

Report in Brief

Date: October 2018

Report No. A-09-17-01002

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



Why OIG Did This Review

The Office of Refugee Resettlement (ORR) within HHS manages the Unaccompanied Alien Children (UAC) program, which served between 7,000 and 8,000 children annually from fiscal years (FYs) 2005 through 2011. In FY 2012, however, the number of children entering the program began to increase, and in FY 2014, ORR served 57,496 children. Because of the rapid increase of vulnerable children entering ORR care, the significant increases in program funding, and the multiple changes to ORR policies during FY 2014, we are conducting a series of reviews of ORR care providers across the Nation.

We selected for review Florence Crittenton Services of Orange County, Inc. (Crittenton), a UAC program grantee, because Crittenton had a finding related to the ORR grant in its FY 2014 Single Audit report and had citations from the State licensing office related to the health and safety of children in its care.

Our objective was to determine whether Crittenton claimed expenditures in accordance with applicable Federal requirements.

How OIG Did This Review

We reviewed a stratified random sample of 135 expenditure transactions that Crittenton claimed during FYs 2014 and 2015 (October 1, 2013, through September 30, 2015). We also reviewed expenditures that Crittenton claimed in its Federal Financial Reports but did not record in the general ledger.

Florence Crittenton Services of Orange County, Inc., Did Not Always Claim Expenditures in Accordance With Federal Requirements

What OIG Found

Of the 135 sampled transactions, 90 were allowable; however, 28 contained deficiencies, resulting in unallowable expenditures of \$259,671 for employee-related and other costs. In addition to our sample results, we found that Crittenton claimed unallowable expenditures of \$53,470 for equipment. In total, Crittenton claimed unallowable expenditures of \$342,263, including \$29,122 of unallowable indirect costs. For the remaining 17 of the 135 sampled transactions, Crittenton did not identify and claim actual expenditures incurred for certain services and shelter care provided to UAC. Instead, Crittenton used rates that ORR had not approved to calculate the amount to claim these expenditures. We have set aside all of the expenditures claimed for these services and shelter care, totaling \$3,251,090 (including \$276,625 of indirect costs), for resolution by ORR and Crittenton.

Crittenton did not provide sufficient oversight of expenditures charged to the grant awards, and its policies and procedures were inadequate to ensure that it identified and claimed actual expenditures incurred for the awards.

What OIG Recommends and Crittenton Comments

We recommend that Crittenton (1) refund to the Federal Government \$342,263 for unallowable expenditures claimed; (2) work with ORR to determine what portion of the \$3,251,090 claimed was unallowable and refund to the Federal Government the unallowable amount; (3) review its claimed expenditures for FY 2016 (the third year of the grant awards) to determine whether they were claimed in accordance with Federal requirements and refund to the Federal Government any unallowable amount; (4) strengthen its oversight, through additional supervisory review, of expenditures charged to grant awards to ensure that they are claimed in accordance with Federal requirements; and (5) implement adequate policies and procedures to ensure that it identifies and claims actual expenditures incurred for services and shelter care provided to UAC.

In written comments on our draft report, Crittenton stated that it largely disagreed with our methodology, findings, and recommendations. Crittenton provided information on actions that it had taken or planned to take to address our third, fourth, and fifth recommendations. After reviewing Crittenton's comments, we maintain that our findings and recommendations are valid. The details of Crittenton's comments and our response are shown in the body of the report.