



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General  
Offices of Audit Services

Region VII  
601 East 12th Street  
Room 284A  
Kansas City, Missouri 64106

April 28, 2005

Report Number: A-07-04-02016

Rev. Ervin Sims, Jr.  
c/o Mt. Carmel Church of God in Christ, Inc.  
2025 North 12<sup>th</sup> Street  
Kansas City, Kansas 66104

Dear Mr. Sims:

Enclosed are two copies of the Department of Health and Human Services (HHS), Office of Inspector General (OIG) report entitled "Review of Administrative Costs for the Head Start and Early Head Start Programs Claimed by KCMC Child Development Corporation – Kansas City, Missouri." The report covers fiscal years 2000 through 2002. A copy of this report will be forwarded to the HHS action official noted on the following page for her review and any action deemed necessary.

The action official named on the following page will make final determination as to actions taken on all matters reported. We request that you respond to the HHS action official within 30 days. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. § 552, as amended by Public Law 104-231), OIG reports issued to the Department's grantees and contractors are made available to the public to the extent information is not subject to exemptions in the Act that the Department chooses to exercise (see 45 CFR Part 5).

If you have any questions or comments about this report, please do not hesitate to call me at (816) 426-3591 or Jenenne Tambke at (573) 893-8338 ext. 21 or through e-mail at [Jenenne.Tambke@oig.hhs.gov](mailto:Jenenne.Tambke@oig.hhs.gov). Please refer to report number A-07-04-02016 in all correspondence.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James P. Aasmundstad", is written over a horizontal line.

James P. Aasmundstad  
Regional Inspector General  
for Audit Services

Enclosures - as stated

**Page 2 – Mr. Rev. Ervin Sims, Jr.**

**Direct Reply to HHS Action Official:**

Ms. Linda K. Lewis  
Regional Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
Richard Bolling Federal Building, Room 276  
601 East 12<sup>th</sup> Street  
Kansas City, Missouri 64106

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF ADMINISTRATIVE COSTS  
FOR THE HEAD START AND EARLY  
HEAD START PROGRAMS CLAIMED  
BY KCMC CHILD DEVELOPMENT  
CORPORATION – KANSAS CITY,  
MISSOURI**



**APRIL 2005  
A-07-04-02016**

# *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 and 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:

## *Office of Audit Services*

The OIG's Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout the department.

## *Office of Evaluation and Inspections*

The OIG's Office of Evaluation and Inspections (OEI) conducts short-term management and program evaluations (called inspections) that focus on issues of concern to the department, the Congress, and the public. The findings and recommendations contained in the inspections reports generate rapid, accurate, and up-to-date information on the efficiency, vulnerability, and effectiveness of departmental programs. The OEI also oversees State Medicaid fraud control units, which investigate and prosecute fraud and patient abuse in the Medicaid program.

## *Office of Investigations*

The OIG's Office of Investigations (OI) conducts criminal, civil, and administrative investigations of allegations of wrongdoing in HHS programs or to HHS beneficiaries and of unjust enrichment by providers. The investigative efforts of OI lead to criminal convictions, administrative sanctions, or civil monetary penalties.

## *Office of Counsel to the Inspector General*

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support in OIG's internal operations. The OCIG imposes program exclusions and civil monetary penalties on health care providers and litigates those actions within the department. The OCIG also represents OIG in the global settlement of cases arising under the Civil False Claims Act, develops and monitors corporate integrity agreements, develops compliance program guidances, renders advisory opinions on OIG sanctions to the health care community, and issues fraud alerts and other industry guidance.

# Notices

---

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

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-231, Office of Inspector General, Office of Audit Services, reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act. (See 45 CFR Part 5.)

## **OAS FINDINGS AND OPINIONS**

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



## **EXECUTIVE SUMMARY**

### **BACKGROUND**

#### **Head Start**

The Head Start program was enacted under Title V of the Economic Opportunity Act of 1964 and is administered by the Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services (HHS). Head Start's overall goal is to promote school readiness by enhancing the social and cognitive development of low-income children. To carry out the program, grants are awarded primarily to community-based nonprofit organizations and school systems. The Head Start Act, corresponding regulations at 45 CFR § 1301, and Office of Management and Budget (OMB) Circulars A-110 "Administrative Requirements for Grants" and A-122 "Cost Principles for Non-Profit Organizations" govern allowable costs.

Following news articles and a congressional inquiry relating to excessive executive compensation at some Head Start agencies, Federal Head Start officials asked the Office of Inspector General (OIG) to initiate a nationwide review of nine Head Start agencies' compensation practices. Kansas City Model Cities (KCMC) Child Development Corporation was one of the agencies.

#### **Kansas City Model Cities Child Development Corporation**

KCMC is a nonprofit organization founded in 1970 under the Federal Model Cities program. It became the Head Start grantee in Kansas City in 1977. During fiscal years (FY) 2000 through 2002, KCMC claimed \$7,430,128 in Federal reimbursement for administrative costs.

KCMC's board of directors voted to relinquish the Head Start grant after the close of our fieldwork.

### **OBJECTIVE**

The objectives of our review were to determine if:

- compensation practices for five key executives and teachers were reasonable and consistent with Federal requirements and guidelines; and
- KCMC's administrative costs were allowable and reasonable in accordance with the Head Start Act, corresponding regulations at 45 CFR § 1301, and OMB Circulars A-110 and A-122.

## SUMMARY OF FINDINGS

Compensation for the teachers was reasonable and consistent with Federal requirements and guidelines. With regard to executive salaries, the executive director's was not reasonable, and there was no clear written policy on compensation for any of the executives. In addition, certain other administrative costs were unallowable or unsupported.

**Executive compensation was not reasonable and consistent with Federal requirements and guidelines.** The executive director's \$831,188 compensation package for FY 2000 through 2002 was not reasonable. ACF issued a letter dated January 21, 2004, to KCMC disallowing \$455,992 of the executive director's compensation. Most of the disallowance consisted of bonuses paid to the executive director. The absence of a clear written policy relating to executive compensation contributed to the excessive salary.

**Certain other administrative costs were not allowable.** Other administrative costs totaling \$497,253 were unallowable:

- \$91,443 that did not meet the Head Start Act or OMB Circular A-122 requirements and
- \$405,810 that did not have adequate supporting documentation.

## RECOMMENDATION

We recommend that KCMC refund \$953,245 (\$455,992 + \$497,253) of questioned administrative costs.

## AUDITEE'S COMMENTS

KCMS did not comment on our findings and recommendation.

## TABLE OF CONTENTS

	<b>Page</b>
<b>INTRODUCTION</b> .....	1
<b>BACKGROUND</b> .....	1
<b>OBJECTIVE, SCOPE, AND METHODOLOGY</b> .....	2
Objective .....	2
Scope.....	2
Methodology .....	2
<b>FINDINGS AND RECOMMENDATION</b> .....	3
<b>EXECUTIVE DIRECTOR COMPENSATION</b> .....	3
<b>OTHER ADMINISTRATIVE COSTS</b> .....	3
Unallowable Costs .....	3
Unsupported Costs .....	4
<b>RECOMMENDATION</b> .....	5
<b>AUDITEE’S COMMENTS</b> .....	5
 <b>APPENDIXES</b>	
<b>SUMMARY OF COSTS QUESTIONED</b> .....	A
<b>UNALLOWABLE COSTS</b> .....	B
<b>UNSUPPORTED COSTS</b> .....	C

## **INTRODUCTION**

### **BACKGROUND**

#### **Head Start**

The Head Start program was enacted under Title V of the Economics Opportunity Act of 1964 and is administered by the Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services (HHS). The "Head Start Act" is Title VI, subtitle A, chapter 8, subchapter B, of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). Head Start's overall goal is to develop greater social acceptance of economically disadvantaged children. The objectives of the Head Start program are (1) to promote school readiness by enhancing the social and cognitive development of low-income children through the provision of comprehensive health, educational, nutritional, social, and other services; and (2) to involve parents in their children's learning and help parents make progress toward their educational, literacy, and employment goals.

To carry out the program, grants are awarded primarily to community-based nonprofit organizations and school systems. The Head Start Act, corresponding regulations at 45 CFR § 1301, and Office of Management and Budget (OMB) Circulars A-110 "Administrative Requirements for Grants" and A-122 "Cost Principles for Non-Profit Organizations" govern allowable costs.

Following news articles and a congressional inquiry relating to excessive executive compensation at some Head Start agencies, Federal Head Start officials asked the Office of Inspector General (OIG) to initiate a nationwide review of nine Head Start agencies' compensation practices. Kansas City Model Cities (KCMC) Child Development Corporation was one of the agencies.

#### **KCMC**

KCMC Child Development Corporation is a nonprofit organization founded in 1970 under the Federal Model Cities program. It became the Head Start grantee in Kansas City in 1977. Today, in collaboration with the Kansas City and Independence school districts, KCMC serves 3,000 children and their families. KCMC is administered by an executive director who has oversight, a board of directors composed of community representatives that make policy decisions, and a policy council for the Head Start program composed of community representatives and parents of Head Start children.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

The objectives of our review were to determine if:

- the compensation practices for five key executives and teachers were reasonable and consistent with Federal requirements and guidelines; and
- KCMC's administrative costs were allowable and reasonable in accordance with the Head Start Act, corresponding regulations at 45 CFR § 1301, and OMB Circulars A-110 and A-122.

### **Scope**

Our review covered \$7,430,128 of administrative cost for Head Start and Early Head Start for fiscal years (FY) 2000 through 2002. The reasonableness of five key executives and teachers' salaries was evaluated for FY 2002. The scope of the audit was impaired for FY 2000 due to missing and incomplete accounting records. We were not able to reconcile the general ledger accounts to the Head Start expenditures submitted on form 269, and there was inadequate assurance that we were able to identify and examine all material accounting transactions impacting the Head Start financial statements. We did not review internal controls, but limited our review to controls specific to administrative areas. KCMC's board of directors voted to relinquish the Head Start grant after the close of our fieldwork.

We conducted our fieldwork at the KCMC Child Development Corporation and the ACF regional office, both located in Kansas City, MO.

### **Methodology**

We analyzed administrative costs including salaries, bonuses, fringe benefits, depreciation, travel, and legal expenditures to determine the allowability, allocability, and reasonableness in accordance with Federal regulations. We reviewed reconciliations for administrative and payroll information, award letters, prior audit reports, employment contracts, financial statements, general ledgers, wage and benefit information, comparable wage studies, cost allocations, board of directors meeting minutes, and available policy and procedure documentation.

Administrative costs were selected judgmentally from the general ledger based on materiality to determine if these expenses were paid and allowable. We generally chose administrative costs that contained high dollar amounts or appeared unusual.

We compared the executive director's compensation to the amount listed in KCMC's application for the Head Start grant. Salaries of the other four executives were compared to salaries of comparable positions in the area public school system.

We grouped teachers' salaries at KCMC by educational levels and compared them to local school district teachers salaries.

Our review was performed in accordance with generally accepted government auditing standards, except that we have not included KCMC's views with regard to our findings and recommendation. We solicited, but did not receive, a response from KCMC concerning our review.

## **FINDINGS AND RECOMMENDATION**

Compensation for teachers was reasonable and consistent with Federal requirements and guidelines. With regard to executive salaries, the executive director's compensation package for FYs 2000 through 2002, totaling \$831,188 was not reasonable, and there was no clear written policy on compensation for any of the executives. In addition, other administrative costs totaling \$497,253 were either unallowable or unsupported.

KCMC's board of directors voted to relinquish the Head Start grant after the close of our audit fieldwork.

### **EXECUTIVE DIRECTOR COMPENSATION**

The executive director's \$831,188 compensation package for FY 2000 through 2002 was not reasonable. We compared the executive director's compensation to the amount listed in KCMC's application for the Head Start Grant. ACF questioned the difference and issued a letter dated January 21, 2004, to KCMC disallowing \$455,992 of the executive director's compensation. Most of that disallowed amount consisted of bonuses paid to the executive director. The absence of a clear written policy relating to executive compensation contributed to the excessive salary.

### **OTHER ADMINISTRATIVE COSTS**

#### **Unallowable Costs**

For FY 2000 through 2002, KCMC claimed \$91,443 in administrative costs that were unallowable under OMB Circular A-122. Such costs included contributions, vehicles, bad debt, fines, and penalties.

Attachment B of OMB Circular A-122, Selected Items of Cost, states:

**(3) Bad Debts.** "Bad debts, including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal expenses, are unallowable."

**(7)(g) Organization-furnished automobiles.** "That portion of the cost of organization-furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable . . . ."

**(9) Contributions.** “Contributions and donations by the organization to others are unallowable.”

**(16) Fines and penalties.** “Costs of fines and penalties resulting from violations of, or failure of the organization to comply with Federal, State, and local laws and regulations are unallowable . . . .”

The \$91,443 of questioned costs consists of:

- \$78,455 in contribution costs,
- \$10,860 in leased vehicle expense,
- \$1,902 in bad debt, and
- \$226 in fines and penalties.

The \$78,455 in contribution costs consisted of interfund transfers and donations. Interfund transfers were used in a manner similar to a checking account to transfer funds from one program to another. The transfers were considered unallowable, because they did not relate to Head Start costs. KCMC also made gift donations to program recipients.

The \$10,860 in leased vehicle expenses included the lease and related repairs. Employees were allowed to use the vehicles for personal use, but they were not required to record business and personal usage. Since KCMC could not determine what portion of the automobile costs attributable to personal use by employees, the questioned amount includes all leased vehicle expenses charged to Head Start.

The \$1,902 bad debt expense is based on an uncollectible amount due from a program recipient.

The \$226 in fines and penalties were for late charges as shown on the invoices.

See Appendix B for details of the amounts questioned.

Since 2001, KCMC has improved its overall reporting and financial system. Prior practices such as the claiming of unallowable vehicle costs and bad debts have been discontinued.

### **Unsupported Costs**

OMB Circular A-122, General Principles (A)(2)(g) states that: "to be allowable under an award, costs must . . . be adequately documented."

KCMC could not provide supporting documentation for \$405,810 in administrative costs recorded in the ledger as Head Start administrative costs for FY 2000 through 2002. Questioned

items did not have invoices or receipts to allow a determination as to if the costs were charged appropriately to Head Start. Details are provided on Appendix C.

**RECOMMENDATION**

We recommend that KCMC refund \$953,245 (\$455,992 + \$497,253) of questioned administrative costs.

**AUDITEE'S COMMENTS**

KCMC did not comment on our findings and recommendation.

# **APPENDIXES**

**KCMC CHILD DEVELOPMENT CORPORATION  
SUMMARY OF COSTS BY FISCAL YEARS  
FYs 2000-2002**

<b>SUMMARY OF QUESTIONED COSTS BY FISCAL YEAR AND CATEGORY</b>				
<b>Fiscal Years</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Total</b>
<b>Unallowable Costs</b>	<b>\$10,980</b>	<b>\$58,790</b>	<b>\$21,673</b>	<b>\$91,443</b>
<b>Unsupported Costs</b>	<b>362,207</b>	<b>21,574</b>	<b>22,029</b>	<b>405,810</b>
<b>Total Administrative Costs Questioned</b>	<b>\$373,187</b>	<b>\$80,364</b>	<b>\$43,702</b>	<b>\$497,253</b>

**KCMC CHILD DEVELOPMENT CORPORATION  
SUMMARY OF COSTS BY FISCAL YEARS  
FYs 2000-2002**

<b>Unallowable Costs: Contributions</b>						
<b>Date</b>	<b>Purpose</b>	<b>Total</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>Net Disallowance</b>
			<b>@ 87%<sup>1</sup></b>	<b>@ 96%<sup>1</sup></b>	<b>@ 95%<sup>1</sup></b>	
01/11/01	Interfund transfer <sup>2</sup>	\$5,000		\$4,800		
01/24/01	Interfund transfer	2,000		1,920		
01/24/01	Interfund transfer	2,000		1,920		
01/26/01	Interfund transfer	5,205		4,997		
02/14/01	Interfund transfer	3,000		2,880		
03/26/01	Interfund transfer	2,500		2,400		
04/02/01	Interfund transfer	5,000		4,800		
04/05/01	Interfund transfer	7,500		7,200		
04/30/01	Interfund transfer	5,000		4,800		
05/18/01	Interfund transfer	5,000		4,800		
06/05/01	Interfund transfer	5,000		4,800		
06/21/01	Interfund transfer	5,000		4,800		
06/21/01	Interfund transfer	2,000		1,920		
06/21/01	Interfund transfer	2,000		1,920		
06/28/01	Interfund transfer	3,000		2,880		\$56,837
07/23/01	Interfund transfer	5,000			\$4,750	
08/02/01	Interfund transfer	2,000			1,900	
08/09/01	Interfund transfer	1,000			950	
08/23/01	Interfund transfer	2,500			2,375	
08/24/01	Interfund transfer	5,000			4,750	
09/07/01	Interfund transfer	2,500			2,375	
09/20/01	Interfund transfer	2,500			2,375	
09/27/01	Interfund transfer	500			475	
12/12/01	20 gift certificates <sup>3</sup>	1,163			1,105	
12/12/01	20 large cans of popcorn <sup>3</sup>	593			563	\$21,618
<b>TOTAL</b>			<b>\$0</b>	<b>\$56,837</b>	<b>\$21,618</b>	<b>\$78,455</b>

**KCMC CHILD DEVELOPMENT CORPORATION  
SUMMARY OF COSTS BY FISCAL YEARS  
FYs 2000-2002**

<b>Unallowable Costs: Auto<sup>4</sup></b>						
<b>Date</b>	<b>Purpose</b>	<b>Total</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>Net Disallowance</b>
			<b>@ 87%<sup>1</sup></b>	<b>@ 96%<sup>1</sup></b>	<b>@ 95%<sup>1</sup></b>	
07/02/99	Rebuild transmission jeep	\$1,651	\$1,436			
07/08/99	Payment on Jeep	331	288			
07/21/99	Repairs to jeep	22	19			
07/28/99	License for Jeep	36	32			
08/04/99	Repair of jeep	530	461			
08/04/99	Lease of jeep	326	284			
08/11/99	Cash reimbursement	95	83			
09/02/99	Repairs to jeep	164	143			
09/02/99	Jeep payment	331	288			
09/08/99	Repair to jeep	22	19			
10/06/99	Jeep payment	327	284			
10/13/99	Repair to jeep	25	21			
10/14/99	Food van & jeep	866	753			
10/20/99	Payment for jeep	326	284			
10/27/99	Lease of jeep	493	429			
11/03/99	Brakes/jeep	220	192			
11/12/99	Rental	478	416			
11/18/99	Jeep Lease	326	284			
11/18/99	Jeep Cherokee Lease	445	387			
01/05/00	Jeep	670	583			
01/05/00	Jeep Lease	331	288			
01/12/00	Jeep repair	471	410			
01/19/00	Jeep/Mercedes SUV	504	438			
01/26/00	Auto payment	326	284			
02/02/00	Repairs to jeep	22	19			
02/09/00	Repairs to jeep	290	252			
02/23/00	Jeep payment	326	284			
03/15/00	Repair of jeep	31	27			
03/22/00	Auto repair & return item	160	140			
03/29/00	Payment for jeep	326	284			
04/05/00	Repair to jeep	1,053	916			
04/27/00	Repair of jeep	383	333			
04/27/00	Lease of jeep	331	288			
05/17/00	Repair to jeep	211	184			\$10,828
07/25/00	Repair of jeep	34		\$32		32
<b>TOTAL</b>			<b>\$10,828</b>	<b>\$32</b>	<b>\$0</b>	<b>\$10,860</b>

**KCMC CHILD DEVELOPMENT CORPORATION  
SUMMARY OF COSTS BY FISCAL YEARS  
FYs 2000-2002**

<b>Unallowable Costs: Bad Debt<sup>5</sup></b>						
<b>Date</b>	<b>Purpose</b>	<b>Total</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>Net Disallowance</b>
			@ 87% <sup>1</sup>	@ 96% <sup>1</sup>	@ 95% <sup>1</sup>	
06/30/01	Write off bad debt	\$1,982		\$1,902		\$1,902
<b>TOTAL</b>			<b>\$0</b>	<b>\$1,902</b>	<b>\$0</b>	<b>\$1,902</b>

<b>Unallowable Costs: Fine &amp; Penalty<sup>6</sup></b>						
<b>Date</b>	<b>Purpose</b>	<b>Total</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>Net Disallowance</b>
			@ 87% <sup>1</sup>	@ 96% <sup>1</sup>	@ 95% <sup>1</sup>	
10/27/99	Mail machine rental	\$19	\$17			
04/05/00	Lease of copy machines	157	137			\$154
05/31/01	Utility service	19		\$18		18
11/14/01	Lease of Alarm Svc	52			\$49	
04/30/02	Utility service	5			5	54
<b>Total</b>			<b>\$154</b>	<b>\$18</b>	<b>\$54</b>	<b>\$226</b>

<b>Total Unallowable Admin Costs for FYs 2000-2002</b>	<b>\$91,443</b>
--	-----------------

**KCMC CHILD DEVELOPMENT CORPORATION  
SUMMARY OF COSTS BY FISCAL YEARS  
FYs 2000-2002**

<b>Unsupported Costs: Miscellaneous<sup>7</sup></b>						
<b>Date</b>	<b>Purpose</b>	<b>Total</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>Net Disallowance</b>
			@ 87% <sup>1</sup>	@ 96% <sup>1</sup>	@ 95% <sup>1</sup>	
04/14/00	UPS	\$24	\$20			
06/06/00	OOT Travel	278	241			
06/30/00	Adj A/P	389,288	338,681			\$338,942
05/15/01	Audio-Visual	1,189		\$1,141		1,141
10/24/01	NAEYC conference	500			\$475	
01/03/02	Car allowance/mileage	283			269	
02/15/02	Lawn service	2,706			2,571	3,315
<b>Total</b>			<b>\$338,942</b>	<b>\$1,141</b>	<b>\$3,315</b>	<b>\$343,398</b>

<b>Unsupported Costs: Credit Card Charges<sup>8</sup></b>						
<b>Date</b>	<b>Purpose</b>	<b>Total</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>Net Disallowance</b>
			@ 87% <sup>1</sup>	@ 96% <sup>1</sup>	@ 95% <sup>1</sup>	
2000	American Express	\$26,740	\$23,264			\$23,264
2001	American Express	21,284		\$20,433		20,433
2002	American Express	19,700			\$18,715	18,715
<b>Total</b>			<b>\$23,264</b>	<b>\$20,433</b>	<b>\$18,715</b>	<b>\$62,412</b>

<b>Total Unsupported Administration Costs for FYs 2000 - 2002</b>	<b>\$405,810</b>
---	------------------

## FOOTNOTES

<sup>1</sup>Percentages shown are amounts allocated to the Head Start program.

<sup>2</sup>Interfund transfers are checking accounts used to transfer funds from one program to another. The transfers were considered unallowable because it did not relate to Head Start expenses.

<sup>3</sup>Donations to program recipients.

<sup>4</sup>No documentation to show personal and business use of vehicles.

<sup>5</sup>Uncollectible amount due from program recipient.

<sup>6</sup>Late charges as shown on invoices.

<sup>7</sup>Miscellaneous expenses with no form of support or receipts.

<sup>8</sup>Credit card charges with invoices but no receipts.