



August 25, 2010

TO: Yvette Sanchez Fuentes
Director, Office of Head Start
Administration for Children and Families

FROM: /George M. Reeb/
Acting Deputy Inspector General for Audit Services

SUBJECT: Review of Inyo Mono Advocates for Community Action's Compliance With
Health and Safety Regulations for Head Start Programs (A-09-09-00089)

Attached, for your information, is an advance copy of our final report on Inyo Mono Advocates for Community Action's (the Grantee) compliance with Head Start health and safety regulations. We will issue this report to the Grantee within 5 business days. The Administration for Children and Families, Office of Head Start, requested this review.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Lori S. Pilcher, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through email at Lori.Pilcher@oig.hhs.gov or Lori A. Ahlstrand, Regional Inspector General for Audit Services, Region IX, at (415) 437-8360 or through email at Lori.Ahlstrand@oig.hhs.gov. Please refer to report number A-09-09-00089.

Attachment



August 30, 2010

Report Number: A-09-09-00089

Mr. Daniel Steinhagen
Executive Director
Inyo Mono Advocates for Community Action
P.O. Box 845
Bishop, CA 93515

Dear Mr. Steinhagen:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Inyo Mono Advocates for Community Action's Compliance With Health and Safety Regulations for Head Start Programs*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

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

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, the final report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (415) 437-8360, or contact Jim Kenny, Audit Manager, at (415) 437-8370 or through email at James.Kenny@oig.hhs.gov. Please refer to report number A-09-09-00089 in all correspondence.

Sincerely,

/Lori A. Ahlstrand/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Jan Len
Regional Program Manager
Administration for Children and Families
Office of Head Start
90 Seventh Street, Ninth Floor
San Francisco, CA 94103

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF INYO MONO ADVOCATES
FOR COMMUNITY ACTION'S
COMPLIANCE WITH HEALTH AND
SAFETY REGULATIONS FOR
HEAD START PROGRAMS**



Daniel R. Levinson
Inspector General

August 2010
A-09-09-00089

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 & 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:

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Notices

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

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

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

EXECUTIVE SUMMARY

BACKGROUND

Within the U.S. Department of Health & Human Services, the Administration for Children and Families, Office of Head Start (OHS), administers the Head Start and Early Head Start programs. We refer collectively to both programs as the Head Start program. In fiscal year (FY) 2009, Congress appropriated \$7.1 billion to fund the program's regular operations. The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), provides an additional \$2.1 billion for the Head Start program during FYs 2009 and 2010.

Inyo Mono Advocates for Community Action (the Grantee) provides Head Start services to children aged 3 to 5 and their families through a comprehensive preschool program at five facilities in Inyo and Mono Counties, California. For program year January 1 through December 31, 2009, OHS awarded \$887,560 in Federal Head Start funds to the Grantee to provide services to 82 children. On June 18, 2009, the Grantee also received \$45,976 in Recovery Act funding.

OBJECTIVE

Our objective was to determine whether the Grantee complied with applicable Federal and State requirements for ensuring the health and safety of children in its care.

SUMMARY OF FINDINGS

The Grantee generally complied with Federal and State requirements for ensuring the health and safety of children in its care. However, the Grantee did not fully comply with Federal and State requirements in the following areas:

- The Grantee did not obtain criminal record checks for 4 of its 35 employees. The Grantee obtained criminal record checks for the 31 remaining employees. However, the Grantee did not obtain criminal record checks on six employees until after they were hired. In addition, the files on four other employees did not contain the required documentation on criminal record clearances or a signed statement regarding criminal history.
- The Grantee's four childcare facilities that we reviewed did not meet all Federal Head Start and State requirements for protecting children from unsafe materials and equipment. In addition, one of these facilities did not always provide a secure environment for the children in its care.

These deficiencies occurred because the Grantee did not have adequate procedures or did not consistently follow its existing procedures to ensure that it complied with Federal and State health and safety requirements. The Grantee's failure to consistently comply with these requirements jeopardized the health and safety of children in its care.

RECOMMENDATIONS

We recommend that the Grantee strengthen and consistently follow its existing procedures to ensure that:

- criminal record checks are obtained before hiring employees and all employee files contain (1) documentation of criminal record clearances or exemptions and (2) employee-signed statements regarding criminal history and
- all unsafe materials and equipment are stored in locked areas out of the reach of children, other unsafe conditions are addressed, and all facilities are secure.

GRANTEE COMMENTS

In written comments on our draft report, the Grantee stated that four employees were not required to have criminal background clearances because they were not Head Start employees and were not compensated with Head Start direct cost funds. The Grantee acknowledged that the four employees' salaries were supported in part by Head Start through the Grantee's indirect cost pool.

The Grantee agreed that six employees did not receive criminal background clearances before employment but maintained that State regulations and Federal law had different timelines for this requirement. Nevertheless, the Grantee stated that it had established a procedure to ensure that all Head Start employees receive criminal background checks before employment.

The Grantee agreed with the remaining findings and described actions taken to address the deficiencies that we identified. The Grantee's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

Nothing in the Grantee's comments caused us to revise our finding regarding the four employees who had not received criminal record checks. Because these employees' salaries were paid in part by Head Start through the Grantee's indirect cost pool, the Grantee should have obtained criminal record checks.

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INTRODUCTION

BACKGROUND

Federal Head Start Program

Title VI of the Omnibus Budget Reconciliation Act of 1981 established Head Start as a Federal discretionary grant program. The major program objectives include promoting school readiness and enhancing the social and cognitive development of low-income children by providing health, educational, nutritional, and social services. In 1994, the Head Start program was expanded to establish Early Head Start, which serves children from birth to 3 years of age. We refer collectively to both programs as the Head Start program.

Within the U.S. Department of Health & Human Services, the Administration for Children and Families (ACF), Office of Head Start (OHS), administers the Head Start program. In fiscal year (FY) 2009, Congress appropriated \$7.1 billion to fund Head Start's regular operations.

The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), provides an additional \$2.1 billion for the Head Start program during FYs 2009 and 2010. These funds are intended for activities such as expanding enrollment, funding cost-of-living wage increases for grantees, upgrading centers and classrooms, and bolstering training and technical assistance.

Federal and State Requirements for Head Start Grantees

Pursuant to Federal Head Start requirements (45 CFR § 1304.53(a)(7)), Head Start grantees must provide for the maintenance, repair, safety, and security of all Head Start facilities. These requirements also specify that facilities used by Head Start grantees for regularly scheduled, center-based activities must comply with State and local licensing requirements. Pursuant to 45 CFR § 1306.30(c), if State and local licensing standards are less stringent than the Head Start requirements or if no State licensing standards are applicable, grantees must ensure that their facilities comply with the Head Start Program Performance Standards related to health and safety.

In California, childcare centers must comply with Title 22, division 12, chapter 1, of the California Code of Regulations (CCR). Pursuant to CCR § 101156(a), unless a childcare arrangement is exempt from licensure as specified in § 101158, no adult, general partners of a partnership, controlling partners in a limited liability corporation, corporation, county, city, public agency, or other governmental entity may operate, establish, manage, conduct, or provide care and supervision without a valid license from the Department of Social Services (the Department).

Inyo Mono Advocates for Community Action

Inyo Mono Advocates for Community Action (the Grantee), a private, nonprofit community action agency, provides services to address the needs of low-income residents of Inyo and Mono

Counties, California. The Grantee provides Head Start services to children aged 3 to 5 and their families through a comprehensive preschool program at five State-licensed facilities: Clarke Street, Little Promises, Lone Pine, Lee Vining, and Mammoth Lakes. The Grantee has received Head Start funding since 1991.

For program year January 1 through December 31, 2009, OHS awarded \$887,560 in Federal Head Start funds to the Grantee to provide services to 82 children. On June 18, 2009, the Grantee also received \$45,976 in Recovery Act funding.

Office of Inspector General Audits

This audit is one of a series of audits that address the health and safety of children who attend Head Start programs. We are conducting these audits in response to the \$2.1 billion in Recovery Act funds appropriated for the Head Start program in FYs 2009 and 2010.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the Grantee complied with applicable Federal and State requirements for ensuring the health and safety of children in its care.

Scope

Our review covered the Grantee's employee records and four of its five facilities as of June 2009.¹ To gain an understanding of the Grantee's operations, we conducted a limited review of the Grantee's internal controls as they related to our audit objective.

We performed our fieldwork from June 2 through June 11, 2009, at the Grantee's administrative office in Bishop, California, and at four of its childcare facilities in Inyo and Mono Counties, California.

Methodology

To accomplish our objective, we:

- selected the Grantee based on prior risk analyses and discussions with ACF officials;
- reviewed Federal and State laws, regulations, and policies related to Federal grant awards and the Head Start program;
- interviewed the Grantee's executive director and Head Start director;
- reviewed the Grantee's Head Start grant applications and current grant award documents;

¹ We did not visit Mammoth Lakes.

- reviewed the Grantee's files on all 35 current Head Start employees;²
- reviewed the Grantee's licenses and documentation of fire inspections;
- visited four of the Grantee's childcare facilities; and
- discussed our preliminary findings with Grantee and ACF officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

FINDINGS AND RECOMMENDATIONS

The Grantee generally complied with Federal and State requirements for ensuring the health and safety of children in its care. However, the Grantee did not fully comply with Federal and State requirements in the following areas:

- The Grantee did not obtain criminal record checks for 4 of its 35 employees. The Grantee obtained criminal record checks for the 31 remaining employees. However, the Grantee did not obtain criminal record checks on six employees until after they were hired. In addition, the files on four other employees did not contain the required documentation on criminal record clearances or a signed statement regarding criminal history.
- The Grantee's four childcare facilities that we reviewed did not meet all Federal Head Start and State requirements for protecting children from unsafe materials and equipment. In addition, one of these facilities did not always provide a secure environment for the children in its care.

These deficiencies occurred because the Grantee did not have adequate procedures or did not consistently follow its existing procedures to ensure that it complied with Federal and State health and safety requirements. The Grantee's failure to consistently comply with these requirements jeopardized the health and safety of children in its care.

CRIMINAL RECORD CHECKS

Federal and State Requirements

Pursuant to section 648A(g) of the Head Start Act (42 U.S.C. § 9843A(g)), a Head Start grantee may not hire an individual on a permanent or nonpermanent basis until it obtains (1) a State,

² Of the total, 29 employees were partially or fully funded by the Head Start grant award, and 6 employees were paid through the indirect cost pool.

tribal, or Federal criminal record check covering all jurisdictions where the grantee provides Head Start services to children; (2) a State, tribal, or Federal criminal record check as required by the law of the jurisdiction where the grantee provides Head Start services; or (3) a criminal record check as otherwise required by Federal law.

Section 101170(a) of the CCR states that the Department must conduct a criminal record review of all persons specified in the Health and Safety Code, section 1596.871(b), including the applicant; adults responsible for administration or direct supervision of staff; any person, other than a child, residing in the facility; any person who provides care and supervision to children; and any staff person, volunteer, or employee who has contact with children. Section 101170(e) of the CCR states that all individuals subject to a criminal record review must, before working, residing, or volunteering in a licensed facility, obtain a California clearance or a criminal record exemption as required by the Department.

Section 101170(d) of the CCR states that any individual subject to a criminal record review must sign a Criminal Record Statement declaring whether he or she has been convicted of a crime, other than a minor traffic violation, regardless of whether the individual was granted a pardon for the conviction, the individual received expungement, or the individual's record was sealed as a result of a court order.

Section 101217(a) of the CCR states that the personnel record for each employee must contain, among other things, (1) documentation of a criminal record clearance or a criminal record exemption as required by CCR § 101170(e) and (2) a signed statement regarding the employee's criminal record history as required by CCR § 101170(d).

Grantee's Compliance With Federal and State Requirements

The Grantee did not obtain criminal record checks for four of its employees (the controller, the fiscal assistant, the accounts payable clerk, and the administrative services manager). The office for these employees was located approximately 700 feet from the nearest childcare facility.

Although the Grantee obtained criminal record checks on the 31 remaining employees, the Grantee did not obtain the checks on 6 employees until after they were hired. In addition, the files on four other employees did not contain all required documentation. Specifically, the files on three employees (the executive director, one lead teacher, and one teacher) lacked documentation of criminal record clearances. The file on the other employee (a teacher) did not contain a signed statement regarding the employee's criminal history. We confirmed that the Grantee had obtained the required criminal record checks for the four employees.

These deficiencies occurred because the Grantee did not have adequate procedures to ensure that it complied with Federal and State requirements. By not ensuring that it complied with all employment requirements for employees who supervised or had routine unsupervised contact with children, the Grantee potentially jeopardized the safety of children in its care.

MATERIAL AND EQUIPMENT SAFETY AND FACILITY SECURITY

Federal and State Requirements

Pursuant to Federal Head Start requirements (45 CFR § 1304.53(a)(7)), grantees must provide for the maintenance, repair, safety, and security of all Head Start facilities, materials, and equipment. Grantees must ensure that indoor and outdoor premises are cleaned daily and kept free of undesirable and hazardous materials and conditions (45 CFR § 1304.53(a)(10)(viii)).

Pursuant to 45 CFR § 1306.30(c), grantees must ensure that Head Start facilities comply with any State and local licensing requirements. If these licensing standards are less comprehensive or less stringent than Head Start requirements or if no State or local licensing standards are applicable, grantees must ensure that their facilities comply with the Head Start Program Performance Standards related to health and safety.

The CCR specifies that childcare centers must protect children from unsafe materials and equipment by, among other actions:

- maintaining the center in good repair at all times (CCR § 101238(a));
- maintaining furniture and equipment in good condition and free of sharp, loose, or pointed parts (CCR § 101239(n));
- storing combustibles, cleaning equipment, and cleaning agents in a locked cabinet separate from food or in a location inaccessible to children (CCR § 101238.4(d));
- storing disinfectants, cleaning solutions, poisons, and other items that could pose a danger to children in a location inaccessible to children (CCR § 101238(g));
- ensuring that floors of all rooms have surfaces that are safe and clean (CCR § 101238.3(b));
- taking measures to keep the center free of flies, other insects, and rodents (CCR § 101238(a)(1)); and
- ensuring that any construction or equipment that could pose a hazard in an outdoor activity area is inaccessible to children (CCR § 101238.2(h)).

Section 101238.2(g) of the CCR requires that the playground be enclosed by a fence at least 4 feet high to protect children and to keep them in the outdoor activity area. The CCR states that the fence should prevent children from leaving the outdoor activity area unnoticed but not itself present a hazard.

Grantee's Compliance With Federal and State Requirements

The Grantee's four childcare facilities that we reviewed did not meet all Federal Head Start and State health and safety requirements for protecting children from unsafe materials and equipment.

In addition, one of these facilities did not always provide a secure environment for the children in its care. We noted the following deficiencies at the Grantee's facilities, and we discussed the deficiencies with the lead teachers on duty during our visits. In some instances, the lead teachers took immediate steps to address our concerns.

Clarke Street (State licensed, visited June 2 and June 3, 2009)

- The floor of the boys' bathroom was wet, presenting a slipping hazard.
- A door that led to the kitchen was unlocked, allowing children access to a stove and other items that could pose a danger (Appendix A, Photograph 1).

Little Promises (State licensed, visited June 2 and June 3, 2009)

- Cleaning supplies in a classroom were stored in an unlocked cabinet within children's reach (Appendix A, Photograph 2).
- Two wooden landscaping dividers on the playground protruded approximately 2 inches from the ground, presenting a tripping hazard (Appendix A, Photograph 3).
- The inside of the door of an unlocked storage shed on the playground had a yellowjacket hive (Appendix A, Photograph 4).

Lone Pine (State licensed, visited June 3, 2009)

- Disinfectant sprays were stored on a bathroom shelf within children's reach.
- Classroom ceiling tiles were sagging (Appendix A, Photograph 5).
- A window had a broken screen (Appendix A, Photograph 6).
- An external air-conditioning unit had a leaking intake hose and a missing drainage system, which created a muddy area on the playground.
- The door of an unsupervised office was unlocked, allowing children access to a tall bookshelf and other items that could pose a danger.

Lee Vining (State licensed, visited June 4, 2009)

- A classroom drawer accessible to children had a broken safety lock and contained potentially dangerous items, such as WD-40 spray, hammers, screwdrivers, and a C-clamp (Appendix A, Photograph 7).
- The wooden fence surrounding the playground had loose boards and protruding nails (Appendix A, Photograph 8).
- Doors and a gate that led to street parking off the playground were unlocked (Appendix A, Photograph 9). The doors and gate were within children's reach.
- The doors that led to the kitchen were unlocked, allowing children access to a stove and other items that could pose a danger.

These deficiencies occurred because the Grantee did not consistently follow its existing procedures to ensure that it complied with Federal and State health and safety requirements. By not ensuring that all facilities were kept free from unsafe materials and equipment and that all facilities were secure, the Grantee jeopardized the health and safety of children in its care.

RECOMMENDATIONS

We recommend that the Grantee strengthen and consistently follow its existing procedures to ensure that:

- criminal record checks are obtained before hiring employees and all employee files contain (1) documentation of criminal record clearances or exemptions and (2) employee-signed statements regarding criminal history and
- all unsafe materials and equipment are stored in locked areas out of the reach of children, other unsafe conditions are addressed, and all facilities are secure.

GRANTEE COMMENTS

In written comments on our draft report, the Grantee stated that four employees were not required to have criminal background clearances because they were not Head Start employees and were not compensated with Head Start direct cost funds. The Grantee acknowledged that the four employees' salaries were supported in part by Head Start through the Grantee's indirect cost pool.

The Grantee agreed that six employees did not receive criminal background clearances before employment but maintained that State regulations and Federal law had different timelines for this requirement. Nevertheless, the Grantee stated that it had established a procedure to ensure that all Head Start employees receive criminal background checks before employment. The Grantee added that none of its employees had worked in any preschool site until clearance was received.

In addition, the Grantee agreed that the files on four employees did not contain the required documentation of criminal record clearances or a signed statement regarding criminal history. The Grantee stated that it had established procedures to ensure that employee files contain the required documentation.

Finally, the Grantee concurred with our findings regarding material and equipment safety and facility security and described actions taken to address the deficiencies that we identified.

The Grantee's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

Nothing in the Grantee's comments caused us to revise our finding regarding the four employees who had not received criminal record checks. Because these employees' salaries were paid in part by Head Start through the Grantee's indirect cost pool, the Grantee should have obtained criminal record checks.

APPENDIXES

**APPENDIX A: LACK OF COMPLIANCE WITH
MATERIAL AND EQUIPMENT SAFETY AND
FACILITY SECURITY REQUIREMENTS**



Photograph 1 – Taken at Clarke Street on 6/2/09 showing an open door leading to the kitchen.



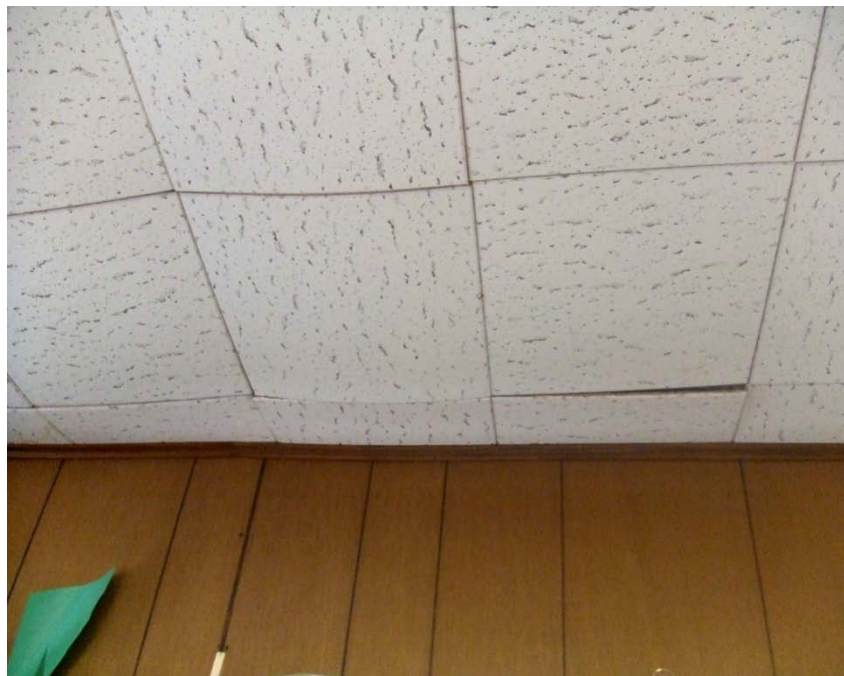
Photograph 2 – Taken at Little Promises on 6/3/09 showing a classroom's cleaning supplies stored in an unlocked cabinet.



Photograph 3 – Taken at Little Promises on 6/3/09 showing one of two landscaping dividers on the playground protruding approximately 2 inches from the ground.



Photograph 4 – Taken at Little Promises on 6/3/09 showing a yellowjacket hive on the inside of the door of an unlocked storage shed on the playground.



Photograph 5 – Taken at Lone Pine on 6/3/09 showing sagging ceiling tiles in a classroom.



Photograph 6 – Taken at Lone Pine on 6/3/09 showing a broken window screen.



Photograph 7 – Taken at Lee Vining on 6/4/09 showing WD-40 spray, hammers, screwdrivers, and a C-clamp in a classroom drawer with a broken safety lock.



Photograph 8 – Taken at Lee Vining on 6/4/09 showing loose boards and protruding nails on the playground fence.



Photograph 9 – Taken at Lee Vining on 6/4/09 showing an unlocked playground gate that led to street parking. The gate was within children’s reach.

APPENDIX B: GRANTEE COMMENTS



People Helping People

July 12, 2010

**Administration
Personnel
Emergency Services
Housing**
224 S. Main St.
P.O. Box 845
Bishop, CA 93515
(760) 873-8557
800-541-1822
Fax (760) 873-8182
e-mail: imaca3@qnet.com

Department Of Health and Human Services
Office of Inspector General
Office of Audit Services, Region IX
90- 7th Street, Suite 3-650
San Francisco, CA 94103

Subject: Report Number: A-09-09-00089

**Child Development
& Family Services
Head Start-State
Preschool**
*(with sites in Bishop, Lone Pine,
Mammoth, and Lee Vining)*
Administrative Office
218-A So. Main St.
Bishop, CA 93514
(760) 873-3001
Fax (760) 872-5570

Attached is the Inyo Mono Advocates for Community Action, Inc. written response to the June 2010 draft report A-090-09-0089 received on June 17, 2010.

**Community Connections
for Children**
P.O. Box 8571
Mammoth Lakes, CA 93546
(760) 934-3343
800-317-4600
Fax (760) 934-2075

I, along with the IMACA Board of Directors, want to acknowledge the work done by the group of auditors who were on site from June 2 - 11, 2009 to review our Head Start program. Serving a rural and somewhat isolated community, we consider reviews as learning opportunities in our effort to continue to improve the services that we provide to children and families in the Eastern Sierra region of California.

REACH / CONNECTIONS
180 Clarke Street
Bishop, CA 93514
(760) 873-3021
Fax (760) 873-6724

The timeliness of the release of this report was disappointing. At the time of the review we were told to expect a draft report within 30 days.

**Glass Mountain
Apartments**
3554 Main St.
Mammoth Lakes, CA 93546
(760) 924-3888

Sincerely;

Daniel Steinhagen
Executive Director

Valley Apartments
156 E. Clarke St.
Bishop, CA 93514
(760) 873-8557

Serving Inyo, Mono & Alpine Counties since 1981
www.imaca.net

Finding #1

The Grantee did not obtain criminal record checks for 4 of its 35 employees. The Grantee obtained criminal record checks for 31 of the remaining employees. However, the Grantee did not obtain criminal record checks on 6 employees until after they were hired. In addition, the files on four other employees did not contain the required documentation on criminal record clearances or a signed statement regarding criminal history.

- In respect to the part of this finding that we did not obtain criminal record checks for 4 of its 35 employees:

Four IMACA employees (the controller, the fiscal assistant, the accounts payable clerk and the administrative services manager) do not have a criminal background clearance. These individuals are not Head Start employees. None of these IMACA employees are compensated with Head Start direct cost funds. Direct costs generally include: "salaries and wages, fringe benefits, travel of (direct labor) employees, materials, supplies and equipment purchased directly for use on a specific grant or contract and communication costs such as long distance telephone calls identifiable with a specific award of activity." None of these 4 IMACA employees are included on the grantee's Head Start organizational chart and none of these IMACA employees are included in the grantee's Head Start personnel budget. It is true that their positions are supported in part by Head Start indirect funds - "funds that represent the expenses of doing business that are not readily identified with a particular grant, contract, project or activity, but are necessary for the general operation of the organization and the conduct of activities it performs." It should be noted that a similar discussion about employees and direct and indirect costs came up during our Triennial Head Start Review in October 2009. This discussion centered on performance evaluations. During this review the controller's personnel file was pulled for review. It was then decided that, since the controller was not compensated with any Head Start direct funds, she was not considered a Head Start employee and her personnel file was not reviewed.

- In respect to the part of this finding that 6 employees did not have a criminal clearance until after they were hired:

We were in compliance with Section 101170(e) of the CCR that states "all individuals subject to criminal record review must, before working, residing or volunteering in a licensed facility, obtain a California clearance or criminal record exemptions as required by the Department." No employee has worked in any of our preschool sites until a clearance was received from licensing and DOJ. We do acknowledge that the wording in the Head Start Act is more restrictive in stating that "a grantee may not hire an individual on a permanent or nonpermanent basis until it receives a State, tribal or Federal criminal check covering all jurisdictions where the grantee provides Head Start services to children." It is clear that Title 22 and the Head Start Act have two different timelines for requiring the criminal background clearance. In order to insure that we are meeting both of these requirements we now have a procedure in place that requires all Head Start employees to complete a criminal background check prior to employment. We request that it be noted that this area of the finding has been corrected.

- In respect to the part of the finding that indicated that the files of 4 employees did not contain the required documentation on criminal record clearance or a signed statement regarding criminal history:

The auditors were shown Facility Personnel Roster reports from the State of California, Community Care Licensing, showing the employee name, licensing ID# and that they had a criminal background clearance. It is true that this information was not in each individual file. We now have procedures in place, which includes a document check list in the front of each employee's personnel file that tracks each document in the file. The auditors were shown the IMACA employment application, which has a yes/no question asking the potential employee if they have ever been convicted of a crime. This application is signed by the potential employee and is placed in each employee personnel file. We now have a procedure in place to insure that in addition to the self certification on the employment application, each employee will have on file in their personnel file a signed Lic# 508 "Criminal Record Statement." We request that it be noted that this area of the finding has been corrected.

Finding #2

The Grantee's four childcare facilities that were reviewed did not meet all Federal Head Start and State requirements for protecting children from unsafe materials and equipment. In addition, one of the facilities did not always provide a secure environment for children in its care.

We concur with these findings. All of these findings have been addressed and corrected. As noted in the minutes of the exit interview with the auditors on 6/11/09 the following items were corrected when the auditors were on site.

- Clarke St.
 - Water on bathroom floor was mopped.
 - Door leading into kitchen from back porch was closed and sign posted to keep closed/no children allowed in kitchen.
- Little Promises
 - Cleaning supply closet was locked.
 - Wasp hive on shed door was removed.
- Lone Pine
 - Window screen was repaired.
 - Disinfectant sprays were moved to a location out of children's reach.
- Lee Vining
 - Drawer with potentially dangerous items was secured with new lock.
 - A barrier was placed to prevent children from accessing kitchen from classroom.
 - Loose boards and protruding nails on fence were repaired.

The remaining concerns have been addressed and corrected:

Lone Pine

1. Leaking air-conditioning unit has been repaired.
2. Barrier in place to prevent children from accessing office area.
3. Ceiling tiles checked and repaired as needed.

Little Promises

1. Little Promises moved to a new location in August of 2009. There were no health or safety concerns identified and a license for the new location was issued.

Lee Vining

1. Child proof closure installed on gate in play yard

It should be noted that in the year since this review was conducted our program has had both Community Care Licensing and Head Start announced and unannounced reviews at the preschool sites. There were no findings in the areas of unsafe materials, equipment or safe environments. The program now has a procedure in place to ensure routine monitoring of sites for areas of potential hazards including a procedure for filling out and tracking maintenance requests. We request that it be noted that this finding has been corrected.