Head Start
Risk Management

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Agenda

- Brief overview of designation renewal regulations and current status of competition
- Funding guidance and additional post-award requirements
- How deficiencies are defined and what to do if you are found deficient
- CLASS and school readiness
- Head Start red flags and how to address them
Overview of Designation Renewal Regulations and Status
Overview of Designation Renewal Regulation

- Required by Improving Head Start for School Readiness Act of 2007
- Regulation became effective 12/9/11
- Applies to Head Start and Early Head Start
- Three-year transition period
  - 12/10/11 – 12/9/14
- By end of that period, all grants will be for 5 years
Seven Triggers

As of 6/12/2009:

1. Has received at least one deficiency in a single program review;

2. Has lost local or state license to operate a Head Start or Early Head Start program;

3. Has been suspended from Head Start or Early Head Start program; or

4. Either has been debarred from receiving federal or state funds from any state or federal agency, or has been disqualified from Child and Adult Care Food Program.
Seven Triggers

5. Within 12 months preceding HHS’s determination of whether competition has been triggered, grantee has been determined to be at risk of failing to continue functioning as a going concern

- “Going concern” means operating without the threat of liquidation for the foreseeable future, a period of at least 12 months
Seven Triggers

As of 12/9/11:

6. Fails to establish and take steps to achieve appropriate goals for improving school readiness of children, to demonstrate that goals meet certain criteria, and failure to take certain steps to achieve those goals

7. Scores below minimum score in any CLASS domain, based on average score across all classrooms observed:

   Emotional Support:  4
   Classroom Organization:  3
   Instructional Support:  2

or, scores in lowest 10% of any domain (unless score is at least 6)
Determination of Competition Status

- Until the end of transition period (ending 12/9/14), ACF will review data for each grantee with an indefinite project period and notify grantees required to compete for funding because a trigger has been met.

- After transition period, ACF will review data in 4th year of grant to determine if any triggers were present and notify grantees in writing, at least 12 months before expiration of grant period, whether they will be required to compete for additional funding.
Current Status of Competition

• **First round:** as of 12/19/2011, approx. 132 programs designated to recompete; majority of grantees required to recompete kept their grants

• **Second round:** as of 1/17/2013, approx. 122 programs designated to recompete; results not yet announced

• **Third round:** as of 2/5/2014, approx. 103 programs designated to recompete
Funding Guidance and Additional Post-Award Requirements
Five-Year Project Period Guidance


• Addresses:
  – Changes in oversight
  – Non-competitive awards funding guidance
  – Additional post-award requirements
Five-Year Project Period Guidance

• Notice of eligibility for a non-competitive five-year grant will be issued by regional office 6 months prior to refunding date

• Non-competitive grant applications due 3 months prior to start of new project period
  – Describe program approach
  – Define anticipated outcomes
  – Include measures of program progress throughout the 5 year period
  – Discuss in advance proposed changes in scope with assigned program specialist to ensure application complete
Five-Year Project Period Guidance

• Application criteria will focus on progress toward goals and outcomes defined in year one or the competitive application

• Grantee expected to:
  – Use program data to analyze and report progress
  – Provide evidence of program’s cumulative impact on children, families and communities served throughout program and at end of project period

• Requests to change or update program approach must be supported by program data
Additional Post-Award Requirements

• Grantee must complete:
  – Governance and leadership capacity screening within 60 days of project award start date, http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/operations/mgmt-admin/governance/hs-governance/GovernanceLeade.htm
  – Health and safety assessment of each center and/or family child care home providing services within 45 calendar days of program/school year start date or within 75 days of 5-year project period start date when it begins during program/school year, http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/operations/mgmt-admin/assess-monitor/monitoring/HealthandSafety.htm
Additional Post-Award Requirements

- Governing body must submit to regional office via the Head Start Enterprise System (HSES) a signed certification:
  - That the governance screener was conducted and a training plan was developed within **75** calendar days of start of project period
  - Of compliance with all applicable health & safety requirements within **75** calendar days of program/school year start date or within **75** calendar days of 5-year project period start date when it begins during program/school year
Additional Post-Award Requirements

• Must participate in:
  – Individual school readiness progress meetings with OHS regional office
  – OHS-sponsored single audit webinar within one year of the start of the project period,
    http://eclkc.ohs.acf.hhs.gov/hslc hs/grants/5-yr-cycle/audit-webcast.html
New Guidance on Federal Oversight of Five-Year Grants

  - Offers a bit more description of expectations, but few specifics
Deficiencies: How Defined and What to Do If You Receive One
Head Start Act’s “Deficiency” Definition

- A systematic or substantial material failure of a grantee in an area of performance that HHS determines involves:
  - Threat to health, safety, or civil rights of children or staff
  - Denial of parents’ right to participate in program governance;
  - Failure to comply with standards related to early childhood development and health services, family and community partnerships, or program design and management;
  - Misuse of Head Start funds
Head Start Act’s “Deficiency” Definition

– Failure to meet any other federal or state requirement that the grantee has shown an unwillingness or inability to correct, after notice from HHS, within the specified time period

– Loss of legal status or financial viability, loss of permits, debarment from receiving federal grants, or improper use of federal funds

• Systemic or material failure of the grantee’s board of directors to fully exercise its legal and fiduciary responsibilities; or

• An unresolved area of noncompliance
Top Cited Deficiencies in Third Round

• Standards of conduct
  – Left child alone or unsupervised
  – Failed to use positive methods of child guidance
• Children are not released to a parent or legal guardian
• Criminal record checks
• Maintenance, repair, safety and security of all facilities, materials and equipment
• Physical arrangements consistent with the health, safety and developmental needs of children
• Ongoing monitoring of grantee, delegate and partner operations
Third Round Results

- Competition triggers in second round:

<table>
<thead>
<tr>
<th>Trigger</th>
<th>Number</th>
<th>% of Whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate self report or other type report to regional offices and/or discovered on site</td>
<td>40</td>
<td>38%</td>
</tr>
<tr>
<td>Uncorrected non-compliances</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>CLASS</td>
<td>53</td>
<td>51%</td>
</tr>
</tbody>
</table>

- 42% of those required to compete were CAAs

(From information compiled by the Ohio Head Start Association, February 2014)
If You Are Notified of a Deficiency

• Be sure you understand basis for finding

• If you don’t agree with facts or think that it’s a noncompliance rather than a deficiency, challenge it in writing, with supporting documentation to regional and/or national OHS

• Propose and implement corrective action steps
Classroom Assessment Scoring System (CLASS) and School Readiness
CLASS

• Observation instrument assessing the quality of teacher-child interactions in center-based preschool classrooms using three domains/categories:
  – Emotional Support
  – Classroom Organization
  – Instructional Support

• Grantee required to compete because of low CLASS scores when:
  – Average CLASS scores below established minimum
  – Included in 10% that received lowest average scores
## CLASS Scores

<table>
<thead>
<tr>
<th></th>
<th>Emotional Support</th>
<th>Classroom Organization</th>
<th>Instructional Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 National Average (mean)</td>
<td>5.99</td>
<td>5.63</td>
<td>2.72</td>
</tr>
<tr>
<td>2013 Threshold for the Lowest 10%</td>
<td>5.5417</td>
<td>5.0556</td>
<td>2.1061</td>
</tr>
</tbody>
</table>
CLASS Observations

• NHSA blog: 10 Things You Should Know about the OHS CLASS Reviewer Field Guide [http://blog.nhsa.org/blog/10-things-you-should-know-about-ohs-class-reviewer-field-guide](http://blog.nhsa.org/blog/10-things-you-should-know-about-ohs-class-reviewer-field-guide)

CLASS Observations

- CLASS observations will **NOT** be conducted:
  - During arrival/departure
  - During naptime
  - During unstructured gross-motor play (“recess like”)
  - When <50% of enrolled children are present in the group
  - When a new or substitute teacher has been in the classroom for less than 10 consecutive school days
  - When CLASS reviewer is not fluent in primary language of instruction
CLASS Tips

• Educate and train staff on CLASS

• Conduct own CLASS observations, use results for improvement of teacher/child interactions

• Ask team leader to change classrooms observed if necessary (e.g., if classroom is not a Head Start classroom or if falls under one of the circumstances listed on prior slide)

• Ensure that staff accompany observer at all times and record when observations are made and under what conditions
School Readiness

• Defined as children possessing the skills, knowledge, and attitudes necessary for success in school and for later learning and life

• Measure children's progress at two levels: individual child and program-wide

• Goals set forth expectations of children’s status and progress across 5 essential domains of child development and early learning that will improve readiness for kindergarten:

1. Language & literacy development
2. Cognition & general knowledge
3. Approaches toward learning
4. Physical well-being & motor development
5. Social & emotional development
School Readiness Action Steps

• Establish clear school readiness goals across domains by:
  – Becoming familiar w/ specific goals of HS Child Development and Early Learning Framework, State early learning standards, and Local Education Agency (LEA) expectations
  – Comparing OHS child outcome goals w/ LEA expectations and state early learning goals
  – Communicating with relevant partners
  – Determining if/how program curriculum-targeted skills/knowledge and ongoing child assessment tools/procedures address/align with established goals
School Readiness Action Steps

• Create and implement a plan of action for achieving the established school readiness goals:
  – Improve quality of teacher-child interactions;
  – Implement evidence-based teaching practices;
  – Implement and assess evidence-based curriculum;
  – Increase engagement, communication, and inclusion of parents and families;
  – Provide effective professional development;
  – Implement effective transitions and increase continuity through kindergarten and the primary grades.
School Readiness Action Steps

• Assess child progress on an ongoing basis and aggregate and analyze data at multiple times throughout the year
  – Enable program to make changes
  – Demonstrate program-level child progress using norms or criterion references
  – Maintain use of info from ongoing child assessment to inform teachers and parents how best to individualize for each child's continued development and learning
School Readiness Action Steps

• Examine data for progress patterns among groups of children to revise or develop and implement plans for program improvement:
  • Program improvements may include professional development adjustments; improving communication and engagement with families; intensifying curriculum supports or implementation; etc.

• See Program Instruction, ACF-PI-HS-11-04,
  [link](http://eclkc.ohs.acf.hhs.gov/hslc/standards/PIs/2011/resour_pri_004_110811.html)
CLASS and School Readiness Resources

- Understanding and Using the CLASS for Program Improvement: [http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/teaching/docs/class-brief.pdf](http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/teaching/docs/class-brief.pdf)


- Teachstone – CLASS information and resources: [http://www.teachstone.org/](http://www.teachstone.org/)

- National Center on Quality Teaching and Learning: [http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/teaching/center](http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/teaching/center)

- School readiness info on ECLKC: [http://eclkc.ohs.acf.hhs.gov/hslc/sr](http://eclkc.ohs.acf.hhs.gov/hslc/sr)
Head Start Red Flags and How to Address Them
Common Head Start Compliance Issues

• Health and safety issues
  – Leaving children unsupervised
  – Not maintaining playgrounds and buildings
  – Hazardous materials accessible to children

• Failure to conduct and/or document criminal background checks and health tests for staff

• Failure to establish and implement procedures for ongoing monitoring of grantee and delegate agency (and partner) operations
Common Head Start Compliance Issues

• Failure to provide certain health and developmental services (screenings, health exams, follow-up on identified medical conditions etc.) in a timely manner or at all

• Failure to conduct physical inventories of equipment every 2 years and to reconcile to records

• Failure to follow procurement rules

• Cost allocation issues

• Failure to complete personnel activity reports
Common Head Start Compliance Issues

• Use of Head Start advances for non-Head Start purposes
• Match/in-kind issues
• Other fiscal problems
• Not sharing information with Policy Council and Board of Directors
Recommended Action Steps

• Set the “tone at the top”

• Look at the organization as a whole
  – Assess ethical climate and compliance risks
  – Organizational structure that assures appropriate supervision and formal assignment of responsibilities
  – Integrated, organization-wide systems

• Adopt, implement and enforce written policies and procedures

• Communicate policies and how to comply with them
Recommended Action Steps

• Assign responsibility and require accountability
  – Job descriptions, compliance task lists, performance evaluations

• Document compliance

• Training

• Internal monitoring

• Follow through on reports of problems

• Continuously improve
  – Regular review of policies and procedures
Head Start Red Flags and How to Address Them: 

*Child Health & Safety*
Health and Safety Recommendations

• Implement adequate process and training to ensure child never left alone or released to wrong person
  – Verification, back-up systems, pay special attention to transition times

• Assign responsibility for checking safety of facilities
  – Include in job descriptions, build into daily, weekly staff duties

• Ensure no hazards are present around children
  – Medication properly stored, toxic materials out of reach/locked up

• Implement steps to keep kids out of unsafe areas
  – Outdoor play areas arranged to prevent children from getting into unsafe and/or unsupervised areas
Health and Safety Recommendations

• Develop effective process to notify parents in case of emergency

• Train on prevention of and response to accidents, child abuse/neglect prevention, detection and reporting, etc.

• Review and respond to incident reports

• Information Memorandum ACF-IM-09-06 “Safety of Children”

Discipline

- Must use positive methods of child guidance
- Must not engage in corporal punishment, emotional or physical abuse, or humiliation
- Must not employ methods of discipline that involve isolation, the use of food as punishment or reward, or the denial of basic needs.
- 45 C.F.R. § 1304.52(i)(1)(iv)
Medication Administration

• Must establish and maintain written procedures regarding the administration, handling, and storage of medication for every child.
  – Designate trained staff person to administer, handle and store medications
  – Maintain medication records and review them with parents
  – Train staff

• 45 C.F.R. § 1304.22(c)
Child Health and Developmental Care

- Obtain status of child’s primary and preventative health care from health care professional and update parents
- Ensure child with known, observable or suspected health, dental or developmental problem receives diagnostic testing, examination, treatment and a follow-up plan
- Consult with parents
- Establish procedures for tracking health services provided
- 45 C.F.R. § 1301.20
Screening and Referrals

- Perform/obtain required linguistically and age-appropriate screenings (in collaboration with parents) to identify concerns regarding children within 45 calendar days of entry into program
- 45 C.F.R. § 1304.20
Head Start Red Flags and How to Address Them: *Management Systems*
Staff Criminal Record Checks and Health Exams Recommendations

• List or tracking system to track and document staff criminal record checks (CRCs) and health exams
  – For CRCs, includes date of CRC and date of hire
  – Don’t forget teacher aides/assistants, food preparation staff, bus monitors and FCE staff, etc.

• Communicate to site directors, delegate agencies, partners

• Check files before employees start

• Discipline managers for failure to follow procedures
Staff Background Checks

• Before a Head Start agency employs an individual, such agency shall ... obtain:
  – A state, tribal, or federal criminal record check covering all jurisdictions where the grantee provides Head Start services to children;
  – A state, tribal, or federal criminal record check as required by the law of the jurisdiction where the grantee provides Head Start services; or
  – A criminal record check as otherwise required by federal law.
  – 42 U.S.C. § 9843A(g)(3)

• Program Instruction ACF-PI-HS-09-05 “Criminal Record Checks”
Don’t Forget the Self-Declaration

• Grantees must require current and prospective employees to sign a declaration listing:
  
  – Pending and prior criminal arrests and charges and their disposition re: child sexual abuse;

  – Convictions related to other forms of child abuse and neglect; and

  – Convictions for violent crimes

  – 45 C.F.R. § 1301.31(b)(2)
Meet State/Local Requirements

• Be sure you comply fully with state and local licensing requirements re: background checks:
  – Some states require grantees to check state child abuse and neglect registry and/or state sex offender registry
  – Some states require grantees to check fingerprints with state or federal officials as part of CRCs
  – Some states require periodic updating of CRCs for current employees

• HHS OIG report A-01-11-02503 (Dec. 2011)
  https://oig.hhs.gov/oas/reports/region10/11102503.asp
Staff Health Exams

• Each staff member completes:
  – An initial health examination (including screening for TB) and
  – Periodic re-examinations (as recommended by his or her health care provider or as mandated by state, local, or tribal laws)
  – 45 C.F.R. §§ 1310.16(b)(3), 1304.52(k)(1)
Ongoing Monitoring

• The program's ongoing monitoring:
  – Uses effective tools and procedures to ensure the program is in compliance and meets its goals and objectives
  – Clearly defines staff roles and responsibilities in program oversight
  – Conducts frequent, ongoing monitoring activities
  – Collects and uses data for planning activities and to ensure compliance
  – Ensures ongoing monitoring in delegate agencies takes place

FY14 Monitoring Protocol
Head Start Red Flags and How to Address Them: 

Fiscal Integrity
Procurement

- Get familiar with 45 C.F.R. §§ 74.40-.48
- Ensure individuals engaged in procurement process do not have real or apparent conflicts of interest and do not receive personal gratuities, favors, or anything of significant monetary value from contractors or potential contractors
  - Code of conduct
  - Oversight process
  - Required disclosure from vendors
Procurement

• Have written procedures reflecting 45 CFR § 74.44 requirements

• Follow process ensuring:
  – Free and open competition
  – Cost and price analysis

• Ensure adequate vendor contracts, containing required provisions, signed and carried out
  – Systems for monitoring contract performance

• Include Davis-Bacon language in construction contracts

• See FY 2014 Protocol
Cost Principles

- Indirect costs are charged via federally negotiated and approved indirect cost rate
- Shared direct costs are allocated via method that reflects relative degree of benefit to each program
- Written procedures established and implemented to ensure all costs charged are reasonable, allocable, documented and in accordance with provisions in principles and Head Start Act addressing specific costs
- Costs charged to correct year

2 C.F.R. Part 230, Appendix A
No Cost Shifting and Borrowing

• Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award
  

• Head Start grant funds used only for Head Start purposes
  
  – No “borrowing” of Head Start advances to tide over another program
Compensation

• Personnel activity reports (PARs) used
  – After-the-fact determination of employee’s actual activity (not budget)
  – Accounts for total activity for which employee is compensated
  – Prepared at least monthly, coincide with one or more pay periods
  – Signed by employee or supervisor with first-hand knowledge of activities performed by employee

2 CFR Part 230, App. B, ¶8.m
Match Tips

• Accurate documentation of match, e.g.:
  – Sign-in and sign-out sheets, description of activities for volunteer services

• Federal grant funds may not be used for match, unless permitted by that federal program’s statute (not CSBG)

• Know what doesn’t qualify for match:
  – Parent transportation of children in personal vehicle
  – General time spent by parents with children at home or caring for them outside of HS
Match Tips

• Failure to meet match requirements can lead to disallowances
  – Consider applying to OHS for waiver if it looks like your organization can’t meet 20% match requirement
  – ACF-PI-HS-12-02:
Match Rules

• Match provided by volunteer services and donated goods or supplies are allowable costs if:
  – Verifiable from grantee’s records;
  – Not included as contributions for any other federally-funded program;
  – Necessary & reasonable for accomplishing program objectives;
  – Allowable under applicable cost principles;
  – Not paid by the federal gov’t under another award, except where authorized by federal statute;
  – Provided for in the approved budget; and
  – Meet other requirements specified in 45 C.F.R. § 74.23
Value of Match

• Donated space valued at FMV or acquisition cost
• Volunteer services valued at rates consistent with those:
  – Paid for similar work in the CAA or
  – Where required skills are not found at CAA, consistent with rates paid for similar work in labor market in which CAA competes for the kind of services involved

45 C.F.R. § 74.23
Facilities and Real Property

• Must obtain prior approval to use HS funds to construct or purchase land or buildings or make major renovations
  – Including charging mortgage interest to HS

• Ensure charging only allowable costs for related party transactions
  – E.g., depreciation or use allowance, not FMV or cost of mortgage payments

• Must obtain prior approval to use HS-funded property as collateral for loans and use required language

Facilities and Property

• Must record Notice of Federal Interest if HS funds used (including lease)
  – See 45 C.F.R. § 1309.21

• See ACF Program Instruction ACF-PI-HS-09-10,  
Equipment

• Obtain written approval before using Head Start funds to purchase equipment costing more than $25,000, that was not included in the approved budget
• Maintain records of equipment with unit cost exceeding $5,000
• Conduct a physical inventory of equipment every 2 years and reconcile to records

  45 C.F.R. §§ 74.34. .37; 92.32
Head Start Red Flags and How to Address Them: 

*Program Governance*
Governance

• Train board and Policy Council on their individual and shared roles and responsibilities

• Document training, decision-making and actions taken
  – E.g., approval of required policies and plans
  – Minutes, sign-in sheets

• Demonstrate how and when board engages in the following:
  – Legal and financial decisions
  – Fiscal health and integrity oversight
  – ERSEA compliance (also involves policy council)
Governance

• Ensure board and Policy Council receive required reports in timely fashion

• Demonstrate how board and Policy Council use the information they receive

• Communicate that CAA is one organization, of which Head Start is just one component
  – Head Start director reports to executive director
  – Fiscal, HR and other administrative departments role as gate-keepers for all programs, including Head Start
Head Start Red Flags and How to Address Them: 

*Eligibility, Recruitment, Selection, Enrollment and Attendance (ERSEA)*
Eligibility

• Ensure a signed statement is in each child’s file verifying eligibility
  – Indicates which documents were examined
    • Acceptable forms of proof of eligibility may include: individual income tax form 1040; W-2 forms, pay stubs, pay envelopes, or employers’ written statements; documentation showing current status as recipients of public assistance; and declarations of zero income

• Ensure that homeless children and foster children are treated as categorically eligible

45 C.F.R. § 1305.4(d)
Recruitment and Selection

• Implement policies and procedures to determine whether the program has selection criteria and practices that ensure the program is prioritizing children for enrollment based on:
  – Child age
  – Family income/categorical eligibility
  – Availability of kindergarten or first grade for the child
  – Locally determined priorities
Enrollment

• Enroll 100% of the program’s funded enrollment and maintain active and ranked waiting list at all times

• Conduct ongoing activities and community outreach to identify underserved populations to ensure that eligible children enter the program as vacancies occur

• Ensure actual program enrollment is composed at least 10% of children with disabilities
  – Waiver obtained if enrollment below 10%

• Maintain documentation to support monthly enrollment data submitted to OHS
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