



ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Head Start | 8th Floor Portals Building, 1250 Maryland Ave, SW, Washington DC 20024 | eclkc.ohs.acf.hhs.gov

To: Board Chairperson
Mr. Larry Sims
Board Chairperson
Rocky Mountain SER/Jobs for Progress, Inc.
3555 Pecos St.
Denver, CO 80211

From: Responsible HHS Official
Ms. Ann Linehan
Acting Director, Office of Head Start

Date

2-11-14

Overview of Findings

From 8/18/2013 to 8/23/2013, the Administration for Children and Families (ACF) conducted a monitoring review of the Rocky Mountain SER/Jobs for Progress, Inc. Migrant and Seasonal Head Start programs. We wish to thank the governing body, Policy Council, staff, and parents of your program for their cooperation and assistance during the review. This Head Start Review Report has been issued to Mr. Larry Sims, Board Chairperson, as legal notice to your agency of the results of the on-site program review.

Based on the information gathered during our review, your Migrant and Seasonal Head Start programs were found to be out of compliance with one or more applicable Head Start Program Performance Standards, laws, regulations, and policy requirements. The report provides you with detailed information in each area where program performance did not meet applicable Head Start Program Performance Standards, laws, regulations, and policy requirements. Each area of noncompliance identified in this report should be corrected within 120 days following receipt of this report.

If you are a grantee serving preschool age children in the center-based option, a sample of your preschool classrooms will be observed using the Classroom Assessment Scoring System (CLASS). This classroom observation instrument looks at the teacher/child interactions, as well as interactions between children. The Office of Head Start encourages grantees to consider the CLASS results in planning ongoing efforts to improve classroom quality.

During your review, the team used a sampling methodology that included a random selection of child files, staff files, and class, center, and group observations. If your report includes findings related to evidence that involved sampling, the finding narratives in your report include specific percentages from each sample that were determined by dividing the number of issues found by

the total sample size. This methodology, which uses statistically driven random samples, allows the OHS to use information collected through the representative samples to make generalizations regarding your program as a whole.

For example, if, during your review, the team examines a sample of 45 child files, the finding narrative will indicate the percentage of files that were identified with an issue. The percentage will be determined by dividing the number of child files with issues by 45. Likewise, when summarizing information from classroom observations, the total number of classrooms with issues will be divided by the total number observed to determine the percentage of the sample with problems.

Please contact your ACF Regional Office with any questions or concerns you may have about this report.

Distribution of the Head Start Review Report

Copies of this report will be distributed to the following recipients:

Ms. Sandra Carton, Regional Program Manager
Mrs. Maria Ramos, Policy Council Chairperson
Mrs. Leticia Galindo, Head Start Director

Overview Information

Review Type:	<i>First Year</i>
Organization:	<i>Rocky Mountain SER/Jobs for Progress, Inc.</i>
Program Type:	<i>Migrant and Seasonal Head Start</i>
Team Leader:	<i>Ms. Maria Teresa Candamil</i>
Funded Enrollment HS:	<i>180</i>
Funded Enrollment EHS:	<i>Not Applicable</i>

Area of Strength

The grantee was successful in bringing free health services to migrant children, families, and staff at convenient times and locations.

The grantee developed a partnership with Sunrise Community Health Services. This partnership allowed migrant families and children to receive free and convenient health services. Through a collaboration with North Colorado Health Alliance, Sunrise provided a mobile medical unit that traveled throughout the Greeley area to provide free medical and dental services to migrant families and children. On a rotating schedule, the mobile unit visited farm labor housing complexes, farms, and agricultural fields and the Plaza del Milagro Head Start site on Mondays, Tuesdays, and Wednesdays during both day and evening hours. In addition, Sunrise Community Health Services provided 10 Migrant Head Start staff with free physical exams at a value of \$120 per person.

New Area of Noncompliance Determinations

At least one area of noncompliance was documented at Rocky Mountain SER/Jobs for Progress, Inc. Migrant and Seasonal Head Start programs.

Management Systems

Applicable Standards	Program Type	Status	Finding Type
1304.51(a)(1)(ii)	HS	Noncompliance	Program Planning
1304.52(a)(1)	HS	Noncompliance	Human Resources

PART 1304 - Program Performance Standards For Operation Of Head Start Programs By Grantees And Delegate Agencies

1304.51 Management Systems and Procedures.

(a) Program Planning

(1) Grantee and delegate agencies must develop and implement a systematic, ongoing process of program planning that includes consultation with the program's governing body, policy groups, and program staff, and with other community organizations that serve Early Head Start and Head Start or other low-income families with young children.

Program planning must include:

(ii) The formulation of both multi-year (long-range) program goals and short-term program and financial objectives that address the findings of the Community Assessment, are consistent with the philosophy of Early Head Start and Head Start, and reflect the findings of the program's annual self-assessment; and

The grantee in consultation with staff, governing bodies, policy groups, and other community organizations did not engage in a systematic planning process utilizing Community Assessment, Self Assessment, and other information to develop long-term objectives and goals. The grantee's planning process was focused only on short-term program and financial objectives to implement the current migrant season.

In an interview with the Migrant Head Start Director, she stated their priority was focused on the immediate needs of recruiting children, setting up classrooms, finding staff, and setting up systems for serving children and families. During the interview, she provided copies of the Community Assessment and Self-Assessment and stated they intended to develop a strategic plan with goals, objectives, action steps and deadlines for achieving full enrollment and staffing as well as improving all their service components. She also provided a copy of the Agency's Strategic Plan for 2009-2014. A review of this document showed no reference to the Migrant Head Start program or the needs of its client population. In separate interviews the Migrant Head Start Director, the CEO, and the Chief Development Officer confirmed the lack of a long-term planning process.

The grantee did not develop and implement a systematic long-range planning process with program and financial objectives; therefore, it was not in compliance with the regulation.

PART 1304 - Program Performance Standards For Operation Of Head Start Programs By Grantees And Delegate Agencies

1304.52 Human Resources Management.**(a) Organizational Structure**

(1) Grantee and delegate agencies must establish and maintain an organizational structure that supports the accomplishment of program objectives. This structure must address the major functions and responsibilities assigned to each staff position and must provide evidence of adequate mechanisms for staff supervision and support.

The grantee did not establish and maintain an organization structure which supported the accomplishment of program objectives. As result of an insufficient organizational structure the grantee was not able to recruit and enroll migrant children to fill their funded enrollment, staff at all levels had to perform multiple duties, and classroom resources were underutilized.

The grantee's organization chart showed the Migrant Head Start (MHS) management level consisted of a Director and two Statewide leads (one for Western Slope and one for the Northern area) and a vacant Operations Manager. The Western Slope lead was responsible for Education, Mental Health, Transportation and Disabilities. The Northern Lead was responsible for Family and Community Engagement; Health; Nutrition; and Enrollment, Recruitment, Selection, Eligibility and Attendance (ERSEA). The program faced challenges with excessive span of management control and accountability which did not achieve their enrollment goals along with the geographical challenge of their two service areas being approximately 300 miles apart. In interviews with the MHS Director she stated their priority was to get services up and running rather than having time to be proactive and strategic. Therefore, they did not have the capacity to develop long-range plans and strategies especially for recruitment of families and staff. The first center (Grand Junction) opened in mid-May. The other three centers opened in mid-June. All the centers were due to close by the end of October. At the time of the review, ERSEA reports showed a cumulative enrollment of 62 children out of a funded enrollment of 180. In order to recruit more children, the Director stated the three Family Advocates were assigned to only recruitment duties. One Family Advocate position was vacant at the Brighton center. The remainder of the Family Advocate's duties (maintaining child files, doing referrals, assisting families) were given to the centers' Education Coordinators.

Education Coordinators and other center staff had to cover vacant positions or staff absences. In an interview with the MHS Director she stated there was a significant problem in recruiting and hiring qualified staff to cover their entire season. Many of their staff were hired during the summer months from Regional Head Start programs, school-based early childhood programs, or early childhood college students. They could not start until the end of their other responsibilities and had to leave Rocky Mountain's MHS employment prior to the end of the migrant season. She also stated since all the classrooms were not open at the same time, they were able to shift existing staff to cover daily absences to maintain child/staff ratios.

The grantee did not maintain an organizational structure which supported program objectives; therefore, it was not in compliance with the regulation.

Fiscal Integrity

Applicable Standards	Program Type	Status	Finding Type
74.23(a)(1)	HS	Noncompliance	Cost Principles

74.43	HS	Noncompliance	Procurement
Part 74, App A(3)	HS	Noncompliance	Procurement
230, App B(43)(c)	HS	Noncompliance	Facilities and Property

PART 74 - Financial And Program Management

74.23 Cost sharing or matching.

(a) To be accepted, all cost sharing or matching contributions, including cash and third party in-kind, shall meet all of the following criteria:

(1) Are verifiable from the recipient's records;

The grantee did not ensure all in-kind contributions were verifiable from its records. The grantee reported \$41,409.71 of \$84,236.05 for the grant period ending April 30, 2013 based on estimates of services performed.

A review of the grantee's 2012 In-Kind Cumulative spreadsheets for the period ending April 30, 2013 found \$84,236.05 was reported as the total Migrant Head Start In-Kind match for Program Year 1. In addition, \$41,966.21 of the in-kind cumulative match posted in September 2013 was reported as professional services match. A review of supporting documentation of the professional services match determined \$41,409.71 was based on estimated figures in two contractual agreements.

The Sunrise Community Health contract showed \$24,302.71 as in-kind based on providing services to 120 enrollees, and the Salud Del Valle contract showed \$17,107 as in-kind based on a daily rate. In an interview, the State Income Manager confirmed estimates were used in reporting in-kind match and stated the agency was unable to provide documentation of actual services provided by the two contractors as in-kind.

The grantee did not ensure all in-kind contributions were verifiable from its records; therefore, it was not in compliance with the regulation.

PART 74 - Financial And Program Management

74.43 Competition.

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft grant applications, or contract specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient's interest to do so.

The grantee did not ensure all procurement transactions were conducted in a manner to provide, to the maximum extent practical, open and free competition. The grantee did not follow its own

procedures in the award of contracts.

A review of the Rocky Mountain SER Accounting and Financial Policies and Procedures manual--page 44--determined all purchase decisions of \$100,000 or more were to be made by obtaining competitive proposals from at least three responsible vendors. In addition, sealed bids were to be used when required by a Federal awarding agency. Further review of the manual found it stated exceptions might occur for quotations based on emergencies in which equipment, materials, parts, or services were needed if the health, welfare, and safety of staff and protection of organization's property were involved.

A review of the August 21, 2013 Rocky Mountain SER/Jobs for Progress, Inc., Vendor Activity report determined \$131,858.45 was paid to White Construction Group, Ltd., for the renovation of the Brighton Migrant Head Start facility. A review of the procurement files associated with the transaction found no evidence the grantee solicited competitive proposals from at least three responsible vendors. During an interview, the Chief Financial Officer stated the grantee decided to use the White Construction Group due to time constraints in completing the work. He further stated this was the only renovation project for the Migrant Head Start program. The Migrant Head Start Director confirmed no bids were obtained due to time constraints.

The grantee did not ensure all procurement transactions were conducted in a manner to provide, to the maximum extent practical, open and free competition; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required in order to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review, if one is required. This matter will be referred to the Office of Administration, Administration for Children and Families, to determine whether a disallowance is appropriate.

PART 74 - Financial And Program Management

45 CFR PART 74, Appendix A(3)

Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7) When required by Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon Act, 40 U.S.C. 276a to a-7, and as supplemented by Department of Labor regulations, 29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction." Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the HHS awarding agency.

The grantee did not ensure renovation contracts included provisions for adherence to the requirements of the Davis-Bacon Act. The grantee entered into a renovation contract without determining whether the Davis-Bacon Act applied.

On March 14, 2013, the grantee entered into a \$113,490 renovation contract with White Construction Group (WCG). A review of the cost estimate--for removal of walls, ceilings, doors, and windows--determined the contracted work was subject to the Davis-Bacon Act; however, a review of the contract found it did not include provisions for compliance with the Davis-Bacon Act. In an interview, the Chief Financial Officer (CFO) stated WCG had more than one employee and was not a sole proprietorship in which all labor was provided by the owner; however, the CFO and Migrant Head Start Director were unable to provide documentation to show compliance with Davis-Bacon.

The grantee did not ensure renovation contracts included provisions for adherence to the Davis-Bacon Act; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required in order to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review, if one is required. This matter will be referred to the Office of Administration, Administration for Children and Families, to determine whether a disallowance is appropriate.

**PART 230 - Cost Principles For Non-Profit Organizations (OMB Circular A-122)
2 CFR Part 230, Appendix B - Selected Items of Cost**

(43) Rental costs of buildings and equipment

(c) Rental costs under "less-than-arm's-length" leases are allowable only up to the amount (as explained in subparagraph 43.b. of this appendix) that would be allowed had title to the property vested in the non-profit organization. For this purpose, a less-than-arm's-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to those between divisions of a non-profit organization; non-profit organizations under common control through common officers, directors, or members; and a non-profit organization and a director, trustee, officer, or key employee of the non-profit organization or his immediate family, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, a non-profit organization may establish a separate corporation for the sole purpose of owning property and leasing it back to the non-profit organization.

The grantee did not limit rental costs under a "less-than-arm's-length" lease to depreciation or use allowance. The Boyd Elementary School in Alamosa was owned by Rocky Mountain Community Development Corporation, a related party, and rented by Rocky Mountain SER at fair market rental value for the Region VIII Head Start grant.

A review of the lease for the Boyd Elementary School in Alamosa showed the grantee leased the property from a related party. The lease was signed by the Board Chairwoman of Rocky Mountain SER (RMSE), the grantee, and the Board Chairman of Rocky Mountain Community Development Corporation (RMCDC). A review of the Boards Rosters for RMSE and RMCDC showed the memberships were nearly identical. All except one member of the RMSE board were on the RMCDC board. The RMCDC board also had two additional members. An interview with two board members confirmed the membership of both boards.

A review of escrow closing documents showed the property was purchased by RMCDC for \$647,220. The Chief Financial Officer confirmed the purchase price and stated it was being depreciated over a 15-year useful life. The lease indicated rent for the first year was \$74,250. Depreciation for the first year would have been \$43,148, a difference of \$31,102.

The grantee did not limit rental costs under a "less-than-arm's-length" lease to depreciation or use allowance; therefore, it was not in compliance with the regulation.

Additional fieldwork may be required in order to determine the total amount of potentially unallowable costs charged to Head Start. The Office of Head Start will notify you in advance of a special review, if one is required. This matter will be referred to the Office of Administration, Administration for Children and Families, to determine whether a disallowance is appropriate.

Child Health & Safety

Applicable Standards	Program Type	Status	Finding Type
1304.53(a)(10)(vii)	HS	Noncompliance	Safe Physical Environments

PART 1304 - Program Performance Standards For Operation Of Head Start Programs By Grantees And Delegate Agencies

1304.53 Facilities, Materials, and Equipment.

(a) Head Start Physical Environment and Facilities

(10) Grantee and delegate agencies must conduct a safety inspection, at least annually, to ensure that each facility's space, light, ventilation, heat, and other physical arrangements are consistent with the health, safety and developmental needs of children. At a minimum, agencies must ensure that:

(vii) Exits are clearly visible and evacuation routes are clearly marked and posted so that the path to safety outside is unmistakable (see 45 CFR 1304.22 for additional emergency procedures);

The program did not ensure outdoor environments were physically safe. The lack of locks on the two playground gates at the Brighton Center enabled anyone walking through the parking lot or alley in a high-risk neighborhood to enter the playground while children were present or to lie in wait for children. Also the gates were solid and had no view of anyone trying to gain access.

The playground at the Brighton Center was surrounded with a high wooden fence (5 ft. 7 inches) with two gates leading to a shared public parking lot and alley. Children and staff accessed the playground by exiting the front door of the center, walking along a path separated from the shared parking lot and alley, and entering through one of two gates. Anyone could open the wooden gates and have access. There were no safety locks on the gates to block access by an unauthorized person. In an interview with the Center Director, she stated she had not realized anyone could come in while the children were using it. The playground was not visible from the center and there were no security cameras. When the reviewer returned later in the day to take the picture of the gates, locks had been added to ensure no one other than staff could access the playground. The following day the gates also had a lattice covered opening so anyone seeking access was visible.

The program did not ensure the playground was secure; therefore, it was not in compliance with the regulation.

Family & Community Engagement

Applicable Standards	Program Type	Status	Finding Type
1304.41(a)(4), 1308.4(l)	HS	Noncompliance	Community Partnerships

PART 1304 - Program Performance Standards For Operation Of Head Start Programs By Grantees And Delegate Agencies

1304.41 Community Partnerships.

(a) Partnerships

(4) To enable the effective participation of children with disabilities and their families, grantee and delegate agencies must make specific efforts to develop interagency agreements with local education agencies (LEAs) and other agencies within the grantee and delegate agency's service area (see 45 CFR 1308.4(h) for specific requirements concerning interagency agreements).

PART 1308 - Head Start Program Performance Standards On Services For Children With Disabilities

1308.4 Purpose and scope of disabilities service plan.

(l) The disabilities service plan must include commitment to specific efforts to develop interagency agreements with the LEAs and other agencies within the grantee's service area. If no agreement can be reached, the grantee must document its efforts and inform the Regional Office. The agreements must address:

The grantee did not have current interagency agreements in place, nor make specific efforts to develop such agreements, with Part C agencies within the grantee's service area. As a result, there was no written cooperative process for receiving referrals of children with special needs from Part C agencies or referring Head Start children with suspected disabilities to Part C agencies.

A review of the memoranda of understanding showed the grantee did not have any written agreements with other required agencies (Part C) in the grantee's service area. The grantee's Disabilities Service Plan stated the grantee would "update and renew collaborative agreements with all participating LEAs annually" but did not mention any agreements with Part C agencies.

The Statewide Lead Manager for FCP/Health/Nutrition/ERSEA confirmed the grantee did not have any written agreements with Part C agencies and said this was something they planned to do. She said they referred infants and toddlers to Part C agencies as appropriate even without written agreements. The Migrant Head Start Director confirmed there were no written agreements with Part C agencies.

The grantee did not have current interagency agreements in place, nor specific efforts to develop such agreements, with all Part C agencies within the grantee's service area; therefore, it was not in compliance with the regulation.

Timeframe for Corrective Action

The area(s) of noncompliance cited in this report must be corrected within 120 days of the receipt of this report. Correction requires achieving full compliance with the violated requirement(s). Pursuant to Section 637(2)(C) of the Head Start Act, a grantee that fails to correct an area of noncompliance within the prescribed time period will be judged to have a deficiency that must be corrected within the time period required by the responsible HHS official.

If you anticipate that you will not be able to correct all noncompliances within the correction time specified in this report, you must submit a letter to your ACF Regional Office requesting an extension, with an explanation as to why an extension is necessary. The letter requesting an extension must be submitted prior to the expiration of the original corrective action time period.

— END OF REPORT —