I. PROGRAM OBJECTIVES

The objectives of the Head Start and Early Head Start (collectively referred to as Head Start) programs are to promote school readiness by enhancing children’s cognitive social and emotional development. Head Start and Early Head Start together serve pregnant women and children (birth to 5) and their families, who are under the poverty line or are eligible for public assistance, including federally recognized Indian tribes, Alaska Natives, migrant and seasonal farm workers, homeless children or children in foster care, and children with disabilities.

Comprehensive services are provided to enrolled children, pregnant women and their families, which include health, nutrition, social, and other services determined to be necessary by family needs assessments, in addition to education and cognitive development services. Services are designed to be responsive to each child and family’s ethnic, cultural, and linguistic heritage.

II. PROGRAM PROCEDURES

Administration and Services

The Office of Head Start (OHS), Administration for Children and Families (ACF), a component of the Department of Health and Human Services (HHS), administers the Head Start program. OHS provides financial assistance to organizations that are eligible for designation as a Head Start agency for a period not-to-exceed 5 years for the planning, administration, and evaluation of a Head Start program. Organizations eligible for Head Start funding include local public or private nonprofit agencies, including community-based and faith-based organizations, or for-profit agencies, within a community. For Early Head Start grantees that are also Head Start grantees, the Early Head Start program is not a separate grant; instead, Early Head Start is a separate program account under the same grant award.

Head Start and Early Head Start programs operate in all 50 States, the District of Columbia, Puerto Rico, the U.S. Territories, and the Republic of Palau. Grants are awarded by 12 offices: ACF’s 10 regional offices and 2 regions located at the OHS central office—Region XI, American Indian and Alaska Native Head Start serving children and families of American Indian and Alaska Natives throughout the country, and Region XII, Migrant and Seasonal Head Start serving migrant and seasonal farm worker families throughout the country. In addition to Regions XI and XII grants, replacement grants for de-funded and relinquished programs are also administered through OHS’ central office. A Head Start agency may enter into a delegate agency agreement with another organization for delivery of Head Start or Early Head Start services; however, the Head Start agency governing body retains legal and fiscal responsibility for the grant (45 CFR sections 1303.2 and 1304.51). Delegate agencies may be public, non-profit, or for-profit organizations. Grantees must establish and implement procedures for the ongoing monitoring of each of their delegate agency sub-recipients, to ensure that these operations effectively implement Federal regulations.
Head Start agencies must collaborate and coordinate with other public and private entities, to the maximum extent practicable, to improve the availability and quality of services to Head Start children and families (42 USC 9837(e)). These agencies include those funded by the Child Care and Development Fund (CCDF) (CFDA 93.575 and CFDA 93.596) and Temporary Assistance for Needy Families (CFDA 93.558) programs, and other entities providing early childhood education and development programs or services serving the children and families served by the Head Start agency.

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 council or policy committee, 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 (1) an assessment of community strengths, needs, and resources; (2) 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 (3) the development of written plan(s) for implementing services in each of the program service areas noted below (45 CFR section 1304.51).

Program Design and Management – Upon receiving designation as a Head Start agency, the organization must establish and maintain a formal structure for program governance, oversight of quality services for children and families, and decision-making related to program design and implementation. Such a structure must include a governing body, a policy council, and, if there is a delegate agency, a policy committee for each such subrecipient.

The governing body has legal and fiscal responsibility for the Head Start agency. The governing body must include at least one member with a background and expertise in fiscal management or accounting, at least one member with a background and expertise in early childhood education and development and at least one member must be a licensed attorney familiar with issues that come before the governing body. If any of the designated members is unavailable to serve, the governing body shall use a consultant, or another individual with relevant expertise, with the qualifications described in that clause, who shall work directly with the governing body. Additional members must reflect the community to be served and include parents of children who are currently, or were formerly, enrolled in Head Start programs; and are selected for their expertise in education, business administration, or community affairs (42 USC 9837(c)(1)).

Policy councils are responsible for aspects of program design and operation and long-and short-term planning and goals and objectives. A majority of the members of the policy council must be parents of children who are currently enrolled in the Head Start program. The policy council may also include members at large of the community served by the Head Start agency.

Policy committees at the delegate agency level perform the functions of a policy council and have the same composition requirements.
Each Head Start agency must share with the governing body and policy council accurate and regular information about program planning, policies, and agency operations, including monthly financial statements/credit card reports. The governing body must also receive a copy of the annual financial audit for review and approval.

**Designation Renewal System** – In 2011, OHS implemented regulations for a designation renewal system to determine whether Head Start and Early Head Start agencies deliver high-quality services to meet the educational, health, nutritional, and social needs of the children and families they serve; meet the program and financial requirements and standards described in 42 USC 9840A(a)(1); and qualify to be designated for funding for 5 years without competing for such funding as required under 42 USC 9836 with respect to Head Start agencies and pursuant to 42 USC 9840A(b)(12) and (d) with respect to Early Head Start agencies. A competition to select a new Head Start or Early Head Start agency to replace a Head Start or Early Head Start agency that has been terminated voluntarily or involuntarily is not part of the Designation Renewal System established in this Part, and is subject instead to the requirements of 45 CFR part 1302.

The Head Start program provides services in the following areas:

**Early Childhood Development and Health Services** – Early childhood health, mental health and developmental services include determination of health status, screening for developmental, sensory, and behavioral concerns, extended follow-up and treatment, ongoing care and individualization, including children with disabilities. Grantees must establish health and safety systems which include procedures for management of medical emergencies, short term exclusion and admittance, medication administration, injury prevention, hygiene and first aid. Mental health services must be provided in partnership with families and include on-site consultations with mental health professionals that support the efforts of staff and parents to promote children’s mental health.

Grantee and delegate agencies also must design and implement a nutrition program that meets the nutritional needs and feeding requirements of each child, including those with special dietary needs and children with disabilities, and serves a variety of foods which consider cultural and ethnic preferences and which broaden the child’s food experience.

**Family and Community Partnerships** – Grantee and delegate agencies must engage in a process of collaborative partnership-building with parents to establish mutual trust and to identify family goals, strengths, and necessary services and other supports. This process must be initiated as early after enrollment as possible and it must take into consideration each family’s readiness and willingness to participate in the process. Services include community outreach; referrals; family need assessments; recruitment and enrollment of children; and emergency assistance or crisis intervention (45 CFR section 1304.40-41). Grantees take an active role in community planning to encourage strong communication, cooperation, and the sharing of information among agencies and their community partners and to improve the delivery of community services to children and families. In addition, grantees must take affirmative steps to establish ongoing collaborative relationships with community organizations to promote the access of children and families to community services that are responsive to their needs, and to ensure that Early Head Start and Head Start programs respond to community needs.
Head Start agencies are responsible for ensuring that they have qualified staff to implement educational programs that support classroom instructional practices, are able to identify children with special needs, and institute other practices related to school readiness and children’s later success in school. Head Start emphasizes the importance of the early identification of health problems or potential health concerns. Head Start agencies are required to provide timely referrals to State or local agencies providing services under the Individuals with Disabilities Act to ensure the provision of special education and related services to meet the needs of children with disabilities (45 CFR sections 1304.22 through .24).

Source of Governing Requirements

Head Start began in 1965 under the Office of Economic Opportunity and is now administered by OHS, ACF, HHS. Head Start programs are currently authorized under the Head Start Act (Pub. L. No. 110-134), as amended by the Improving Head Start for School Readiness Act of 2007 (42 USC 9831-9852). The implementing program regulations are 45 CFR parts 1301 through 1310, including the newly established 45 CFR part 1307 – Policies and Procedures for Designation Renewal of Head Start and Early Head Start Grantees that went into effect December 9, 2011. These regulations apply to both the Head Start and Early Head Start programs.

Availability of Other Program Information

The Early Childhood Learning and Knowledge Center (http://eclkc.ohs.acf.hhs.gov/hslc) is the OHS website that provides information about this program.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 12 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. Funds may be used for the following program services consistent with the Head Start performance standards:

   a. Providing for the direct participation of parents of children in the development, conduct, and program direction at the local community level (42 USC 9833 and 42 USC 9837(b)(1));

   b. Training and technical assistance activities which may include the establishment of local or regional agreements with community experts, institutions of higher education, or private consultants, to make program improvements (42 USC 9835(a)(2)(C));
c. Improving the compensation (including benefits) of educational personnel, family service workers, and child counselors to—

(1) ensure that compensation is adequate to attract and retain qualified staff;

(2) improve staff qualifications and assist with the implementation of career development programs for staff that support ongoing improvement of their skills and expertise; and

(3) provide educational and professional development to enable teachers to meet professional standards, including providing assistance to complete post-secondary course work, improve the qualifications and skills of educational personnel to become certified and licensed as bilingual education teachers, or as teachers of English as a second language, and improve the qualifications and skills of educational personnel to teach and provide services to children with disabilities (42 USC 9835(a)(5)(A) and 42 USC 9835(j));

d. Supporting staff training, child counseling, and other services necessary to address the challenges of children from immigrant, refugee, and asylee families, homeless children, children in foster care, limited English proficient children, children of migrant or seasonal farmworker families, children from families in crisis, children referred to Head Start programs by child welfare agencies and children who are exposed to chronic violence or substance abuse (42 USC 9835(a)(5)(B)(i));

e. Ensuring the physical environment is conducive to providing effective program services to children and families and are accessible to children and others with disabilities (42 USC 9835(a)(5)(B)(ii));

f. Employing additional qualified classroom staff to reduce the child-to-teacher ratio in the classroom and additional qualified family service workers to reduce the family-to-staff ratio for those workers (42 USC 9835(a)(5)(B)(iii));

g. Increasing hours of program operation, including the conversion of part-day programs to full-working day programs and increasing the number of weeks of operation in a calendar year (42 USC 9835(a)(5)(B)(v));

h. Improving community wide strategic planning and needs assessments and collaboration efforts, including outreach (42 USC 9835(a)(5)(B)(vi));
i. At the Head Start agency’s option, transporting children to and from Head Start programs and program activities. When transportation services are provided, they must be provided in accordance with Head Start performance standards. Transportation costs may be paid with quality improvement funds, but, if so, are subject to a 10 percent cap; in any other case, allowable transportation costs are not subject to a cap (42 USC 9835(a)(5)(B)(vii) and 45 CFR part 1310);

j. Establishing and implementing procedures to evaluate the performance of delegate agencies and ensure corrective action for deficiencies identified through such evaluations (42 USC 9836A(d));

k. Correcting areas of noncompliance or deficiencies and developing quality improvement plans (42 USC 9836A(e));

l. Carrying out activities related to operation of the governing body. This includes activities related to administering and overseeing the Head Start grant; developing or implementing practices that ensure, active, independent, and informed governance of the Head Start agency; ensuring the necessary membership on the governing body (i.e., at least one individual with background and expertise in each of the following: fiscal management or accounting and early childhood education and development, and at least one licensed attorney familiar with issues that come before governing bodies); or, as required, employing consultant services to obtain such expertise (42 USC 9837(c)(1));

m. With the consultation and participation of policy councils, and as appropriate, policy committees and community members, the conduct of an annual self-assessment of the Head Start agency’s effectiveness and progress in meeting program goals and objectives as well as in implementing and complying with Head Start performance standards (42 USC 9836A(g));

n. Offering directly, or through referral to local entities, family literacy services, parenting skills training, substance abuse counseling, including information on the effect of drug exposure on infants and fetal alcohol syndrome (42 USC 9837(b)(4) and 42 USC 9837(b)(5));

o. Provision of family needs assessments that include consultation with parents (including foster parents, grandparents, and kinship caregivers) (42 USC 9837(b)(7));

p. Outreach and information to parents of limited English proficient children in an understandable and uniform format (42 USC 9837(b)(11));
q. Collaboration and coordination with public and private entities to improve the availability and quality of services to Head Start children and families, including outreach to the schools in which children participating in Head Start programs will enroll (42 USC 9837(c) and 42 USC 9837A(a));

r. Implementation of a research-based early childhood curriculum (42 USC 9837(f)(3)); and

s. In the case of an Early Head Start program or program component, provision, either directly or through referral, of early continuous, intensive, and comprehensive child development and family support services that enhance the physical, social, emotional, and intellectual development of children under the age of 3 (42 USC 9840A(b)).

2. Funds may be used for development and administrative costs, subject to the limitation in III.G.3, “Matching, Level of Effort, Earmarking – Earmarking.” The term “development and administrative costs” means costs incurred in accordance with an approved Head Start budget which do not directly relate to the provision of program component services as described under paragraph 1 of this section (42 USC 9839(b) and 45 CFR section 1301.32 (a)).

3. With specific ACF prior approval only, funds may be used for capital expenditures (including paying the cost of amortizing the principal, and paying interest on, loans) such as construction of new facilities, purchase of new or existing facilities, major renovations on existing facilities, and purchase of vehicles used for programs conducted at the Head Start facilities (42 USC 9839(f) and (g)).

4. Funds may not be used by Head Start agencies to engage in any partisan or nonpartisan political activity associated with a candidate, or contending faction or group, in an election for public or party office or any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election (42 USC 9851(b)(1)). These prohibitions do not apply to the use of Head Start facilities during hours of operation for any nonpartisan organization to increase the number of eligible citizens who register to vote in elections for Federal office (42 USC 9851(b)(2)).

5. Funds from USDA’s Child and Adult Care Food Program (CFDA 10.558) must be used as the primary source of payment for children’s nutritional services (meals and snacks). Head Start funds may be used to cover those allowable costs not covered by USDA (45 CFR section 1304.23(b)(i)).

6. Funds may be used for professional and dental services as a payer of last resort (45 CFR section 1304.20(c)(5)).
B. **Allowable Costs/Cost Principles**

Indirect costs attributable to common or joint use of facilities or services by Head Start programs and other programs must be fairly allocated among the various programs that utilize such services (42 USC 9839(c)).

F. **Equipment and Real Property Management**

1. Head Start grantees are required to operate and maintain facilities, real property, modular units, and related assets to ensure their use for the funded project purpose(s) and to adequately protect the Federal interest in such facilities, real property, and related assets (45 CFR part 1309).

2. Real property acquired or constructed with Head Start funds or which has undergone major renovation with Head Start funds may not be conveyed, transferred, assigned, mortgaged, leased, or otherwise encumbered or subordinated unless approved by ACF (45 CFR section 1309.21(b)).

3. The grantee must file a Notice of Federal Interest (also referred to as “reversionary interest”) when construction or major renovation begins or when an existing facility or land is acquired on which a facility will be built. The Notice of Federal Interest, meeting the requirements of 45 CFR section 1309.21(d)(2), must be filed in the appropriate public records of the jurisdiction in which the property is located (45 CFR section 1309.21(d)(2)). For modular units, the Notice of Federal Interest must be posted in a conspicuous place on the modular unit (45 CFR section 1309.31).

G. **Matching, Level of Effort, Earmarking**

1. **Matching**

Grantees are required to contribute at least 20 percent of the costs of the program through cash or in-kind contributions, unless a lesser amount has been approved by ACF (42 USC 9835(b); 45 CFR sections 1301.20 and 1301.21). (Note that, based on monitoring and audit findings, grantees have been reminded in Program Instruction ACF-PI-HS-12-02 [http://eclkc.ohs.acf.hhs.gov/hslc/standards/PIs/2012/resour_pri_002_021012.html] of the requirements for valuation of donated real property in 2 CFR section 215.23,(h)(1), as implemented by HHS in 45 CFR section 74.23(h)(1), and Section _.24(d)(2) of the A-102 common rule, as implemented by HHS in 45 CFR section 92.24(d)(2), as applicable).

2. **Level of Effort** – Not Applicable
3. **Earmarking**

a. *Administrative earmark.* The costs of developing and administering a Head Start program shall not exceed 15 percent of the annual total program costs, including the required non-Federal contribution to such costs (i.e., matching), unless a waiver has been granted by ACF. Development and administrative costs include, but are not limited to, the cost of organization-wide planning, coordination and general purpose direction, accounting and auditing, purchasing and personnel functions, and the cost of operating and maintaining space for these purposes (42 USC 9839(b)(2); 45 CFR section 1301.32).

b. *Targeted earmark.* For Fiscal Year 2009 and thereafter, not less than 10 percent of the total number of children actually enrolled by each Head Start Agency and each delegate agency must be children with disabilities determined to be eligible for special education and related services unless a waiver has been approved by ACF (42 USC 9835(d)).

J. **Program Income**

Head Start programs may not charge fees for participation in the program nor solicit, encourage, or in any way condition a child’s enrollment or participation upon the payment of a fee. If the family of an eligible child volunteers to pay part or all of the costs of the child’s participation, the Head Start agency may accept the voluntary payments and record the payments as program income. Such program income must be used for purposes related to the Head Start grant (45 CFR section 1305.9).

A Head Start agency that provides full-working-day services in collaboration with other agencies or entities may collect a family co-payment to support extended day services if a co-payment is required in conjunction with the collaborating agency or entity. The co-payment charged to families receiving services through the Head Start program shall not exceed the co-payment charged to families with similar incomes and circumstances who are receiving the services through participation in a program carried out by another agency or entity (42 USC 9840(b)).

L. **Reporting**

1. **Financial Reporting**

a. SF-270, *Request for Advance or Reimbursement* – Not Applicable

b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable


2. **Performance Reporting** – Not Applicable
3. **Special Reporting** – Not Applicable

M. **Subrecipient Monitoring**

Grantees must establish and implement procedures for the ongoing monitoring of their own Head Start and Early Head Start operations, as well as those of their delegate agencies, to ensure that these operations effectively implement Federal regulations, including procedures for evaluating delegate agencies and procedures for defunding them. Grantees must inform delegate agency governing bodies of any identified deficiencies in delegate agency operations identified in the monitoring review and assist them in developing plans, including timetables, for addressing identified problems (42 USC 9836A(d) and 45 CFR sections 1304.51(i)(2) and (3)).