

ATTACHMENT C: STATE SINGLE AUDIT GUIDE
PROGRAM 14 – STATE HEAD START PROGRAM
DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

I. PROGRAM OBJECTIVES

The purpose of the state Head Start program is to assist local Head Start grantees in meeting the twenty percent local match requirement of federal Head Start grants; to address poverty of access; to provide financial assistance for providing direct services for Head Start families and children; to provide financial assistance; and to provide technical assistance in training and monitoring to the Head Start programs.

II. PROGRAM PROCEDURES

By June 1 of each year, eligible organizations submit applications specifying the services to be provided and amount of funds requested. Funds are allocated through a competitive grant process.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

Federal regulations related to Head Start are currently used by the state for compliance. Any exception to federal regulations for the state program is clearly stated in the individual grant agreement.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED -

1. **Compliance Requirements:** Allowable services include school readiness, education, health, medical (including dental, nutrition and mental health), social services, parent involvement, use of volunteers, career development for teachers, non professional aides and other staff members, needs assessment, safety, data collection, and monitoring, PL 97-35, Title VI, Subchapter B; 45 CFR 1304 (b)(E).

Allow ability of costs for state funds is subject to the specific limitations and exclusions set forth in federal regulations, the federal grant award, and the state contract, Federal Register, Title 45, Part 74, Subpart H, June 9, 1981.

Suggested Audit Procedures: Test financial and related records and determine the purposes for which funds were expended; and determine if state funds were used for allowable services.

B. ELIGIBILITY -

1. **Compliance Requirement:** Enrollment and attendance levels must adhere to the levels specified in the Notice of Financial Assistance Award. HHS Enrollment and Attendance Policies in Head Start, Federal Register, Vol. 44, No. 214, pp. 63478 – 63481.

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Suggested Audit Procedures:

- a) Review Notice of Financial Assistance Award;
- b) Examine enrollment and attendance records and compare enrollment to levels in the award; and
- c) Determine if attendance levels have been achieved.

2. **Compliance Requirements:** At least sixty five percent of the enrollees must come from families whose income is below the official federal poverty guidelines (the 2007 Head Start reauthorization allows for up to 35% of children served to come from families with up to 130% of the federal poverty guidelines) or who are receiving public assistance, unless the community meets the remoteness (poverty of access) provision, 45 CFR 1305.4 and 1305.2 (b)(2); or is an American Indian/Alaska Native (AI/AN) grantee where fifty-one percent must come from families whose income meets the official poverty guidelines, 42 USC 9840 (d)(1)(C).

The enrollment will consist of children prenatal through the age of five and their families unless the grant award provides otherwise, 45 CFR 1305.3.

Suggested Audit Procedures: Review the system used to determine eligibility and evaluate for adequacy; and review selected participant and applicant files to determine adherence to the prescribed system.

C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -

1. **Compliance Requirement:** The state program is designed to provide a state share of at least twenty percent of the Head Start program. The federal and state awards will detail the specific amounts of the state and federal money and will identify any matching or in kind contributions to be made by the grantee. Where state general fund money is not available at the twenty percent level, the grantee must generate the balance with in-kind services, cash contributions, or other support from the community.

Suggested Audit Procedures: Review federal, state, and other funding sources; and determine if the twenty percent state contribution is being met by state and local funds, and in-kind.

D. REPORTING REQUIREMENTS -

1. **Compliance Requirement:** All grants provide for billings to be submitted by the grantee at least quarterly on Form 05-07-070 (University and Non-Profit Reimbursement form). Both the 165B (Record and Report of Local Expenditures) and 165D (Request for Reimbursement of Grant Expenditures) forms are needed with each reimbursement request. Final reimbursement requests must be received by July 31 following the end of the grant award period. The grant agreement specifies other reporting requirements.

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Suggested Audit Procedures:

- a) Review the grant agreement for all reporting requirements;
- b) Review procedures for preparing reports to evaluate adequacy;
- c) Review a sampling of reports for completeness and timeliness of submission;
- d) Trace data in selected reports to the support documentation;
- e) Verify the validity and accuracy of reports; and
- f) Evaluate adjustments, if any, for propriety.

E. SPECIAL TESTS AND PROVISIONS -

- 1. Compliance Requirement:** There must be evidence of compliance with Head Start performance standards, 45 CFR 1304.2-3.

Suggested Audit Procedures: Determine whether there is a program improvement document that addresses any compliance issues identified in an on-site review and/or federal on-site monitoring report; and review any compliance issues for improvement and note progress or lack thereof.