

Report in Brief

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Report No. A-06-16-00019

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



Why OIG Did This Review

Head Start grantees are required to have Single Audits conducted in accordance with Office of Management and Budget Circular A-133 (also known as A-133 audits) for fiscal years beginning before December 26, 2014, in accordance with 45 CFR section 74.26(a). The Administration for Children and Families (ACF) is responsible for following up on recommendations made to grantees in A-133 audit reports. We conducted this review to ensure that ACF has an effective and timely audit resolution process.

Our objective was to determine whether ACF had a process in place to ensure a timely response to, and that corrective action was taken on Head Start grantees' A-133 audit findings. Specifically, we determined whether ACF Region VI resolved recurring audit findings in accordance with Federal requirements and ACF policies and procedures.

How OIG Did This Review

We reviewed Federal Audit Clearinghouse (FAC) data for Head Start grantees in ACF Region VI that submitted A-133 audit reports during Federal fiscal years 2013 through 2015. We reviewed these reports to identify those with findings related to Head Start. For those reports for which ACF was responsible for resolution, we identified 31 reports that had recurring audit findings and reviewed the actions that ACF took to resolve those findings.

ACF Region VI Did Not Always Resolve Head Start Grantees' Single Audit Findings in Accordance With Federal Requirements

What OIG Found

ACF had a process in place to ensure that Head Start grantees took corrective action on A-133 audit findings. However, for Region VI Head Start grantees that submitted audit reports to the FAC, ACF did not always resolve recurring audit findings in accordance with Federal requirements and ACF policies and procedures. Specifically, ACF did not issue Audit Determination Letters (letters) for 20 of the 31 audit reports we reviewed within 6 months after receiving the reports. In addition, although ACF provided the grantees with letters stating that the corrective actions planned or taken should prevent recurrence of the findings, ACF did not establish specific dates for grantees to correct all deficiencies noted in the audit reports. Finally, ACF did not always follow up with grantees to ensure that they actually took corrective actions to resolve audit findings. The prompt resolution of audit findings helps ensure that Federal funds are effectively and efficiently used to carry out the activities for which they were authorized.

What OIG Recommends

We recommend that ACF (1) ensure that management decisions are issued to Head Start grantees within the required 6-month timeframe, (2) consider providing training to Head Start grantees on preparing corrective action plans, (3) include in the letters sent to Head Start grantees specific dates for correcting deficiencies, (4) monitor Head Start grantees to ensure that grantees implement corrective actions, and (5) review its staffing levels to ensure that the audit resolution process is conducted in accordance with Federal requirements.

In written comments on our draft report, ACF concurred with our first, second, and fifth recommendations. ACF did not concur with our third recommendation and stated that it follows Uniform Guidance rather than its External Audit Resolution Manual, as it had not been updated to reflect ACF's current practice. In addition, ACF did not concur with the fourth recommendation and stated it would ensure that the requirements for audit followup are met in accordance with the Uniform Guidance. According to ACF, assessing a grantee's implementation of corrective action can be accomplished through using subsequent years' Single Audits, which ACF believes satisfies the objective of recommendation four. After reviewing ACF's comments, we maintain that our recommendations are valid.