



ADMINISTRATION FOR CHILDREN AND FAMILIES
Regional Office VI, Office of Head Start
1301 Young Street, Room 937
Dallas, Texas 75202

August 29, 2008

Board of Commissioners
Hidalgo County
100 East Cano, 3rd Floor
P.O. Box 689
Edinburg, Texas 78540-0689

Grant No.: 06CH0183
CIN: A-06-08-89062
PY: 25
PYE: 12/31/06

2008 SEP 17 AM 10 45
HIDALGO COUNTY
BUDGET OFFICE

Dear Board Members:

We have completed our desk review of the organization-wide audit report on Hidalgo County, as it applies to the Head Start Program for the period January 1, 2006 through December 31, 2006, prepared by BURTON MCCUMBER AND CORTEZ, Certified Public Accountants. The audit recommendations assigned to this agency for resolution have been restated below for your reference.

205926100. Bank Overdraft. We recommend procedures be strengthened to ensure 1) cash flows are sufficient to maintain current operations and 2) related penalties are not charged to Federal programs.

205923100, 205901100. 06-1. Cash Account. We recommend procedures be strengthened to ensure bank accounts are 1) properly recorded and 2) reconciled to the general ledger.

211927100. 01-1. Disaster Recovery Plan. This is a repeat finding. We recommend a disaster recovery plan be developed and implemented.

212909100. ML. Current and Previous Year Finding. This is a repeat finding. We recommend procedures be strengthened to ensure corrective action plans are implemented in a timely manner.

205901101. ML. Outstanding Checks. This is a repeat finding. We recommend procedures be strengthened to ensure outstanding checks are investigated and canceled when appropriate.

081901100, 081009100. ML. Travel Advances. This is a repeat finding. We recommend procedures be strengthened to ensure 1) travel advances are reconciled to supporting documentation in a timely manner and 2) unallowable travel expenditures be returned.

We reviewed the "Management Responses" within the audit report and the corrective action letter dated July 1, 2008, which reported the corrective actions taken by your agency to address the auditors' findings. The corrective actions accomplished or proposed appear acceptable to correct the findings based on your responses.

Your final Financial Status Report (SF-269) for PY25 indicated an unobligated fund balance of \$144,860, which will be offset. Therefore, you may consider the audit closed and financial reporting complete for PY25.

Grantees are requested to acknowledge receipt of decisions by the granting office. Please sign and return a copy of this letter within ten (10) days of receipt to this office, Attention: Heather Colwell.

You are requested to make this correspondence plus all grant documents and budget information available to the auditor for subsequent audits. Additionally, please ensure that your Executive Director and other Officers of the Board, Head Start Director, Finance Officer, and Policy Council Chairperson each receive a copy of this letter.

If you have any questions, please contact Janice Pruitt, Grants Management Team Leader, at 214-767-8848.

Sincerely,


Susan K. Johnston
Acting Regional Program Manager

Acknowledgement:

Signature

Date

cc: GF/RF
Division of Audit Resolution & Grants Oversight
Ray Bishop, Grants Management Officer
Susan Johnston, Acting Regional Program Manager
Alfredo Huerta, Program Specialist
Debra Ogwo, Grants Management Specialist