

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CAPE COD CHILD DEVELOPMENT
PROGRAM DID NOT MEET ITS HEAD
START NON-FEDERAL SHARE
OBLIGATIONS**

*Inquiries about this report may be addressed to the Office of Public Affairs at
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for Audit Services

April 2020
A-01-19-02500

Office of Inspector General

<https://oig.hhs.gov>

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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.

Report in Brief

Date: April 2020

Report No. A-01-19-02500

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

The Administration for Children and Families (ACF), within HHS, requested that we audit Cape Cod Child Development Program, Inc. (CCCDP) after ACF found significant governance, financial, and programmatic problems with CCCDP's Head Start program.

Our audit objective was to determine whether CCCDP met its Head Start non-Federal share obligations in accordance with Federal Head Start requirements and the conditions of its Head Start awards.

How OIG Did This Audit

Our original audit objective was to determine whether CCCDP appropriately allocated and claimed approximately \$17.3 million in costs to its HHS direct and State pass-through grants from July 1, 2016, through June 30, 2019, in accordance with Federal requirements. Because CCCDP ceased its childcare operations in August 2019 and filed for bankruptcy in October 2019, we adjusted our audit objective to cover only the \$1.53 million in Head Start non-Federal share for which CCCDP provided documentation.

Cape Cod Child Development Program Did Not Meet Its Head Start Non-Federal Share Obligations

What OIG Found

CCCDP did not meet its Head Start non-Federal share obligations. CCCDP received almost \$9.7 million in Federal Head Start funds from July 1, 2016, through June 30, 2019, and was obligated to contribute \$2.4 million. However, CCCDP provided documentation for only \$1.53 million in non-Federal share contributions. Of that amount, we determined that almost \$1.47 million was unallowable.

The remaining \$61,857 in supported contributions was allowable. In addition, we identified \$859,527 in State Head Start funding that CCCDP could have included as NSF contributions and which we considered allowable contributions. Thus, total allowable contributions were \$921,384 and CCCDP's non-Federal share contribution shortfall was almost \$1.50 million. CCCDP received and spent almost \$1.2 million in Federal Head Start funding related to that shortfall to which it was not entitled.

CCCDP did not meet its Head Start non-Federal share because CCCDP (1) management did not understand the Head Start non-Federal share requirements for determining allowable non-Federal share and valuing donated program space and (2) did not have written policies and procedures for ensuring that it met its Head Start non-Federal share requirements and maintained complete and accurate documentation for non-Federal share contributions, including how non-Federal share contributions were valued and the source of non-Federal funds.

What OIG Recommends and Administration for Children and Families Comments

We recommend that ACF take steps through the bankruptcy process to recover almost \$1.2 million in Federal Head Start funds based on CCCDP's approximately \$1.50 million non-Federal share shortfall. Because CCCDP filed for bankruptcy, we are addressing the recommendations of this audit to ACF.

In written comments to our draft report, ACF concurred with our recommendation and stated that it will take steps through the bankruptcy process to try to recover \$1,196,293 in Federal Head Start funds.

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INTRODUCTION

WHY WE DID THIS AUDIT

The U.S. Department of Health & Human Services (HHS) is the largest grant-making agency in the United States. Most HHS grants are provided directly to States, territories, Tribes, and educational and community organizations. HHS programs award approximately 98,000 grants to more than 12,000 entities annually. In Federal fiscal year (FFY) 2017, those grants totaled approximately \$494 billion.

The Administration for Children and Families (ACF), within HHS, requested that we audit Cape Cod Child Development Program, Inc. (CCCDP), after ACF found significant governance, financial, and programmatic problems with CCCDP's Head Start program. CCCDP's Federal Head Start program ended on June 30, 2019, when ACF did not renew CCCDP's grant because of uncorrected program deficiencies. CCCDP ended all of its program operations during our audit fieldwork and filed for bankruptcy on October 28, 2019.

OBJECTIVE

Our audit objective was to determine whether CCCDP met its Head Start non-Federal share obligations in accordance with Federal Head Start requirements and the conditions of its Head Start awards.

BACKGROUND

Head Start

The Economic Opportunity Act of 1964, P.L. No. 88-452 (enacted Aug. 20, 1964) established the Head Start program, which provides grants to local public and private for-profit and not-for-profit agencies to provide comprehensive child development services to economically disadvantaged children and families. Head Start and Early Head Start programs support the comprehensive development of children from birth to age 5, in centers, childcare partner locations, and in their own homes. Head Start services promote early learning, health, and family well-being.

ACF administers Head Start. Head Start programs serve over 1 million children and their families each year in all 50 States, the District of Columbia, Puerto Rico, and the U.S. territories, including American Indian, Alaska Native, and migrant or seasonal communities.

Non-Federal Share

When Head Start was launched in 1965, it was considered a Federal partnership with local communities to deliver services to low-income children and their families. Head Start programs receive 80 percent of the program costs from the Federal Government and are generally

required to demonstrate the community's partnership by providing the remaining 20 percent.¹ Head Start grantees contribute the 20-percent non-Federal share through non-Federal resources, which could be donations of cash, goods, or services, that cover legitimate program operating costs.

Cape Cod Child Development Program, Inc.

CCCDP was a nonprofit organization that was founded in Hyannis, Massachusetts, to provide comprehensive child development, childcare, and family support services to children and families of Cape Cod, Martha's Vineyard, Nantucket, and Wareham, Massachusetts. CCCDP's mission was to provide child-focused, family-centered programs that are affordable, accessible, and of the highest quality. CCCDP received between \$5.6 million and \$6 million annually in HHS funding both directly from ACF and indirectly from the State from pass-through funding for the period 2016 through 2019. This included funding from the Child Care and Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), and Head Start. (Appendix B contains a list of CCCDP's HHS funding.) CCCDP served approximately 3,000 children and their families before its closing.

CCCDP's chief executive officer (CEO) resigned on July 30, 2018, after disclosing an expected \$787,000 operating deficit and coming under increased pressure from the board of directors (the board) to address CCCDP's deteriorating financial condition. Following the CEO's resignation, the board appointed CCCDP's director of enrollment and family child development as interim agency director to head the organization while it searched for a new CEO.

In the fall of 2018, two of CCCDP's Federal and State funders issued negative reports about CCCDP's finances and program operations. In the October 2018 *Head Start Review Report*, ACF identified 4 deficiencies and 13 areas of noncompliance,² including that the board did not provide adequate oversight of Federal funds and CCCDP staff did not ensure that children were properly supervised.³ In its March 2019 followup report, ACF found that CCCDP had not

¹ ACF may grant a waiver of all or part of the non-Federal share requirement if it determines that a waiver would further the purposes of the program. (Head Start Act § 640(b)).

² The Head Start Act defines a deficiency as (1) a systemic or substantial material failure of an agency in an area of performance that involves, among other things, a threat to the health, safety, or civil rights of children or staff; (2) a systemic or material failure of the governing body of an agency to fully exercise its legal and fiduciary responsibilities; or (3) an unresolved area of noncompliance (Head Start Act § 637(2)). ACF defines an area of noncompliance as a finding that indicates an agency is out of compliance with Federal requirements in an area of performance, but does not constitute a deficiency. Noncompliances require a written timeline of correction and possible technical assistance or guidance from their program specialist and, if not corrected within the specified timeline, can become a deficiency.

³ ACF's October 2018 *Head Start Review Report* of CCCDP. Available online at <https://ohs-monitoring.com/webservices/DownloadReviewFinalReport.aspx?ReportId=d2d832a2-60e9-4ad5-ab84-682fb798be7e>. Accessed on March 6, 2020.

corrected either of these issues. A November 2018 report from the Massachusetts Department of Early Education and Care (EEC),⁴ which provided CCCDP with State funding for early childhood education and family programs, found that CCCDP had inadequate fiscal internal controls and could not provide support for all of the expenses it had claimed.

On March 11, 2019, CCCDP entered into an affiliate agreement and a management contract with Job Training and Employment Corporation (JTEC), a private nonprofit organization that administers State and Federal workforce development grants on Cape Cod and that had some experience turning around struggling nonprofit organizations. The management contract provided that JTEC's president and chief financial officer (CFO) would serve as CCCDP's CEO and CFO, respectively, and provide operational and financial management services.

CCCDP's Federal Head Start program ended on June 30, 2019, when ACF did not renew CCCDP's grant because of uncorrected program deficiencies. ACF appointed an interim grantee to manage the Head Start program until ACF could recompet the program.

On August 22, 2019, JTEC notified the board that it cancelled its management contract with CCCDP effective immediately. On August 30, 2019, CCCDP ended all of its programs. CCCDP said that because of the loss of preschool funding sources and an aging infrastructure, it had insufficient revenue to continue to operate. CCCDP filed for chapter 7 bankruptcy on October 28, 2019.

HOW WE CONDUCTED THIS AUDIT

Our original audit objective was to determine whether CCCDP appropriately allocated and claimed \$17.3 million in costs to its HHS direct and State pass-through grants July 1, 2016, through June 30, 2019, in accordance with Federal requirements.⁵ Because CCCDP ceased its childcare operations in August 2019 and filed for bankruptcy in October 2019, we adjusted our audit objective to cover only the \$1.5 million in Head Start non-Federal share for which CCCDP provided documentation.

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 objectives.

Appendix A contains the details of our audit scope and methodology.

⁴ EEC, *Fiscal and Program Compliance Review*, November 21, 2020.

⁵ During our audit period, CCCDP received Head Start funding and funding from CCDF and TANF, which passed through Massachusetts government agencies. Appendix B includes details of CCCDP's HHS funding.

FINDINGS

CCCDP did not meet its Head Start non-Federal share obligations. CCCDP received \$9,667,000 in Federal Head Start funds from July 1, 2016, through June 30, 2019, and was obligated to contribute \$2,416,750.⁶ However, CCCDP provided documentation for only \$1,531,730 in non-Federal share contributions. Of that amount, we determined that \$1,469,873 was unallowable. Specifically, CCCDP included the following unallowable contributions:

- \$1,421,470 in donated space for which a fair rental value had not been established and
- \$48,403 in program expenses paid using Federal Head Start funds.

The remaining \$61,857 in supported contributions was allowable.

In addition, we identified \$859,527 in State Head Start funding that CCCDP could have included as NSF contributions, and which we considered allowable contributions.⁷ Thus, total allowable contributions were \$921,384, and CCCDP's non-Federal share contribution shortfall was \$1,495,366. (Appendix D contains CCCDP's Head Start non-Federal share computation.) CCCDP received and spent \$1,196,293 in Federal Head Start funding related to that shortfall to which it was not entitled. Table 1 contains the calculations of the excess Federal Head Start funds CCCDP received based on its non-Federal share shortfall.

Table: Recommended Non-Federal Share Disallowance

Federal funds expended	\$9,667,000
Plus allowable non-Federal match	921,384
Total Head Start program costs	10,588,384
Recalculated maximum Federal share (80% of the total Head Start program costs)	8,470,707
Recommended Disallowance (Federal funds expended less recalculated maximum Federal share)	\$1,196,293

CCCDP did not meet its Head Start non-Federal share because CCCDP (1) management did not understand the Head Start non-Federal share requirements for determining allowable

⁶ CCCDP's Non-Federal Share was calculated in this manner: $(\$9,667,000 / 80\%) \times 20\% = \$2,416,750$.

⁷ Between July 1, 2016, and August 30, 2019, CCCDP received \$859,527 in Head Start State Supplemental grant funds from EEC that it could have included as non-Federal share contributions but did not. EEC's Head Start State Supplemental Grant prioritizes workforce development supports, directly supports staff salaries to help retain staff, and enhances and maintains quality. The grant also provides direct support for Head Start and Early Head Start programs to meet the 20-percent Federal match requirement. We included CCCDP's Head Start State Supplemental grant funds when we calculated CCCDP's allowable non-Federal share.

non-Federal share and valuing donated program space and (2) did not have written policies and procedures for ensuring that it met its Head Start non-Federal share requirements and maintained complete and accurate documentation for non-Federal share contributions, including how non-Federal share contributions were valued and the source of non-Federal funds.

FEDERAL REQUIREMENTS

The Federal share of a grantee's total Head Start program costs cannot exceed 80 percent unless the grantee receives a waiver. Non-Federal contributions may be in cash or fairly-valued in kind, including facilities, equipment, or services (Head Start Act § 640(b)). Non-Federal share contributions must meet the same criteria for allowability as Federal funds. They must (1) be verifiable from the grantee's records, (2) be necessary and reasonable for accomplishing the program's objectives, and (3) not be paid by the Federal Government under another Federal grant unless specifically allowed under Federal statute (45 CFR § 75.306(b)). If the grantee fails to obtain and adequately document the required 20-percent non-Federal share, ACF may take a disallowance that reduces the Federal funding back to the 80 percent limit (45 CFR § 75.371(b); *ACF Program Instruction*, ACF-PI-HS-12-02).

CCCCP DID NOT MEET ITS HEAD START NON-FEDERAL SHARE OBLIGATIONS

CCCCP provided documentation to support \$1,531,730 in Head Start non-Federal share contributions from July 1, 2016, through June 30, 2019, which was \$885,020 less than the \$2,416,750 it was required to contribute. We found that these contributions included \$1,469,873 of unallowable non-Federal share. Specifically:

- \$1,421,470 was for Head Start classroom space that was not valued using the fair market rate for similar space and
- \$48,403 was for utilities that CCCCOP paid for with Federal Head Start funds.

CCCCP Claimed Contributions for Donated Space That Were Not Based on Fair Rental Value

To be allowable as non-Federal share, the value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality (45 § 75.306 (i)(3)).

CCCCP claimed \$1,421,470 in non-Federal share for program space used by the Federal Head Start program that was not based on the fair rental value of comparable space as established by an independent appraisal. CCCCOP operated its Federal Head Start program in 10 facilities throughout Cape Cod, Massachusetts. Of these, CCCCOP rented six facilities, owned three facilities and used one facility for free through an agreement with the local school district. For the three facilities it owned, CCCCOP claimed \$1,368,426 for classroom space based in part on the daily number of children who attended the class multiplied by the number of days in the

month the classroom was open. For the six facilities it rented, CCCDP claimed \$53,044 in non-Federal share in addition to the rent it paid with Federal Head Start grant funds. CCCDP's management could not explain how it developed the formula it used to value Head Start classroom space in the facilities that it owned, which was developed before they were hired, nor how it related to the fair rental value of comparable space on Cape Cod. Additionally, CCCDP's management could not provide evidence that the fair rental value of the space it rented exceeded the rent it paid.

CCCDP's Non-Federal Share Included Utilities Expenses Paid With Head Start Funds

Non-Federal share contributions, including cash and third-party in-kind contributions, must not be paid by the Federal Government under a Federal award, except when allowed by Federal statute (45 CFR §75.306(b)(5)).

CCCDP included \$48,403 for Head Start utility expenses – electricity, natural gas, heating oil, and water and sewer expenses – in its non-Federal share contributions, which it generally calculated as a fixed monthly rate for each facility. However, CCCDP did not provide accounting records to support that utility expenses claimed as non-Federal share contributions were paid with non-Federal funds. We found instances in which CCCDP paid for utilities using Federal Head Start funds and still claimed part of that expense as a non-Federal share contribution. For example, in May 2018, CCCDP paid its total Onset facility utility expenses of \$702 with Federal Head Start funds. For the same month, CCCDP also recorded \$404 in non-Federal share for those same utility expenses at Onset.

CCCDP's management could not explain why CCCDP recorded monthly utility expenses as non-Federal share contributions and said that they continued to record the monthly contributions as previous staff had done. CCCDP's management was also unable to provide documentation confirming that it paid the Head Start program's utilities with non-Federal funds.

RECOMMENDATION

We recommend that the Administration for Children and Families take steps through the bankruptcy process to recover \$1,196,293 in Federal Head Start funds based on CCCDP's approximately \$1,495,366 non-Federal share shortfall. Because CCCDP filed for bankruptcy, we are addressing the recommendations of this audit to ACF.

ADMINISTRATION FOR CHILDREN AND FAMILIES COMMENTS

In written comments to our draft report, ACF concurred with our recommendation and stated that it will take steps through the bankruptcy process to try to recover \$1,196,293 in Federal Head Start funds. ACF also provided a technical comment on our draft report, which we have addressed. ACF's comments appear as Appendix E.

OTHER MATTERS

During our initial fieldwork, we identified the following management issues that may have contributed to CCCDP's ending its program operations and filing for bankruptcy. Because we were unable to complete our audit work, we were unable to fully develop these management issues into audit findings and recommendations.

CCCDP'S FINANCIAL SYSTEMS DID NOT PROVIDE ACCURATE INFORMATION

HHS grantees must maintain financial systems that provide accurate, current, and complete disclosure of the financial results of each Federal award or program (45 CFR § 75.302(b)(2)).

CCCDP's financial systems did not provide accurate disclosure of the financial results for each Federal award. On July 1, 2017, CCCDP migrated its accounting system to a new system using cloud-based accounting software designed for nonprofit organizations. However, CCCDP did not properly set up and transfer account balances from the old system to the new system and never corrected those account balances. As a result, CCCDP's accounting staff members were unable to reconcile any of CCCDP's accounting records and verify that accounting information was complete and accurate after July 1, 2017.

CCCDP COULD NOT ALWAYS PROVIDE DOCUMENTATION TO SUPPORT COSTS CHARGED TO FEDERAL AWARDS

HHS grantees must maintain records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation (45 CFR § 75.302(b)(3)).

CCCDP did not always provide adequate documentation to support costs charged to Federal awards. For example:

- CCCDP could not produce receipts for 993 (21 percent) of the 4,741 credit card charges. Additionally, CCCDP's accounting staff could not determine from the accounting system which programs were charged for 725 (15 percent) of the credit card charges.
- In October 2016, CCCDP paid three resort and conference centers \$21,998 for food and training meeting space, but CCCDP could not provide information about the purpose of the training or who attended.

CCCDP DID NOT HAVE CURRENT AND COMPREHENSIVE PROCEDURES FOR DETERMINING ALLOWABILITY OF COSTS

HHS grantees must maintain written procedures for drawing down Federal grant funds and for determining the allowability of costs in accordance with Federal cost principles and the terms and conditions of the Federal award (45 CFR §§75.302(b)(6) and (7)).

CCCDP did not have current and comprehensive written procedures for determining the allowability of costs. The version of the procedures that CCCDP was using was dated July 1, 2012, and did not reflect the change in accounting software in July 2017. Additionally, the written procedures did not define allowable costs or indicate how to allocate costs to multiple grants and programs.

CCCDP'S BOARD DID NOT PROVIDE ADEQUATE OVERSIGHT

CCCDP's board did not provide adequate financial oversight in the 2 years before CCCDP filed for bankruptcy. Board members did not receive financial reports and relied on the CEO to provide information about CCCDP's financial condition during quarterly board meetings. Even after the CEO informed the board on March 28, 2018, that CCCDP would close its fiscal year on June 30 with a significant shortfall instead of a surplus, the board did not meet again until June 27, 2018, which was 3 days before the end of the fiscal year. Additionally, it was only after ACF officials warned CCCDP in late July that it was at serious risk of losing its \$3 million annual Head Start grant that the board developed a plan to address CCCDP's financial problems.

CCCDP EXPERIENCED HIGH TURNOVER IN FINANCE DEPARTMENT LEADERSHIP

CCCDP experienced unusually high turnover in its finance department leadership before declaring bankruptcy. Between July 1, 2016, and August 30, 2019, six different individuals headed up the finance department under the title of CFO or controller. This high turnover, coupled with CCCDP's inadequate written financial procedures, meant that accounting staff did not always understand the basis for charging certain costs to Federal awards. (Appendix C contains a timeline of the changes in the finance department's leadership.)

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our original audit objective was to determine whether CCCDP appropriately allocated and claimed costs for the \$17.3 million in HHS direct and pass-through grant funds it received from July 1, 2016, through August 30, 2019, in accordance with Federal requirements.⁸ Because CCCDP ceased its childcare operations in August 2019 and filed for bankruptcy in October 2019, we adjusted our audit objective and scope to focus on CCCDP's non-Federal share. We, therefore, are addressing the recommendations of this audit to ACF.

Our review covered the \$1,531,730 of Head Start non-Federal share contributions that CCCDP documented from July 1, 2016 through June 30, 2019.

We did not perform an overall assessment of CCCDP's internal control structure. Instead, we reviewed only the internal controls that pertained directly to our objective.

We performed fieldwork from April through August 2019 at CCCDP's office in Hyannis, Massachusetts.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and Head Start guidance;
- met with ACF and EEC officials to discuss the results of their monitoring reviews of CCCDP's programs;
- obtained information about HHS and EEC Head Start grant awards made to CCCDP for the audit period;
- interviewed CCCDP's management and staff to obtain an understanding of controls such as the policies and procedures, related to monitoring and reporting of HHS grant funds (including non-Federal share);
- reviewed CCCDP's financial management system controls, including policies and procedures, to obtain an understanding of CCCDP's financial systems and assess their reliability;

⁸ During our audit period, CCCDP received funding from the following HHS programs: CCDF, TANF, and Head Start. Appendix B includes details of CCCDP's HHS funding.

- reviewed CCCDP's non-Federal share documentation for program space, utilities, and other in-kind contributions;
- reviewed reports from CCCDP's financial system, including Head Start program expense reports, and compared the information with non-Federal share documentation (e.g., records for program space, utilities, and other in-kind non-Federal share contributions and CCCDP's volunteer sign-in sheets); and
- discussed the results of our review with ACF and CCCDP management.

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.

APPENDIX B: CAPE COD CHILD DEVELOPMENT HHS GRANT FUNDING

Grant Title	Grant Award Type	2016	2017	2018	Total
Head Start	Direct	\$3,037,057	\$3,167,833	\$3,128,515	\$9,333,405
TANF	Massachusetts Pass-Through	1,389,482	1,309,684	1,752,600	4,451,766
Child Care and Development Block Grant	Massachusetts Pass-Through	569,139	576,822	553,790	1,699,751
Child Care Mandatory and Matching Funds of the CCDF	Massachusetts Pass-Through	433,467	528,474	457,312	1,419,253
Community Connections Program Promoting Safe and Sustainable Families	Massachusetts Pass-Through	130,955	121,875	125,000	377,830
Community-Based Child Abuse Prevention Grants	Massachusetts Pass-Through	2,050	10,000	0	12,050
Total HHS Grant Funding		\$5,562,150	\$5,714,688	\$6,017,217	\$17,294,055

APPENDIX C: TIMELINE OF CHANGES IN CCCDP'S FINANCE DEPARTMENT LEADERSHIP

June 22, 2017:	CFO 1 leaves CCCDP after 19 months.
July 1, 2017:	CFO 2 is hired as a part-time contractor.
September 5, 2017:	CFO 2 is converted to a full-time employee.
January 3, 2018:	CCCDP hires Controller 1.
February 3, 2018:	CFO 2 leaves.
April 23, 2018:	CCCDP hires a part-time contractor as CFO 3.
July 30, 2018:	CEO 1 resigns after increasing pressure from the board about the agency's financial issues.
January 22, 2019:	CCCDP hires controller 2 in preparation for controller 1's departure in March.
March 8, 2019:	Controller 1 leaves.
March 11, 2019:	CCCDP signs a management agreement with JTEC, making JTEC's CEO and CFO CCCDP's CEO 2 and CFO 4.
March 29, 2019:	CFO 3 leaves.
August 22, 2019:	JTEC cancels its management agreement with CCCDP, so CEO 2 and CFO 4 leave.
August 30, 2019:	CCCDP ends all program operations.
October 28, 2019	CCCDP files for chapter 7 bankruptcy.

**APPENDIX D: CAPE COD CHILD DEVELOPMENT
HEAD START NON-FEDERAL SHARE COMPUTATION**

Required Head Start Non-Federal Share	\$2,416,750
CCCDP's Documented Non-Federal Share	\$1,531,730
CCCDP's Allowable Non-Federal Share Based on Documentation	\$61,857
MA Head Start Grant	\$859,527
Total Allowable Non-Federal Share	\$921,384
Head Start Non-Federal Share Shortfall (Required Non-Federal Share less Allowable Non-Federal Share)	\$1,495,366




ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Head Start | 330 C St., SW, 4th Floor, Washington DC 20201 | eclkc.ohs.acf.hhs.gov

DATE: April 14, 2020

TO: Amy J. Frontz
Deputy Inspector General for Audit Services

FROM: Ann Linehan 
Deputy Director, Office of Head Start, *on behalf of*,
Dr. Deborah Bergeron
Director, Office of Head Start
Administration for Children and Families

SUBJECT: OIG Draft Report: *Cape Cod Child Development Program Did Not Meet Its Head Start Non-Federal Share Obligations*, A-01-19-02500

Thank you for giving the Office of Head Start the opportunity to review and to offer comments on the draft report entitled, “Cape Cod Child Development Program Did Not Meet Its Head Start Non-Federal Share Obligations,” A-01-19-02500.

We concur with the recommendation that we take steps through the bankruptcy process to recover \$1,196,293 in Head Start funds based on Cape Cod Child Development Program’s (CCCDP) approximately \$1,495,366 non-federal share shortfall.

In addition, we recommend you quantify the number and type of program violations in the fourth paragraph on page 2 of the draft report. Instead of, “In the October 2018 Head Start Review Report, ACF found that, among numerous Head Start program violations, the board did not provide adequate oversight of Federal funds and CCCDP staff did not ensure that children were properly supervised,” we recommend you use, “In the October 2018 Head Start Review Report, ACF found 4 areas of deficiency and 13 areas of non-compliance, among the numerous Head Start program violations, the board did not provide adequate oversight of Federal funds and CCCDP staff did not ensure that children were properly supervised.”

We have attached our official comments to this letter. If you have any questions, or if you need anything more from us, please do not hesitate to contact Tanesha Canzater, our point of contact for this effort, at tanesha.canzater@acf.hhs.gov or, at (202) 260-6656.

Attachments

cc:
Patrick J. Cogley
Acting Assistant Inspector General for Audit Services
Department of Health and Human Services