Southeast Arkansas Community Action Corporation Did Not Always Operate Its Head Start Program in Accordance With Federal Regulations

What OIG Found
Southeast did not always operate its Head Start program in accordance with Federal regulations and did not always manage and account for Federal funds. Specifically, Southeast (1) had ineffective controls and accountability over its assets, (2) used questionable methods to allocate shared costs, (3) did not have required fiscal or legal expertise on its governing board, and (4) claimed some unallowable costs.

What OIG Recommends and Southeast’s Comments
We recommended that Southeast (1) conduct a full physical inventory to ensure inventory asset records are accurate and complete, follow its existing purchasing policy to submit a purchase requisition one week in advance, and expand its purchasing policies to include review procedures for credit card purchases and consequences for unauthorized purchases; (2) work with OHS to ensure shared costs claimed during our audit period are allocated correctly; (3) elect members to the board of directors who have legal and financial expertise or hire a consultant or another individual with relevant expertise; and (4) refund $4,784 in unallowable costs.

We also made other procedural recommendations in the full report.

In written comments on our draft report, Southeast concurred with all but one of our recommendations and provided information on actions it has taken or plans to take to address our recommendations. Southeast did not fully concur that $4,784 of costs are unallowable and should be refunded. Specifically, Southeast requested that $4,677 of these costs be reconsidered as allowable because Southeast believes they benefit the Head Start program. We maintain that these costs are unallowable because they do not benefit the Head Start program.

The full report can be found at https://oig.hhs.gov/oas/reports/region6/61600015.asp.