DEPARTMENT OF HEALTH & HUMAN SERVICES

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

June 10, 2010

Board of Commissioners
Hidalgo County
2808 South Business Hwy 281
Edinburg, TX 78540-0689

Grant No.: 06CH0183
CIN: A-06-09-92771
PY: 26
PYE: 12/31/2007

Dear Board Members:

The ACF Regional Grants Management Unit (RGMU) has completed their desk review of the organization-wide audit report on Hidalgo County, as it applies to the Head Start program, for the period January 1, 2007 through December 31, 2007, as prepared by BURTON MCCUMBER AND CORTEZ, L.L.P., Certified Public Accountants. The audit recommendations assigned to this agency for resolution have been restated below for your reference.

205926100 and 029923100. Bank Overdraft. We recommend procedures be implemented to ensure 1) cash flows are sufficient to maintain operations, and 2) related penalties are not charged to Federal programs.

212909100. 07-01. Current and Previous Year Findings. This is a repeat finding. We recommend procedures be strengthened to ensure corrective action plans are implemented in a timely manner.

220922100. 07-03. Infrastructure Depreciation. We recommend procedures be strengthened to ensure depreciation is accurately calculated.

299927100. 07-10. Information System Operations – Disaster Recovery Plan. This is a repeat finding. We recommend a disaster recovery plan be developed and implemented.

205901100. ML. Outstanding Checks. This is a repeat finding. We recommend procedures be strengthened to ensure outstanding checks are investigated and canceled when appropriate.

299928100. ML. Segregation of Duties – Expenditures. We recommend procedures be strengthened to ensure accounting duties are segregated to the extent possible.

The RGMU reviewed the "Management's Discussion and Analysis" section of the audit report, and your agency's letters, dated September 10, 2009 and July 1, 2008, which reported the corrective actions taken or proposed by your agency to address the auditor's findings. The corrective actions accomplished or proposed for the remaining findings appeared acceptable. In addition, we reviewed your audit report for the period January 1, 2009 through December 31, 2009 and verified that the "Repeat Findings" indicated above were not again repeated in that audit.

Your final Financial Status Report (SF-269) for the above referenced program year indicated an unobligated fund balance which was assigned to program year (PY) 27. Therefore, you may consider the audit closed and financial reporting complete for PY26.

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 receive a copy of this letter.

If you have any questions, please contact Janice Pruitt, RGMU Team Leader, at: janice.pruitt@acf.hhs.gov, or 214-767-8848.

Sincerely,

Susan Johnston

Susan K. Johnston
Regional Program Manager

Acknowledgement:

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Signature Date

cc: GF/RF
ACF/OFS/Division of Financial Integrity
Ray Bishop, Regional Grants Management Officer
Debra Ogwo, Grants Specialist
Alfredo Huerta, Program Specialist