The Municipality of Barceloneta Did Not Always Manage Its Head Start Disaster Assistance Awards in Accordance With Federal and Commonwealth Requirements

What OIG Found
The Municipality did not always manage Head Start disaster assistance awards in accordance with Federal and Commonwealth requirements. Specifically, the Municipality’s financial management system did not always ensure compliance with requirements for (1) submitting timely and accurate Federal financial reports, (2) maintaining support for award drawdowns, and (3) timely completing bank reconciliations. Additionally, the Municipality did not conduct timely criminal background checks for nine individuals associated with our sampled expenditure transactions. These deficiencies occurred because the Municipality did not have adequate controls in place to ensure proper financial management and compliance with criminal background checks. As a result, the Municipality did not minimize the risk of fraud, waste, and abuse of Federal funds; and potentially jeopardized the safety of children.

What OIG Recommends and Municipality Comments
We made several procedural recommendations to the Municipality, including that it reinforce existing financial management policies and procedures and ensure that criminal background checks are completed within required time frames.

The Municipality did not indicate concurrence or nonconcurrence with our recommendations. However, it stated that it did not follow some of its procedures, made errors, and did not submit some reports on time due to challenges caused by the COVID-19 pandemic and, prior to that, infrastructure disruptions caused by Hurricanes Irma and Maria. The Municipality stated that the deficiencies identified in our draft report did not present a risk of fraud, waste, or abuse; or potentially jeopardized the safety of children.

After reviewing the Municipality’s comments and additional documentation, we maintain that our findings and recommendations are valid. The Municipality did not provide any new supporting documentation, and we note that most deficiencies identified during our audit occurred prior to the COVID-19 pandemic. Also, the deficiencies identified in our report were caused by failures in the Municipality’s financial and operational controls that present a risk to Federal funds and the safety of children.