaster assistance awards in accordance with Federal and Commonwealth requirements. Specifically, the Municipality claimed unallowable costs totaling \$153,052 related to the purchase of four vehicles that were not necessary or reasonable for the performance of the award. In addition, the Municipality did not comply with all requirements related to criminal background checks for 25 employees hired with award funds.

These deficiencies occurred because the Municipality did not have written procurement policies and procedures that included factors to consider when making purchases to avoid unnecessary or duplicative items and that it performed an analysis of vehicle leasing versus purchasing, or any other appropriate analysis to determine the most reasonable approach. In addition, the Municipality did not have policies and procedures that ensured criminal background checks were obtained within the required time frames. As a result, the Municipality did not show that the purchase of the four vehicles was necessary or reasonable and potentially jeopardized the safety of children by not complying with background check requirements.

What OIG Recommends and Municipality Comments

We recommended that the Municipality: (1) work with ACF to develop a viable plan for refunding \$153,052 in unallowable costs to the Federal Government; (2) develop and implement procurement policies and procedures—including a requirement to perform analyses to determine the most reasonable approach for vehicle acquisitions; and (3) develop and implement written policies and procedures to ensure that criminal background checks are completed within required time frames.

In written comments on our draft, the Municipality did not indicate concurrence or nonconcurrence with our recommendations. However, the Municipality stated it did not concur with our findings. We maintain that our findings and recommendations are valid.