

From:

To: Patel, Swati <SwatiPatel@gov.sc.gov>

Date:

Subject:

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Why was budget shortfall not caught before Dec. 1. US Health and Human Services Inspector General at the Office of Economic Opportunity's request has been conducting ongoing audit since June 2014 and only after continuous inquiries and conversations and follow-up was it made apparent there was a shortfall and previous documents provided to the Office of Economic Opportunity were inaccurate and incomplete. Additionally the agency has not provided required audited financial statement to the Office of Economic Opportunity. The IG's audit is ongoing and the Office of Economic Opportunity is in constant contact with HHS on the matter.

Why were people not notified? The Office of Economic Opportunity has a contract with Wateree and does not have access to their client base. It is the responsibility of Wateree to communicate with the clients.

How much of a budget deficient was the agency running prior to Dec. 1 and how did the deficient come about? The deficient is yet to be determined as the HHS IG's audit is ongoing and the Office of Economic Opportunity is awaiting the required audited financial statements which were due to this office by 9/30/2014. The state has been in constant contact with Wateree, the HHS IG and the accounting firm attempting to obtain the audited financial statements.

I am told it was due to money mismanagement by the former CEO. Due to the complexity and inadequate records the Office of Economic Opportunity is unable to determine how the shortfall occurred as we do not have an investigative arm. For this reason we requested the assistance of US HHS and have referred the matter to the SC Attorney General's Office for further investigation.

What type of oversight, moving forward, will there be to keep these issues from happening at any of the states other community action agencies? The Office of Economic Opportunity is federally mandated to monitor the community action agencies every three 3 years. Moving forward agencies will receive additional oversight.

Will there be any penalties imposed on the state agency itself for these issues? This is yet to be determined based on the results of the USHHS IG's audit and the Office of Economic Opportunity will work with Wateree to re-coup any identified disallowed costs.