

DEPARTMENTAL GRANT APPEALS BOARD

Department of Health and Human Services

SUBJECT: Southern Alameda County Head DATE: November 6, 1981
 Start Program, Inc.
 Board Docket No. 81-12
 Decision No. 227

DECISION

The Southern Alameda County Head Start Program, Inc. (Grantee) appealed from a disallowance of \$7724 by the Office of Human Development Services (Agency). The Agency disallowed a claim by the Grantee for food-related costs because the Grantee was reimbursed by the Department of Agriculture (USDA) in the amount of \$7724 for the costs also charged to Head Start funds. We conclude that the disallowance should be upheld because the Grantee did not follow Agency cost principles requiring that Head Start grants be reimbursed for food expenditures to the extent that a grantee receives USDA payments for such costs.

This decision is based on the Grantee's application for review, the Agency's response, the Board's Order to Show Cause discussing the issues, and the Grantee's letter responding to the Order to Show Cause.

The Board's Order contained a discussion of the applicable cost principles and a tentative conclusion that these principles do not allow Head Start funds to be used for food-related costs when a grantee receives USDA funds for that purpose. The Grantee submitted a letter stating that the Agency's response to its application for review clarified the rationale for the disallowance and that "[f]urther discussion or review is not required by this Head Start Program." In view of this statement and the analysis set forth in the Order to Show Cause, we sustain the disallowance and incorporate that Order into this decision.

/s/ Cecilia Sparks Ford

/s/ Alexander G. Teitz

/s/ Donald F. Garrett, Panel Chair