

Report in Brief

Date: February 2020

Report No. A-06-18-02002

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



Why OIG Did This Audit

Oversight and management of grant programs is crucial to the U.S. Department of Health and Human Services' (HHS) mission and to the health and well-being of the public. Audits of Head Start and other HHS grantees have found deficiencies in the way grantees claim and account for grant funds.

The objective of our audit was to determine whether Opportunities for Williamson and Burnet Counties (Opportunities) claimed and accounted for HHS grant funds in accordance with Federal requirements.

How OIG Did This Audit

From December 2016 through November 2017, Opportunities claimed \$7.4 million in Head Start grant costs. From January through December 2017, Opportunities claimed \$653,867 in Low Income Home Energy Assistance Program (LIHEAP) costs and \$442,773 in Community Service Block Grant program (CSBG) costs. We limited our audit to a judgmental sample of 108 Head Start, LIHEAP, and CSBG general ledger transaction line items totaling \$359,056.

Opportunities for Williamson and Burnet Counties Had Ineffective Accounting Controls and Used Unapproved or Questionable Cost Allocation Methods

What OIG Found

Opportunities did not always account for costs in accordance with Federal regulations. Specifically, Opportunities drew down grant funds without an immediate cash need; did not track expenses in a way that provided for accurate, current, and complete disclosure of the financial results of each Federal program; did not maintain internal controls necessary to provide reasonable assurance that expenses were approved in accordance with internal policies; used unapproved methods to allocate shared costs; and did not allocate indirect costs to programs relative to the benefits received. In addition, Opportunities claimed some unallowable costs.

What OIG Recommends

We recommend that Opportunities (1) implement procedures designed to ensure that Federal funds are drawn down only in the amounts needed to meet the immediate cash requirements of its CSBG and LIHEAP-related activities; (2) work with Cost Allocation Services to either be released from the existing indirect cost rate or negotiate a current indirect cost rate for claiming future indirect costs; (3) develop and implement a reasonable basis to allocate meal costs, kitchen salaries and central office expenses between the Head Start and Senior Nutrition programs in accordance with the benefits received; and (4) refund \$3,207 in unallowable costs.

We also made other procedural recommendations in the full report.

In written comments on our draft report, Opportunities agreed with our findings and recommendations. Opportunities also provided information on corrective actions it has taken to address our recommendations and stated that these actions are intended to "mitigate the risk of noncompliance in the future."