



September 15, 2010

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

FROM: /Joe J. Green/ for
George M. Reeb
Acting Deputy Inspector General for Audit Services

SUBJECT: Review of Renewal Unlimited, Inc.'s Compliance With Health and Safety
Regulations for Head Start Programs (A-05-10-00040)

Attached, for your information, is an advance copy of our final report on Renewal Unlimited, Inc.'s (the Grantee) compliance with health and safety regulations for Head Start programs. 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 James C. Cox, Regional Inspector General for Audit Services, Region V, at (312) 353-2621 or through email at James.Cox@oig.hhs.gov. Please refer to report number A-05-10-00040.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services, Region V
233 North Michigan Avenue
Suite 1360
Chicago, IL 60601

September 17, 2010

Report Number: A-05-10-00040

Ms. Suzanne M. Hoppe
Executive Director
Renewal Unlimited, Inc.
2900 Red Fox Run
Portage, WI 53901

Dear Ms. Hoppe:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Renewal Unlimited, 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 Mike Barton, Audit Manager, at (614) 469-2543 or through email at Mike.Barton@oig.hhs.gov. Please refer to report number A-05-10-00040 in all correspondence.

Sincerely,

/James C. Cox/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Mr. Kent Wilcox
Regional Administrator
Administration for Children and Families
U.S. Department of Health & Human Services
233 North Michigan Avenue, Suite 400
Chicago, IL 60601-5519

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF RENEWAL UNLIMITED,
INC.'S COMPLIANCE WITH
HEALTH AND SAFETY REGULATIONS
FOR HEAD START PROGRAMS**



Daniel R. Levinson
Inspector General

September 2010
A-05-10-00040

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 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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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

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.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

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.

Renewal Unlimited, Inc. (the Grantee), a private, nonprofit community action agency, provides Head Start services at 15 State-licensed facilities in Adams, Columbia, Dodge, Juneau, and Sauk Counties in Wisconsin. For the grant year August 1, 2009, through July 31, 2010, OHS awarded approximately \$4.39 million in Federal Head Start funds to the Grantee to provide services to 559 children. On June 2, 2009, the Grantee also received \$300,877 in Recovery Act funding.

OBJECTIVE

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

SUMMARY OF FINDINGS

The Grantee did not fully comply with Federal and State requirements on ensuring the health and safety of children in its care. Specifically, as of February 2010, the Grantee's files provided no evidence that the paint coatings at any of its 15 childcare facilities were free from hazardous quantities of lead. In addition, 10 of the Grantee's 12 childcare facilities that we visited did not meet other Federal Head Start and State regulations on protecting children from unsafe materials and equipment.

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 comply with these regulations jeopardized the health and safety of children in its care.

RECOMMENDATION

We recommend that the Grantee develop and consistently follow procedures to ensure that all unsafe conditions are addressed in a timely manner.

GRANTEE COMMENTS

In written comments on our draft report, the Grantee described actions that it had taken or planned to take to address most of our findings. However, the Grantee disagreed with our finding that medicine was stored in a kitchen refrigerator accessible to children and said that its policy does not allow children in the kitchen. The Grantee's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

Although the Grantee's policy prohibits children from entering the kitchen, children could access the kitchen through a door that was unlocked and open during our site visit. We maintain that such access presented a safety hazard.

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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 and State 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)).

In Wisconsin, childcare facilities must comply with Wisconsin Administrative Code DCF 251—Licensing Rules for Group Child Care Centers unless an exception to a particular requirement is granted (DCF 251.02).

Renewal Unlimited, Inc.

Renewal Unlimited, Inc. (the Grantee), a private, nonprofit community action agency, provides Head Start services at 15 State-licensed facilities in Adams, Columbia, Dodge, Juneau, and Sauk Counties in Wisconsin.

For the grant year August 1, 2009, through July 31, 2010, OHS awarded approximately \$4.39 million in Federal Head Start funds to the Grantee to provide services to 559 children. On June 2, 2009, the Grantee also received \$300,877 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 requirements on ensuring the health and safety of children in its care.

Scope

Our review covered the Grantee's employee records and facilities as of February 2010. 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 during February 2010 at the Grantee's administrative office and at 12 of its 15 childcare facilities in Adams, Columbia, Dodge, Juneau, and Sauk Counties in Wisconsin.¹

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 application and current grant award documents;
- reviewed the Grantee's files on all 133 current Head Start employees;²
- reviewed the Grantee's licenses, documentation of fire inspections, and documentation related to the levels of lead in paint;
- visited 12 of the Grantee's 15 childcare facilities; and
- discussed our preliminary findings with Grantee officials.

¹ We did not visit the Wonewoc, Adams County Early Head Start (EHS), or Columbia County EHS facilities.

² The 133 current employees were partially or fully funded by the Head Start grant award.

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 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 RECOMMENDATION

The Grantee did not fully comply with Federal and State requirements on ensuring the health and safety of children in its care. Specifically, as of February 2010, the Grantee's files provided no evidence that the paint coatings at any of its 15 childcare facilities were free from hazardous quantities of lead. In addition, 10 of the Grantee's 12 childcare facilities that we visited did not meet other Federal Head Start and State regulations on protecting children from unsafe materials and equipment.

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 comply with these regulations jeopardized the health and 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, safety, and security of all Head Start facilities, materials, and equipment. The regulations (45 CFR § 1304.53(a)(10)) state that grantees must conduct a safety inspection, at least annually, to ensure that each facility's space, light, ventilation, heat, and other physical arrangements are consistent with the health, safety, and developmental needs of the children. At a minimum, among other requirements, agencies must ensure that paint coatings on both interior and exterior premises used for childcare do not contain hazardous quantities of lead (45 CFR § 1304.53(a)(10)(ix)).

Pursuant to 45 CFR § 1306.30(c), grantees 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.

In Wisconsin, childcare facilities must comply with Wisconsin Administrative Code DCF 251–Licensing Rules for Group Child Care Centers unless an exception to a particular requirement is granted (DCF 251.02). DCF 251.06(5)(c) states that garbage containers in buildings must be rigid, covered, watertight, and emptied daily or more often as needed. DCF 251.06(2)(d) states that materials harmful to children, including power tools, flammable or combustible materials, insecticides, matches, drugs, and other articles that are hazardous or poisonous to children must be stored in properly marked containers in areas inaccessible to children.

Grantee's Compliance With Federal and State Regulations

The Grantee's files provided no evidence that interior and exterior paint coatings at any of its 15 childcare facilities were free from hazardous quantities of lead.

Furthermore, 10 of the Grantee's 12 childcare facilities that we visited did not meet other Federal Head Start and State health and safety regulations for protecting children from unsafe materials and equipment. Our visits to the Grantee's Head Start facilities on February 2 and February 3, 2010, found the following deficiencies:

Adams I, Baraboo, Beaver Dam, Columbus, Mauston, Necedah, Portage I, Reedsburg, and Sauk Prairie

- Trash cans in classrooms and other areas accessible to children were uncovered (Appendix, Photograph 1).

Adams II

- An unlocked storage area in the classroom contained chemicals and an electrical/fuse box within reach of children (Appendix, Photograph 2).

Columbus

- Medicine was stored in a refrigerator in the kitchen, which was accessible to children (Appendix, Photograph 3).
- In a children's bathroom, chemicals were stored in an unlocked cupboard that was accessible to children (Appendix, Photograph 4).

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

RECOMMENDATION

We recommend that the Grantee develop and consistently follow procedures to ensure that all unsafe conditions are addressed in a timely manner.

GRANTEE COMMENTS

In written comments on our draft report, the Grantee described actions that it had taken or planned to take to address most of our findings. However, the Grantee disagreed with our finding that medicine was stored in a kitchen refrigerator accessible to children and said that its policy does not allow children in the kitchen. The Grantee's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

Although the Grantee's policy prohibits children from entering the kitchen, children could access the kitchen through a door that was unlocked and open during our site visit. We maintain that such access presented a safety hazard.

APPENDIXES

APPENDIX A: LACK OF COMPLIANCE WITH MATERIAL AND EQUIPMENT SAFETY REGULATIONS



Photograph 1 – Taken at Portage I on 2/3/10 showing an open trash can in the classroom.



Photograph 2 – Taken at Adams II on 2/2/10 showing an unlocked storage area that contained chemicals and an electrical/fuse box in a classroom.

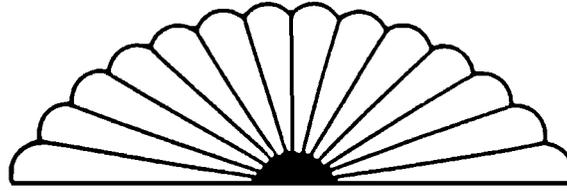


Photograph 3 – Taken at Columbus on 2/3/10 showing medicine stored in a refrigerator accessible to children.



Photograph 4 – Taken at Columbus on 2/3/10 showing chemicals stored in an unlocked cupboard in a children's bathroom.

APPENDIX B: GRANTEE COMMENTS



Renewal Unlimited, Inc.
2900 Red Fox Run
Portage, WI 53901
(608) 742-5329
(608) 742-5481 Fax

August 13, 2010

Mr. James C. Cox, Regional Inspector General for Audit Services
Office of Audit Services, Region V
233 North Michigan Avenue, Suite 1360
Chicago, IL 60601

Regarding Report Number: A-05-10-00040

Dear Mr. Cox:

I am submitting the report for Renewal Unlimited, Inc. in regards to the Health and Safety Monitoring Visit which was conducted earlier this year. Renewal Unlimited, Inc. has a number of policies and procedures in place to ensure the health and safety of the Head Start children in our care and the health and safety of our Head Start children is a high priority for our agency. The response to the findings and the corrective action plans that have been implemented are as follows:

1. Finding: Trash cans in classrooms and other areas accessible to children were uncovered in 9 of our classrooms.

Response: Immediately after the review, the Head Start Management team called each of the classrooms and reminded them about the importance of keeping the lids on each of the garbage cans at all times. If the staff did not have a cover for the garbage can, new garbage cans were purchased with lids and distributed to these sites. The Management team has monitored this throughout the end of classes in May and will be part of their monthly monitoring checklists for the 2010 – 2011 program year. During the pre-service training in August, 2010, this point along with other health and safety issues will be reviewed with all teaching staff. Therefore, this item was corrected immediately.

2. Finding: An unlocked storage area in the classroom contained chemicals and an electrical/fuse box within reach of children.

Response: Adams Facility: The storage area which contains the electrical/fuse box is an area that children are not allowed to go into at any time. There is one storage room off of the

main classroom that does have a door entering into the storage room and there is a second storage room off of the first storage room that also has a door and it was this second storage room that had cleaning supplies on a shelf and the electrical/fuse box. A lock has been attached to this door so that children do not have access to the cleaning supplies. Therefore, this item has been corrected.

Columbus Facility: The cleaning supplies that were stored in an unlocked cupboard in the children's bathroom were removed immediately and placed in a different room where they could be locked and not accessible to the children. Therefore, this item has also been corrected.

3. Finding: Medicine was stored in a refrigerator in the kitchen, which was accessible to children.

Response: Renewal Unlimited has a policy which is strictly enforced that children are not allowed in the kitchen area. Therefore, the refrigerator, which is located in the kitchen, was not accessible to our children. State Day Care Regulations state that, "Medication requiring refrigeration shall be kept in the refrigerator in a separate, covered container clearly labeled "medication." Therefore, as evidenced by the picture, Renewal was 100% in compliance with state day care regulations. To further ensure that children do not access the kitchen area, a stop sign has been posted by the entrance to the kitchen as well as a stop sign and red line added across the floor in the entrance area to the kitchen.

4. Finding: The Grantee's files provided no evidence that interior and exterior paint coatings at any of its 15 childcare facilities were free from hazardous quantities of lead.

Response: Renewal Unlimited has a total of 14 facilities used by the Head Start children. Of these 14 facilities, 6 were built after 1978 and lead paint was prohibited from being used on any painted surface. These 6 facilities and their date of construction are identified in the following chart:

NAME OF FACILITY	DATE OF CONSTRUCTION
Baraboo Head Start and Early Head Start Facility	2006 - 2007
Portage Head Start Facility	2001 - 2002
Portage Early Head Start Family Resource Center (EHS)	1999
Reedsburg Early Learning Center (HS and EHS)	2005 - 2006
Sauk/Prairie Head Start Facility	2001
Necedah Head Start Facility	1988

Although the other 8 facilities have been painted since 1978 with non-lead paint either by the landlord, a local contractor, or the Renewal staff, Renewal does not have a statement from a certified lead assessor that states the interior and exterior of each facility is free from lead, therefore, a lead inspector has been contracted to complete a lead testing of both the interior and exterior of each facility and Renewal will complete any recommendations needed to further ensure that our Head Start children are safe.

If you have any questions regarding this report, please feel free to contact me at (608) 742-5329.

Sincerely,

Suzanne M. Hoppe
Executive Director
Renewal Unlimited, Inc.