

Report in Brief

Date: August 2022

Report No. A-02-20-02003

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



Why OIG Did This Audit

The Disaster Relief Act, part of the Bipartisan Budget Act of 2018, provided \$650 million to the Administration for Children and Families (ACF) for the Head Start program. The law requires OIG to provide oversight to ensure that funds expended for recovery and response efforts related to hurricanes Harvey, Irma, and Maria achieved their intended purposes. This audit is one of OIG's Disaster Relief Act oversight products. Based on a risk assessment of Head Start disaster assistance awards, we audited the Municipality of Barceloneta, Puerto Rico.

The objective of this audit was to determine whether the Municipality managed its Head Start disaster assistance awards in accordance with Federal and Commonwealth requirements.

How OIG Did This Audit

Our audit covered 1,904 expenditure transactions totaling \$6,077,865 related to Barceloneta's disaster assistance awards for the period December 2018 through August 2020. We reviewed accounting records for financial reports submitted to ACF and supporting documentation related to a non-statistical sample of 50 expenditure transactions for compliance with Federal and Commonwealth requirements.

The Municipality of Barceloneta Did Not Always Manage Its Head Start Disaster Assistance Awards in Accordance With Federal and Commonwealth Requirements

What OIG Found

The Municipality did not always manage Head Start disaster assistance awards in accordance with Federal and Commonwealth requirements. Specifically, the Municipality's financial management system did not always ensure compliance with requirements for (1) submitting timely and accurate Federal financial reports, (2) maintaining support for award drawdowns, and (3) timely completing bank reconciliations. Additionally, the Municipality did not conduct timely criminal background checks for nine individuals associated with our sampled expenditure transactions. These deficiencies occurred because the Municipality did not have adequate controls in place to ensure proper financial management and compliance with criminal background checks. As a result, the Municipality did not minimize the risk of fraud, waste, and abuse of Federal funds; and potentially jeopardized the safety of children.

What OIG Recommends and Municipality Comments

We made several procedural recommendations to the Municipality, including that it reinforce existing financial management policies and procedures and ensure that criminal background checks are completed within required time frames.

The Municipality did not indicate concurrence or nonconcurrence with our recommendations. However, it stated that it did not follow some of its procedures, made errors, and did not submit some reports on time due to challenges caused by the COVID-19 pandemic and, prior to that, infrastructure disruptions caused by Hurricanes Irma and Maria. The Municipality stated that the deficiencies identified in our draft report did not present a risk of fraud, waste, or abuse; or potentially jeopardize the safety of children.

After reviewing the Municipality's comments and additional documentation, we maintain that our findings and recommendations are valid. The Municipality did not provide any new supporting documentation, and we note that most deficiencies identified during our audit occurred prior to the COVID-19 pandemic. Also, the deficiencies identified in our report were caused by failures in the Municipality's financial and operational controls that present a risk to Federal funds and the safety of children.