



ADMINISTRATION FOR  
**CHILDREN & FAMILIES**

Office of Head Start | 4th Floor – Switzer Memorial Building, 330 C Street SW, Washington DC 20024 [eclkc.ohs.acf.hhs.gov](http://eclkc.ohs.acf.hhs.gov)

## Program Performance Summary Report

**To: Authorizing Official/Board Chairperson**

*Mr. Terry Peeler*  
*Sumter County Opportunity Inc*  
*714 Country Club Road*  
*P.O. Drawer 928*  
*Livingston, AL 35470 - 0928*

**From: Responsible HHS Official**

**Date: 03/03/2023**

**Tala Hooban**

**Acting Director, Office of Head Start**

During the week of May 5, 2022, the Administration for Children and Families (ACF) conducted a monitoring review of Sumter County Opportunity Inc Head Start and Early Head Start programs to determine whether the previously identified findings had been corrected. We wish to thank the governing body, policy council, staff, and parents of your program for their cooperation and assistance during the review. This monitoring report has been issued to Mr. Terry Peeler, Authorizing Official/Board Chair, as legal notice to your agency of the results of the program review.

Based on the information gathered during our review, the determination has been made that Sumter County Opportunity Inc is a recipient with at least one uncorrected deficiency in its Head Start and Early Head Start programs.

In a letter dated February 10, 2023, Sumter County Opportunity Inc voluntarily relinquished its Head Start and Early Head Start programs and, effective March 10, 2023, will no longer administer its Head Start and Early Head Start grant. In light of this relinquishment, termination proceedings are not applicable for the uncorrected deficiencies identified in this report.

The report provides you with detailed information in each area where program performance did not meet Head Start Program Performance Standards and applicable laws, regulations, and policy requirements.

### **DISTRIBUTION OF THE REPORT**

Copies of this report will be distributed to the following recipients:

Ms. Erika Lundy, Regional Program Manager  
Mrs. Lena Hardaway, Chief Executive Officer/Executive Director  
Mrs. Lena Hardaway, Head Start Director  
Mrs. Lena Hardaway, Early Head Start Director

## Glossary of Terms

<b>Compliant</b>	No findings. Meets requirements of Head Start Program Performance Standard.
<b>Area of Concern</b>	An area for which the agency needs to improve performance. These issues should be discussed with the recipient's Regional Office of Head Start for possible technical assistance.
<b>Area of Noncompliance</b>	An area for which the agency is out of compliance with Federal requirements (including but not limited to the Head Start Act or one or more of the regulations) in one or more area of performance. This status requires a written timeline of correction and possible technical assistance or guidance from the recipient's program specialist. If not corrected within the specified timeline, this status becomes a deficiency.
<b>Deficiency</b>	<p>As defined in the Head Start Act, the term "deficiency" means:</p> <p>(A) a systemic or substantial material failure of an agency in an area of performance that the Secretary determines involves:</p> <ul style="list-style-type: none"> <li>(i) a threat to the health, safety, or civil rights of children or staff;</li> <li>(ii) a denial to parents of the exercise of their full roles and responsibilities related to program operations;</li> <li>(iii) a failure to comply with standards related to early childhood development and health services, family and community partnerships, or program design and management;</li> <li>(iv) the misuse of funds received under this subchapter;</li> <li>(v) loss of legal status (as determined by the Secretary) or financial viability, loss of permits, debarment from receiving Federal grants or contracts, or the improper use of Federal funds; or</li> <li>(vi) failure to meet any other Federal or State requirement that the agency has shown an unwillingness or inability to correct, after notice from the Secretary, within the period specified;</li> </ul> <p>(B) systemic or material failure of the governing body of an agency to fully exercise its legal and fiduciary responsibilities; or</p> <p>(C) an unresolved area of noncompliance.</p>

### Performance Summary

Service Area	Applicable Standards	Grant Number(s)	Primary Review Finding Status(s)	Timeframe for Correction	Follow-up Compliance Level
Program Management and Quality Improvement	1302.101(a)(4)	04CH010470 04CH011047	ANC	N/A	Elevated to Deficiency
Program Management and Quality Improvement	642(c)(1)(E)(iii)	04CH010470 04CH011047	DEF	N/A	Uncorrected Deficiency
Monitoring and Implementing Fiscal Infrastructure	642(c)(1)(E)(iv)(VII)	04CH010470 04CH011047	DEF	N/A	Uncorrected Deficiency
Monitoring and Implementing Fiscal Infrastructure	653(b)(1)	04CH010470 04CH011047	ANC	N/A	Elevated to Deficiency
Monitoring and Implementing Fiscal Infrastructure	75.302(b)(4)	04CH010470 04CH011047	DEF	N/A	Uncorrected Deficiency
Monitoring and Implementing Fiscal Infrastructure	75.303(a)	04CH010470 04CH011047	DEF	N/A	Uncorrected Deficiency
Monitoring and Implementing Fiscal Infrastructure	75.303(d)	04CH010470 04CH011047	DEF	N/A	Uncorrected Deficiency
Monitoring and Implementing Fiscal Infrastructure	75.327(a-c)	04CH010470 04CH011047	DEF	N/A	Uncorrected Deficiency
Monitoring and Implementing Fiscal Infrastructure	75.343	04CH010470 04CH011047	ANC	N/A	Elevated to Deficiency
Monitoring and Implementing Fiscal Infrastructure	75.430(b)	04CH010470 04CH011047	ANC	N/A	Elevated to Deficiency



## Program Management and Quality Improvement

### Program Management

The recipient does not establish a management structure consisting of staff, consultants, or contractors who ensure high-quality service delivery; have sufficient knowledge, training, experience, and competencies to fulfill the roles and responsibilities of their positions; and provide regular supervision and support to staff.

**FA-2                      03/19/2021                      ANC                      1302.101(a)(4)                      Timeframe for Correction: 120 days**

1302.101 Management system.(a) Implementation. A program must implement a management system that:(4) Maintains an automated accounting and record keeping system adequate for effective oversight.

The grantee did not maintain an automated accounting and record keeping system adequate for effective oversight.

The grantee was unable to provide requested bank reconciliation for June 2019, February 2020, and March 2020, and bank statements for each month supporting unobligated balances, expenditures, income, and interest. Supporting documents to establish the allowability of financial transactions, though requested, were not provided. The grantee could not document effective control over, and accountability for, all funds, property, and other assets of the organization.

The grantee did not maintain an automated accounting and record keeping system adequate for effective oversight; therefore, it was not in compliance with the regulation.

### Follow-up

#### Elevated to Deficiency

**Timeframe for Correction: N/A**

The grant recipient did not maintain an automated accounting and record keeping system adequate for effective oversight.

The recipient did not fully implement new accounting software. In an interview, the fiscal officer and the fiscal consultant stated the organization purchased a new accounting software program more than a year ago; however, only started to implement it after the Focus Area Two monitoring report dated November 15, 2021. The fiscal consultant estimated it would be another 6 to 7 months before the new software could be considered fully functional and able to produce all necessary reports and accounting information.

The recipient was asked to provide budget to actual reports from the current award year and bank reconciliations for the months of January through March 2022, but none were provided.

The grant recipient did not maintain an automated accounting and record keeping system adequate for effective oversight. This area of noncompliance remains uncorrected.

### Program Governance

The recipient does not maintain a formal structure of program governance to oversee the quality of services for children and families and to make decisions related to program design and implementation.

**FA-2                      03/19/2021                      DEF                      642(c)(1)(E)(iii)                      Timeframe for Correction: 120 days**

Sec. 642 Powers and Functions of Head Start Agencies (c) Program Governance- Upon receiving designation as a Head Start agency, the agency shall establish and maintain a formal structure for program governance, for the oversight of quality services for Head Start children and families and for making decisions related to program design and implementation. Such structure shall include the following: (1) GOVERNING BODY- (E) RESPONSIBILITIES- The governing body shall (iii) be responsible for ensuring compliance with Federal laws (including regulations) and applicable State, tribal, and local laws (including regulations).

The governing body did not ensure compliance with applicable Federal laws and regulations.

Each recipient of financial assistance under the Head Start Act shall submit to the Secretary an audit conducted in the manner and to the extent provided in Chapter 75 of Title 31 (commonly known as the Single Audit Act 42 U.S. 9842(c)(2)). These audits must be performed annually. 45 C.F.R. 75.504. The grantee's chief financial officer, the Head Start director, and the governing body chair confirmed the program, as of the date of the review, had not obtained and submitted an independent annual audit for its 2019 and 2020 fiscal years.

Subsequent to the review, the grantee filed the audit for fiscal year ending (FYE) April 30, 2019, which included findings of deficiencies in the grantee's fiscal management. The audit found the grantee lacks internal controls over the preparation of its annual financial statements in

accordance with generally accepted accounting principles (GAAP) and instead relies on an external auditor to prepare the grantee's financial statements. The grantee declined to take action to address the deficiencies. It was also determined that the grantee had not filed its IRS Form 990: Return of Organization Exempt from Income Tax for fiscal years ending 4/30/2019 and 4/30/2020. Further, the audit, at p.30, noted that there was limited oversight by the governing body to review annual, monthly, and periodic reports.

An additional finding resulting from the same audit, and also attributable to limited oversight of the governing body, was the grantee's purchase of buses and signs at the cost of \$123,925 without prior Office of Head Start (OHS) approval.

The audit also indicated a lack of internal controls related to timely and accurate reporting as required by Head Start laws and regulations. The audit notes (pg. 29) that the grantee did not submit its quarterly financial status reports (SF-425) within the required time frames. The identified cause of the lack of reporting was limited oversight by the governing body to review annual, monthly, and periodic reports. In fact, the grantee failed to timely file SF-425s for numerous periods.

Up-to-date audits and properly completed Form 990s would have revealed managerial staff being characterized as independent contractors. From 2019-2020, managers received both their full payroll wages, and additional payments as independent contractors which were reported on multiple IRS Form -1099s. The Head Start director stated that the governing body approved the additional pay for managerial staff for undocumented work performed on evenings and weekends. The grantee did not adjust the job description and payroll rate for program managers. Additionally, the grantee did not meet employer withholding and match contribution requirements for the additional 1099 payments paid to employees. The human resources manager stated that she was not aware of the wage decisions as she is not involved with benefits negotiations or salary changes. Those activities are handled by the executive director and submitted directly to the payroll clerk. ACF requested that the grantee provide documentation to support the payments reflected on the 1099s, such as contracts, Board minutes approving the payments, and documentation of the work performed. The grantee failed to produce all of the requested documentation demonstrating the basis for these payments.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

#### **Follow-up**

#### **Uncorrected Deficiency**

**Timeframe for Correction: N/A**

The governing body did not ensure compliance with applicable Federal laws and regulations.

The recipient failed to timely submit its audits for fiscal years ending 2020 and 2021 as required. The audit for the fiscal year ending 2020 was due on January 31, 2021, and the audit for the fiscal year 2021 was due on January 31, 2022. In an interview, the executive director stated the fieldwork for the audit for the year ending April 30, 2020, was completed and she expected the audit report to be available on May 10, 2022. However, the executive director uploaded a statement to the Head Start Enterprise Systems correspondence tab on May 20, 2022 that the audit work papers were currently being reviewed within the audit firm, and the audit report was not available. The recipient provided a copy of its auditor's engagement agreement for the year ending April 30, 2021, but could not state when the audit work would begin for that fiscal year. Since no additional audit reports had been completed and filed since the previous monitoring review, audit findings established in prior audits could not be established as corrected by more recent audit reports.

The recipient provided a copy of its Form 990 Return of Organizations Exempt from Income Tax for the year ending April 30, 2021, due January 31, 2022, and dated March 15, 2022. On Form 990, the recipient acknowledged that it was required to have had an annual audit but did not have one. Further, Form 990 was prepared based on unaudited financial information.

In an interview, the executive director was asked whether retroactive prior approval had been requested and received for the purchase of buses and signs identified as a finding in the 2019 audit. The executive director stated no request was or would be made of the Office of Head Start to obtain retroactive prior approval, and the program would return the funds. To date, the program has not returned the funds.

The recipient did not demonstrate that it completed SF-425s as required. The recipient was asked to provide its Final SF-425 reports for the years 2016 through 2021 for both of its Federal Head Start awards. The request was made twice, and after the second request, the recipient provided only quarterly SF-425 forms that reflected cash received and payments made. None of the requested Final SF-425 reports were provided. Further, the recipient failed to demonstrate that it was able to timely file required financial reports, as evidenced in part by its failure to submit 425s that were due during the corrective action period, due after May 4, 2022, or due in previous years that were first submitted after May 4, 2022.

The executive director stated the organization established a fiscal compliance committee to provide internal monitoring of all reporting and other activities of the fiscal department and ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The executive director further stated the committee's responsibilities included ensuring findings identified during an audit would be

promptly corrected. A review of meeting minutes found no evidence the program complied with Federal regulations in part by the recipient's failure to have timely audits and its failure to submit 425s.

The governing body did not ensure compliance with applicable Federal laws and regulations. This area of deficiency remains uncorrected.

Additional fieldwork may be necessary to determine the total amount of unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine if a disallowance is appropriate.



## Monitoring and Implementing Fiscal Infrastructure

### Budget Planning and Development

The recipient does not develop and implement its budget to sustain management, staffing structures, and the delivery of services that support the needs of enrolled children and families.

**FA-2                      03/19/2021                      DEF                      642(c)(1)(E)(iv)(VII)                      Timeframe for Correction: 120 days**

Sec. 642 Powers and Functions of Head Start Agencies (c) Program Governance- Upon receiving designation as a Head Start agency, the agency shall establish and maintain a formal structure for program governance, for the oversight of quality services for Head Start children and families and for making decisions related to program design and implementation. Such structure shall include the following: (1) GOVERNING BODY- (E) RESPONSIBILITIES- The governing body shall (iv) be responsible for other activities, including-- (VII) approving financial management, accounting, and reporting policies, and compliance with laws and regulations related to financial statements.

The grantee did not ensure the governing body fulfilled its responsibilities under the Head Start Act.

The governing body did not effectively oversee the implementation of the program's budget. The grantee was unable to produce documentation to demonstrate that the governing body approved the agency's financial management, accounting, and reporting policies. In addition, the grantee's Statement of Activities and Net Assets in the audit for the period ending 4/30/2019 showed an ending operating deficit (expenses in excess of supports and revenue) of \$44,108 for the audited period.

Further, the governing body declined to address the concern expressed in the most recent audit for the period ending 4/30/2019, and in the grantee's previous audit, namely, the agency's management lacked the capacity to meet their responsibility for producing accurate financial statements for the organization.

The grantee was unable to demonstrate that the governing body effectively oversaw the implementation of the agency's personnel policies to ensure staff was being compensated appropriately. The grantee's personnel manual states the executive director may provide incentive pay to an employee in amounts up to \$5,000. In 2019 and 2020, staff received payments reflected on Form-1099s and outside of their regular W-2 wages. Those additional payments were over \$5,000 and in certain instances amounted to over 30 percent of the staff members' annual wages. Further, the grantee failed to provide documentation to support these additional payments, such as contracts, Board minutes approving the payments, and documentation of the work performed.

The grantee did not ensure the governing body fulfilled its responsibilities under the Head Start Act; therefore, it was not in compliance with the statute.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

### Follow-up

#### Uncorrected

#### Deficiency

**Timeframe for Correction: N/A**

The grant recipient did not ensure the governing body fulfilled its responsibilities under the Head Start Act.

The program provided a copy of the March 1, 2022 Board meeting minutes that reflected the Board's approval of changes to the Accounting Policies and Procedures Manual regarding policies reflecting the difference between an independent contractor and an employee and that the agency could no longer provide incentive compensation. In an interview, the executive director stated the Board was involved in the approval process for the annual funding applications as well as accounting and personnel policies and procedures. A review of Board meeting minutes from January 31, 2022 found they reflected discussion and approval of the funding application for grant 04CH011047 for the 2022-2023 award year and approval of the Quality Improvement Plan for the findings identified in the Office of Head Starts Focus Area Two monitoring review. The executive director further stated the Board provided approval for the hire of key personnel, compensation levels of employees, and procurement transactions at the level established in the program's Accounting Policies and Procedures Manual.

In an interview, Board members stated they did not always receive copies of the financial reports for their meetings. The recipient received two awards to fund a Head Start program and an Early Head Start program and funding from the United States Department of Agriculture. A review of the financial statements comparing budget to actual results provided to the Board found the recipient consolidated all awards activity into one presentation on the organization as a whole. The financial statements did not provide sufficient detail to allow the Board to provide the required level of guidance and oversight of each award.

In an interview, the fiscal consultant stated that in the future, the organization would not have the capacity to ensure compliance with Head Start Program Performance Standards, including those related to reporting and providing financial statements available for audit, in time to comply with filing deadlines unless an additional fiscal staff member was hired. In an interview, the Board Chair agreed; however, the Board did not

provide approval to hire another fiscal staff member.

The grant recipient did not ensure the governing body fulfilled its responsibilities under the Head Start Act. This area of deficiency remains uncorrected.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

### Ongoing Fiscal Capacity

The recipient does not plan and implement a fiscal management system that supports the organization's ongoing capacity to execute its budget over time and meet the needs of its organization.

**FA-2                      03/19/2021                      DEF                      75.303(a)                      Timeframe for Correction: 120 days**

75.303 Internal controls The non-Federal entity must: a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government, issued by the Comptroller General of the United States or the Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The grantee did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The grantee produced a document entitled Accounting Policies and Procedures Manual (APP Manual) with a revision date of 9/2020. The fiscal officer stated that the document reflected the grantee's currently applicable fiscal policies and procedures. However, signature lines within the document indicating Board and policy council approval were not signed or dated. Further, the grantee was unable to provide minutes or other documents showing Board and policy council approval. Moreover, the grantee failed to demonstrate it was complying with its APP Manual. The grantee failed to show it followed its procurement policies and conflict of interest policies when soliciting and paying certain individuals, including the executive director's son.

Further, page nine of the APP manual includes a section indicating that the grantee will comply with the Financial Management Systems of 45 CFR Part 75 Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards. The grantee exhibited multiple instances of failure to maintain effective internal control over the Federal award:

The grantee's audit for the fiscal year ending 4/30/2018 included a Financial Statements Finding indicating a deficiency in internal controls because the agency's management was unable to prepare its financial statements in accordance with GAAP and relied on an external auditor to both prepare and audit the agency's financial statements. The finding was repeated in the grantee's recently submitted (3/26/2021) audit for its fiscal year ending 4/30/2019. In both instances, management responded that they evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the agency to outsource this task to its external auditors. Audit for FYE April 30, 2019, pg. 28; Audit for FYE April 30, 2018, pg. 28.

The grantee paid Eric Love for both audit services and accounting services for at least the period of January through December of 2019. Eric Love was engaged to prepare the grantee's Federal information returns, including the preparation of financial statements and schedules of expenditures under Federal awards, for the year ending April 30, 2019. Eric Love also performed the grantee's 2018 and 2019 annual audits. As such, Eric Love was not an independent auditor as required by the Single Audit Act of 1984, 31 U.S.C. 7502(c), as referenced by 42 U.S.C. 9842(c)(2); See also 45 C.F.R. 75.501; 514(a).

The grantee's audit for FYE ending April 30, 2019, also found that the grantee purchased equipment without prior Office of Head Start (OHS) approval. The finding included questioned costs of \$123,925.

The grantee's most recent audit also indicated a lack of internal controls related to timely and accurate reporting. The audit notes that the grantee did not submit its quarterly financial status reports (SF-425) within the required timeframes. The identified cause of the lack of reporting was limited oversight by the governing body to review annual, monthly, and periodic reports. The grantee failed to submit timely SF-425 reports for the following periods:



## Grant #04CH010470

For period ending 11/30/2017 submitted 08/03/2020 (due 12/30/2017)

For period ending 05/30/2018 submitted 08/03/2020 (due 07/30/2018)

For period ending 11/30/2018 submitted 08/03/2020 (due 01/30/2019)

For period ending 05/31/2019 submitted 11/05/2020 (due 07/30/2019)

For period ending 11/30/2019 submitted 05/19/2020 (due 01/30/2020)

For period ending 05/31/2020 submitted 11/01/2020 (due 07/30/2020)

For period ending 11/30/2020 submitted 04/28/2021 (due 02/28/2021)

## Grant #04CH011047

For period ending 12/31/2019 submitted 07/31/2020 (due 01/30/2020)

For period ending 10/31/2020 submitted 04/09/2021 (due 02/28/2021)

The grantee failed to demonstrate that Head Start funds were safeguarded, managed, and tracked accurately in the general ledger. Additionally, it failed to provide bank reconciliations for June 2019, February 2020, and March 2020 as requested. The requested bank reconciliation for May 2019 was provided but without a corresponding bank statement. Further, there was no documentation of when the bank reconciliation was prepared, who prepared it, or who reviewed it. The May 2019 bank reconciliation noted 56 outstanding checks for \$56,587.36, dating from May 1, 2019, to May 31, 2019, and showed an ending bank balance of \$89,414.75. The existence of the May 2019 bank reconciliation did not document or confirm that bank reconciliations were performed promptly. Finally, although current financial statements were requested, they were not presented. The lack of internal controls or clear segregation of duties minimized the grantee's ability to accurately track, manage, and safeguard Head Start funds.

The grantee's financial management structure does not incorporate meaningful separation of duties. The grantee paid certain staff as both salaried employees and as independent contractors. The human resources manager stated that she was not aware of the wage decisions as she is not involved with benefits negotiations or salary changes. The executive director was involved with awarding the additional payments to selected employees outside of the usual payroll processing system by characterizing the employee recipients as independent contractors. The executive director, herself, received a 52 percent supplement (\$69,366) to her existing salary in 2019 and a 33 percent supplement (\$47,500) in 2020; both were characterized as payments to an independent contractor on IRS Form 1099. The fiscal officer received similar payments in the amounts of \$43,450 (2019) and \$22,250 (2020). Upon an additional request by ACF, the grantee failed to provide documentation to support these payments, such as contracts, Board minutes approving the payments, and documentation of the work performed.

The independence of the governing body chair is also in question. The grantee made unspecified payments to an individual named Teri Peeler, who is related to the Board Chair, Terry Peeler. These payments are reflected on IRS Form 1099, submitted in 2019 (\$22,500). During an interview, the grantee indicated it paid that same person \$15,000 in 2020.

The grantee did not establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity was managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

**Follow-up****Uncorrected****Deficiency****Timeframe for Correction: N/A**

The grant recipient did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In an interview, the executive director stated the Accounting Policies and Procedures Manual (manual) was updated, and the Board approved the changes. The program provided its updated manual that included a statement declaring the recipient would no longer compensate employees with bonuses or incentive pay. The document also included an update identifying the creation of a fiscal compliance committee that would function to ensure sustained compliance with statutes, regulations, and the terms and conditions of the award.

The executive director stated the fiscal compliance committee would provide internal monitoring of all reporting and other activities of the fiscal department and ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The committee's responsibilities included ensuring identified audit findings would be promptly corrected. However, the committee did not fulfill its

responsibilities, as evidenced in part by the recipient's failure to submit its annual audits and SF-425s as required.

In an interview, the executive director stated the fieldwork for the audit for the year ending April 30, 2020 was completed. She further stated she expected the audit report to be available on May 10, 2022. However, the executive director uploaded a statement to the Head Start Enterprise Systems correspondence tab on May 20, 2022, stating the audit work papers were being reviewed by the audit firm, and the audit report was not available. The correction status of any prior findings could not be established without the audit report. The recipient provided a copy of its auditor's engagement agreement for the year ending April 30, 2021, but could not state when the fieldwork would begin.

The organization engaged a fiscal consultant to assist in correcting the areas of noncompliance and deficiencies identified in the November 15, 2021 monitoring review report and to support the program in its efforts to improve its financial management system. Since the program did not provide current financial reports during the monitoring review, it was not possible to establish the completeness of the accounting records.

In an interview, the fiscal consultant stated the recipient would not be able to ensure its audit report would be filed with the Federal Audit Clearing House on time without an additional fiscal staff person. In an interview, a Board member agreed the program needed an additional fiscal staff person to comply with regulations, but the Board did not provide approval to hire another fiscal staff member.

The recipient had not reported the required financial information and the results of its awards, as required, for several years. Further, the recipient was requested twice to provide its 2016 through 2021 Final SF-425 reports for both of its Federal awards. After the second request, the recipient provided quarterly SF-425 forms that reflected only cash received and payments made. None of the reports contained information related to Federal share costs, recipient share costs, or information required to be reported in box 12 of the report.

The recipient was requested to provide copies of its bank reconciliations for the months of January 2022 through March 2022. The documents were not provided.

In an interview, the fiscal consultant stated the organization needed to hire one more fiscal staff person to make a real difference in the capacity of the organization to ensure the ability to provide timely internal and external reporting. However, at the time of the follow up review, the organization had a fiscal officer and a staff person, which did not represent a change in staffing since the previous monitoring report was issued. The organization created a fiscal compliance committee to engage in internal monitoring efforts to ensure compliance with regulations; however, there was no evidence the committee adequately monitored the program's fiscal activities to ensure such compliance.

The grant recipient did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. This area of deficiency remains uncorrected.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

### **Budget Execution**

The recipient's financial management system does not provide for effective control over and accountability for all funds, property, and other assets.

**FA-2                      03/19/2021                      ANC                      653(b)(1)                      Timeframe for Correction: 120 days**

Sec. 653 Comparability of Wages (b) Limitation-(1) IN GENERAL- Notwithstanding any other provision of law, no Federal funds may be used to pay any part of the compensation of an individual employed by a Head Start agency, if such compensation, including non-Federal funds, exceeds an amount equal to the rate payable for level II of the Executive Schedule under section 5313 of title 5, United States Code.

The grantee did not ensure that Federal funds were not used to pay any part of the compensation of an individual employed by a Head Start agency if such compensation, including non-Federal funds, exceeds an amount equal to the rate payable for level II of the Executive Schedule under section 5313 of Title 5, United States Code.

Beginning May 10, 2019, the grantee started making lump-sum payments to the executive director as an independent contractor in addition to her regular wages. As a result, the grantee's executive director was compensated in excess of the applicable Executive Level II 2019 limitation of \$192,300. In 2019, the executive director received total compensation in the amount of \$202,459 thus exceeding the salary limit by \$10,159.

The grantee did not ensure that Federal funds were not used to pay any part of the compensation of an individual employed by a Head Start agency if such compensation, including non-Federal funds, exceeds an amount equal to the rate payable for level II of the Executive Schedule under section 5313 of Title 5, United States Code; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start,

Administration for Children and Families, to determine whether a disallowance is appropriate.

#### **Follow-up**

##### **Elevated to Deficiency**

**Timeframe for Correction: N/A**

The grant recipient did not ensure that Federal funds were not used to pay any part of the compensation of an individual employed by a Head Start agency if such compensation, including non-Federal funds, exceeds the amount equal to the rate payable for level II of the Executive Schedule under section 5313 of Title 5, United States Code.

In an interview, the executive director stated the program's Accounting Policies and Procedures were changed to indicate no bonuses or incentive pay would be allowed.

The executive director further stated no changes were made to remove unallowable costs from the previously reported Federal share costs, including costs related to compensation charged to the award for an employee earning in excess of Executive Level II.

The grant recipient did not ensure that Federal funds were not used to pay any part of the compensation of an individual employed by a Head Start agency if such compensation, including non-Federal funds, exceeds the amount equal to the rate payable for level II of the Executive Schedule under section 5313 of Title 5, United States Code. This area of noncompliance remains uncorrected.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

**FA-2**

**03/19/2021**

**DEF**

**75.302(b)(4)**

**Timeframe for Correction: 120 days**

75.302 Financial management and standards for financial management systems. (b) The financial management system of each non-Federal entity must provide for the following (see also §§75.361, 75.362, 75.363, 75.364, and 75.365): (4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §75.303.

The grantee's financial management systems were not sufficient to produce records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, prepare required reports, and demonstrate use in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit. The grantee has a consistent history of failing to file its annual audit in a timely manner. For example, the grantee's most recent audit for the period ending 4/30/2019 was not filed until 3/26/2021.

The grantee failed to file the organization's required IRS Form 990 Return of Organization Exempt from Income Tax for fiscal year ending 4/30/2019 and 4/30/2020.

The grantee improperly classified existing employees as independent contractors and reported their additional compensation using IRS Form 1099 instead of IRS Form W-2. At least 11 existing employees received additional payments from the grantee as independent contractors in 2019 and 2020. The amount of \$263,704 was paid to 12 identified employees in 2019 and \$181,715 was paid to the same individuals in 2020. The grantee did not withhold required FICA, Federal, and state tax withholdings or make employer contributions for the additional payments made to those employees. The grantee risked being held liable for employment taxes, plus interest and penalties, by incorrectly classifying workers as independent contractors. Further, ACF requested documentation pertaining to the work performed related to these payments, such as contracts, Board approval, and documentation of the work performed. The grantee failed to provide all of the requested documentation to demonstrate a basis for these additional payments.

The fiscal officer was unable to produce requested financial reports from the grantee's Head Start and Early Head Start programs for the 2019 and 2020 fiscal years. In an interview, the board chair and the policy council community member (also a member of the grantee's finance committee) stated that monthly financial reports are included in the Board package, but the grantee was unable to produce requested financial reports for the December 2020 and January 2021 Board meetings.

The grantee was unable to provide requested documents supporting unobligated balances, expenditures, income, and interest. On March 17th, 2021, the grantee was asked to provide general ledgers and financial reports, including balance sheets and income statements, for its Head Start funding periods ending June 30, 2019, and June 30, 2020, and its Early Head Start funding periods ending May 31, 2019, and May 31, 2020. The grantee only provided a general ledger for the month of May 2019. The grantee failed to provide the other requested documentation. In addition, because the grantee failed to produce all the requested records, investigators were unable to test whether specific transactions that may

have occurred during those periods were properly supported and allowable. The grantee could not document effective control over and accountability for all funds, property, and other assets of the organization. ACF issued a second request for these financial documents. The grantee again failed to produce all of the requested records.

In the grantee's proposed Plan of Correction for its 2019 audit, the grantee acknowledged that currently, the process for obtaining the monthly general ledger involves significant manual calculations. The general ledger is maintained on a software package that has not been properly updated to include the agency-wide expansion. As such, financial statements are not available for 20 days after the end of the month. The result is a delay in the information management needs to monitor financial conditions and make appropriate decisions on a timely basis. Management has indicated that it recognizes this shortcoming and has selected a new software accounting program. The grantee has indicated that it will require a year to properly monitor all the necessary calendar and fiscal years that will be impacted by the process of establishing this new system.

The grantee's financial management systems were not sufficient to produce records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, prepare required reports and demonstrate use in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

#### **Follow-up**

#### **Uncorrected**

#### **Deficiency**

**Timeframe for Correction: N/A**

The grant recipient's financial management system was not sufficient to produce records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award; prepare required reports; and demonstrate the use of Federal funds in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The recipient failed to timely file the required audits. The audit report for the year ending April 30, 2020 was due at the Federal Audit Clearinghouse on January 31, 2021, and the audit report for the year ending April 30, 2021 was due at the Federal Audit Clearinghouse on January 31, 2022. In an interview, the executive director stated the fieldwork for the audit for the year ending April 30, 2020 was completed. She further stated she expected the audit report to be available on May 10, 2022. However, the executive director uploaded a statement to the Head Start Enterprise Systems correspondence tab on May 20, 2022, stating the audit work papers were being reviewed by the audit firm, and the audit report was not available. The correction status of any of the prior audit findings could not be established without the audit report. The recipient provided a copy of its auditor's engagement agreement for the year ending April 30, 2021, but could not state when the fieldwork would begin.

In an interview, the fiscal consultant stated the recipient would not be able to ensure its audit report would be filed with the Federal Audit Clearing House on time without an additional fiscal staff person. In an interview, a Board member agreed the program needed an additional fiscal staff person to comply with regulations, but the program did not hire another fiscal staff member.

The recipient provided copies of its Form 990 tax returns. In an interview, the fiscal officer stated the returns were prepared from unaudited information and could not be reconciled to its audited financial statements.

During 2019 and 2020, the recipient improperly classified employees as independent contractors. A review of the recipient's Accounting Policies and Procedures Manual found they now stated the organization would no longer provide bonuses or incentive compensation to its employees. However, the executive director stated that no corrective actions were taken to file any amended tax returns, including employee form W-2s and 1099s because it would be a large undertaking.

The recipient was requested to provide Board meeting minutes and other information provided to the Board for meetings in January, February, and March 2022. A review of the meeting minutes found the financial information provided to the Board was not current and did not allow for the Board to make timely decisions.

The recipient did not maintain original source documents provided to the Board for their meetings. A review of Board meeting minutes from February 25, 2022, found they included financial information that was printed on May 12, 2022. The Board meeting minutes from January 31, 2022, did not include financial reports. The recipient provided Board meeting minutes from March 16, 2020, which included financial reports that were reprinted on April 28, 2022. The recipient also provided Board meeting minutes from June 27, 2019, which also included financial reports printed on April 28, 2022.

In addition, the financial reports provided for Board use included a report of budget to actual expenses for the organization as a whole and not the individual Head Start and Early Head Start awards.

In an interview, the fiscal consultant stated the recipient started to implement an accounting software system that had more capability to produce reports to support the recipient's need for more timely and accurate information to improve internal and external accounting. The fiscal



however, no evidence was provided to ensure the audit findings were corrected.

The grant recipient did not take prompt actions when instances of noncompliance were identified in audit findings. This area of deficiency remains uncorrected.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

**FA-2                      03/19/2021                      DEF                      75.327(a-c)                      Timeframe for Correction: 120 days**

75.327 General procurement standards(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. (c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

The grantee did not use its own documented procurement procedures and did not ensure that an employee, officer, or agent participating in the administration of a Federal contract, had no real or apparent conflict of interest.

The grantee's APP manual states that solicitations shall provide a clear description of technical requirements for the service being procured. "Some form of cost or price analysis shall be made and documented in the procurement file [for] every procurement action." APP at 67. The procurement procedures stated that all purchases greater than \$5,000 or contracts lasting more than one year were to be negotiated and approved by the executive/Head Start director. APP Manual, p.69. At least three written competitive bids were to be sought for purchases over \$5,000. Contract services for over \$500 required written contracts with specific information as to what is to be done and the charges. APP Manual, p, 80. Operational procedures specified in the APP Manual state that no interested party (employee, officer, or agent of the program) shall participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest exists. APP Manual, p. 66. The grantee's Personnel Manual states that no person shall be employed when a member of his or her immediate family serves on a board or committee, who either by rule or practice, regularly engages with the grantee's hiring procedures. Personnel Manual, p. 27.

The grantee failed to ensure that it followed its own procedures and avoided conflicts of interest when hiring certain employees and awarding contracts. On August 18, 2018, Board minutes indicated that the executive director asked and received permission from the Board to hire her son as a contract employee. The stated basis for the hire was that he was an excellent writer. The executive director was an interested party in her son's contracted services but nonetheless participated in his selection and contract award. Despite making payments of \$47,115.94 for 2019 and \$50,900.00 for 2020, the grantee did not demonstrate that it engaged in the solicitation of competitive bids for the purchase of his services, and there was no specific information provided as to what his responsibilities were or how the reasonableness of charges was determined. When asked about the purpose of the contract, the Board chair stated that it was for whatever the executive director wanted.

The grantee did not demonstrate that it followed its processes for soliciting the services of Teri Peeler. The grantee made payments to Teri Peeler, who is related to the Board Chair, Terry Peeler. These payments are reflected on IRS Form 1099, submitted in 2019 (\$22,500). During an interview, the grantee indicated it paid that same person \$15,000 in 2020. The grantee was asked to provide all records related to payments made to Ms. Peeler in 2019 and 2020, including any contracts or agreements and documentation related to her selection. The grantee provided a \$1,500 payment voucher and corresponding check to Ms. Peeler, dated May 22, 2019. The payment voucher states that payment was for Contract Services Special Needs Services. The grantee did not provide all of the requested documents, including a service contract, any documentation showing how Ms. Peeler was selected, what specific services she provided, or her qualifications to render those services.

Relative to independent contractors, the APP Manual states that it was imperative to distinguish between contract labor and an employee. The grantee failed to follow this procedure in classifying existing employees as independent contractors for the purpose of making lump-sum payments to designated employees in addition to their regularly scheduled wages.

The grantee did not use its own documented procurement procedures, did not maintain oversight of contractors, and did not ensure that an employee, officer, or agent participating in the administration of a Federal contract, had no real or apparent conflict of interest; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

#### **Follow-up**

#### **Uncorrected**

**Timeframe for Correction: N/A**

#### **Deficiency**

The grant recipient did not comply with its written procurement procedures and did not ensure that an employee, officer, or agent participating in the administration of a Federal contract, had no real or apparent conflict of interest.

In an interview, the executive director stated most procurements complied with policies and procedures; however, there was inadequate documentation to confirm procurement procedures were followed. For example, the executive director stated the procedures required procurement transactions to be free of conflict of interest and based on free and open competition, but the program did not demonstrate that it complied with such policies.

The executive director stated no changes were made to remove unallowable costs identified in the deficiency from previously recorded Federal share costs related to transactions involving conflicts of interest.

The executive director stated the organization established a fiscal compliance committee to provide internal monitoring of all reporting and activities of the fiscal department. According to the Fiscal Compliance Committees checklist, they were to, among other things, review and sign off on the recipient's requisitions to ensure they were properly supported and allowable and reviewed all contracts and agreements to ensure there was no conflict of interest. However, a review of the committee's meeting minutes found no evidence that it made efforts to ensure the program followed its written policies and procedures.

The program was asked to provide a copy of its detailed general ledger from January through April 2022 as a source to select transactions for testing compliance with procurement procedures. The recipient only provided detailed transactions of its cash account, which did not provide adequate information necessary to select transactions for testing.

The program was also asked to provide a copy of any new contracts entered into after November 15, 2021, with documentation to support its compliance with procurement policies and procedures. The program provided the fiscal consultant's contract dated March 12, 2022. A review of the March 7, 2022 Board meeting minutes noted Board approval for the contract; however, no other documentation was provided to support the recipient's compliance with its policies and procedures, including the solicitation of competitive bids.

The grant recipient did not comply with its written procurement procedures and did not ensure that an employee, officer, or agent participating in the administration of a Federal contract, had no real or apparent conflict of interest. This area of deficiency remains uncorrected.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

**FA-2**

**03/19/2021**

**ANC**

**75.430(b)**

**Timeframe for Correction: 120 days**

75.430(b) Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

The grantee did not demonstrate that it compensated its employees for work on its Federal awards in amounts consistent with the amount paid for similar work on non-Federal activities.

The executive director provided a wage scale dated 2016 and said it is updated every five years, but it had not been updated for 2021. The fiscal officer also provided the Alabama Head Start Association 2020 Compensation and Benefits Study. However, the grantee failed to demonstrate that it paid actual wages that were reasonable and consistent with either its own scale or the state-wide study. In a conversation, the fiscal officer stated expenses are allocated between the programs benefitted, Head Start and Early Head Start, but was unable to produce documentation to demonstrate that the grantee had a reasonable basis for allocating personnel costs shared across programs.

The grantee did not demonstrate that it compensated its employees for work on its Federal awards in amounts consistent with the amount paid

for similar work on non-Federal activities; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

#### **Follow-up**

##### **Elevated to Deficiency**

**Timeframe for Correction: N/A**

The grant recipient did not demonstrate that it compensated its employees for work on its Federal awards in amounts consistent with the amount paid for similar work on non-Federal activities.

In an interview, the executive director stated the program had a copy of the Alabama Head Start Association 2020 Compensation and Benefits Study. The executive director stated the program engaged a fiscal consultant to assist with the analysis of the information and to evaluate how the program could increase employee compensation levels, consistent with those in the report; however, no decisions were made for the next steps. The executive director further stated it was the program's policy to update its wage comparability study every 5 years, not every 3 years as required.

The program was requested to provide evidence it reviewed wages compared to the compensation levels noted in the study, but no information was provided.

The grant recipient did not demonstrate that it compensated its employees for work on its Federal awards in amounts consistent with the amount paid for similar work on non-Federal activities. This area of noncompliance remains uncorrected.

Additional fieldwork may be required to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review if one is required. This matter also may be referred to the Office of Head Start, Administration for Children and Families, to determine whether a disallowance is appropriate.

#### **Facilities and Equipment**

The recipient does not comply with application, prior approval, and reporting requirements for facilities purchased, constructed, or renovated with Head Start funds.

**FA-2**

**03/19/2021**

**ANC**

**75.343**

**Timeframe for Correction: 120 days**

75.343 Reporting on real property. The HHS awarding agency or pass-through entity must require a non-Federal entity to submit reports at least annually on the status of real property in which the Federal Government retains an interest, unless the Federal interest in the real property extends 15 years or longer. In those instances where the Federal interest attached is for a period of 15 years or more, the HHS awarding agency or pass-through entity, at its option, may require the non-Federal entity to report at various multi-year frequencies (e.g., every two years or every three years, not to exceed a five-year reporting period; or an HHS awarding agency or pass-through entity may require annual reporting for the first three years of a Federal award and thereafter require reporting every five years).

The grantee did not submit the required Form SF-429-A.

The grantee did not submit the required Form SF-429-A (annual real property status report) in Grants Solutions Systems for the period of 7/1/2019 through 4/30/2020. Correspondence in HSES indicates the program did not submit each required Form SF-429-A for periods 6/1/2017- 5/31/2018, and 6/1/2019- 5/31/2020 for grant number 04CH010470. Further, in December 2020, the grantee filed a Form SF-429-A that purported to be for the period ending May 31, 2019, which noted two properties subject to a Federal interest. One of the attachments indicated a Federal share of \$352,625 and incorrectly noted a limited period of existence for the Federal interest of 11/16/2010 through 12/10/2020. The second attachment indicated a Federal share of \$1,700,000, and also incorrectly noted a limited period of existence for the Federal interest of 1/23/2018 to 12/10/2020. The grantee did not demonstrate that all required reports were submitted annually or accurately.

The grantee did not submit the required Form SF-429-A; therefore, it was not in compliance with the regulation.

#### **Follow-up**

##### **Elevated to Deficiency**

**Timeframe for Correction: N/A**

The grant recipient did not submit the required Form SF-429-A through the On-line Data Collection system in Grant Solutions.

In an interview, the executive director stated the program's fiscal policies and procedures required the annual filing of the SF-429 and SF-429A.



The executive director further stated she was not sure if the forms had been filed for the 2021 program year and noted the only real property that had Federal interest was a modular facility.

On May 20, 2022, the recipient uploaded a SF-429 form to the correspondence tab in the Head Start Enterprise System but not through the On-line Data Collection system in Grant Solutions, as required.

The grant recipient did not submit the required Form SF-429-A through the On-line Data Collection system in Grant Solutions. This area of noncompliance remains uncorrected.

----- End of Report -----