



DEPARTMENT OF HEALTH & HUMAN SERVICES

2012 AUG -7 AM 11: 59

ADMINISTRATION FOR CHILDREN AND FAMILIES  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

JUL -9 2012

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**  
7011 1570 0000 3702 0350

Board of Commissioners  
Hidalgo County  
2808 South Business Highway 281  
P.O. Box 689  
Edinburg, TX 78540-0689

Audit CIN: A-06-11-14526  
Audit Period: January 1, 2009 through December 31, 2009  
Auditor: Burton, McCumber and Cortez, LLP  
Program: Head Start  
Grant: 06SE0183/01

Dear Board Members:

The Administration for Children and Families (ACF) Region VI Regional Grants Management Unit (RGMU) has completed the review of the above referenced organization-wide audit report, referenced by the Audit Common Identification Number (CIN) A-06-11-14526, which contained two findings requiring action by the Administration for Children and Families (ACF), under Health and Human Services (HHS). The audit covers the period January 1, 2009 through December 31, 2009, and was prepared by BURTON, MCCUMBER AND CORTEZ, L.L.P., Certified Public Accountants.

The Head Start program received funding through the American Recovery and Reinvestment Act (ARRA) of 2009. The ACF considers the finding to present a risk to the ARRA funds, and corrective actions taken by the grantee, if properly implemented address the risks to the ARRA funded grant.

**Audit finding Equipment Management – Head Start ARRA-09-02 Page 26:**

The audit report stated that the Agency's inventory procedures, which were in place to perform the required physical inventory of all Head Start fixed assets, had not been implemented within the last two years.

**Recommendation Code Number 220901105:**

The Office of Inspector General (OIG) recommended procedures to be developed and implemented to ensure a documented physical inventory of fixed assets is performed at least once every two years and is reconciled with property and equipment records.

**Corrective Action Planned or Taken**

**Agency Response:**

The Agency responded that they agreed the required physical inventory had not been conducted. The grantee stated that they currently maintain a fixed assets inventory database, and that a physical inventory will be conducted this year; in addition, existing procedures will be monitored to ensure that future physical inventory of fixed assets will be conducted in accordance with the provisions of the Federal grant award.

**Audit finding, Suspension and Debarment ARRA-09-03, Page 27:**

The audit report stated that the Agency did not follow procedures and obtain the required Suspension and Debarment certification of a vendor, whose expenditures exceeded \$25,000, prior to incurring the expenditure.

**Recommendation Code Number 217905105:**

The Office of Inspector General (OIG) recommended procedures be strengthened to ensure vendors are not suspended or debarred.

**Corrective Action Planned or Taken**

**Agency response:**

The Agency responded that they have implemented procedures to verify vendor's status via the Excluded Parties List System (EPLS); in addition, from vendors providing goods or services or \$25,000, they obtain a certificate stating that they have not been debarred or suspended, and maintain copies of the certificates in their Procurement Department along with all on-line certifications.

**No further action will be taken at this time. However, if additional information is brought to our attention or is discovered we reserve the right to act upon it in the future.**

**Audit Closure:**

As a reminder, your entity is required by the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, to follow up and take corrective action on audit findings and report the status of audit findings in the subsequent audit's summary schedule of prior audit findings. Your auditor is required by OMB Circular A-133 to follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings, and report exceptions.

Single Audits should be submitted to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after receipt of the auditor's report or nine months after the fiscal year ends, in accordance with Section 320 of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Beginning with fiscal years ending on or after January 1, 2008, reports on OMB Circular A-133 audits must be submitted to the FAC online at <http://harvester.census.gov/fac/index.html>.

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 the ACF Regional Office, at 1301 Young Street, Room 937, Dallas, TX 75202, Attention: Jessica Sigler.

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 or need further information, please contact Janice Pruitt, RGMU Team Leader, at [janice.pruitt@acf.hhs.gov](mailto:janice.pruitt@acf.hhs.gov), or 214-767-8848.

Sincerely,

A handwritten signature in black ink that reads "Oscar Tanner". The signature is written in a cursive style with a large, prominent "O" at the beginning.

Oscar Tanner  
Director  
Office of Financial Services

cc: GF/RF  
Yvette Sanchez Fuentes, Director, Office of Head Start  
Ray Bishop, Regional Grants Management Officer  
Deborah Drake, Head Start Program Manager