

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-39	U.S. Department of Health and Human Services  Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2008G9908CS Grant Award Period: 10/1/07-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procurement transactions are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

Condition – OAG and the Office of Contracting and Procurement (OCP) were not able to provide proper documentation to support that 5 of the 8 procurement files sampled were in accordance with OCP's policies and procedures. We noted the following exceptions.

- In 1 out of the 8 procurement items selected for testing totaling \$27,000, there was no documentation to support the history and rationale for the procurement. As a consequence, we were unable to conclude whether this procurement had provided for full and open competition or even whether there was any rationale to limit competition. We were also unable to conclude whether any cost or price analysis had been performed in this instance.
- In 3 out of the 8 procurement items selected for testing totaling \$59,444, there was no support to show that OAG had validated that the vendor was not suspended or debarred from providing services where federal funds are utilized.
- In addition, we noted that for 1 of the 8 procurement items selected for testing totaling \$32,076, related goods and services had been received without a written contract. This is a violation of both Federal regulations and D.C. Official Code Section 2-301.05 (d) (2). In a letter dated May 19, 2008, the Chief Procurement Officer informed the OAG that the contract was an "improper contract activity" and recommended that it institute a plan of action to prevent this type of contract activity from occurring again. In the same letter, the Chief Procurement Officer ratified the contract since OAG had incurred the obligation to pay for the goods and services.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 8 procurement files totaling \$8,525,880.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations.

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OAG may have inadvertently contracted with or made sub-awards to parties that are suspended or debarred from doing business with the Federal government, as well as awarded contracts to vendors whose contract prices are not in accordance with federal grant provisions. In addition, contracts may be executed to unqualified vendors and OAG could possibly issue procurements without the appropriate funding.

Cause – OAG relies on OCP to ensure procurement requirements are met, as well as for the maintenance of appropriate supporting documentation. As such, OAG did not adhere to the required policies and procedures to ensure that it complied with the appropriate documentation requirements under OMB Circulars A-133 and A-102 for procurement, suspension, and debarment.

Recommendation – We recommend that OAG and OCP should establish internal controls to ensure adherence to federal regulations related to procurement of goods and services. In addition, we recommend that OCP review its current records retention policy to ensure that complete documentation is maintained for all procurements.

Views of Responsible Officials and Planned Corrective Actions – Procurements cited in this report were justified, responsibly competed, and carried out in general accordance with the District's DCMR 27, and existing internal policies and procedures. However, OCP failed to provide documentation for some regulations included in OMB Circulars A-133 and A-102.

The procurements cited in the report include:

- A) PO246760, a sole source parking procurement for \$27,000;
- B) PO256830, a non-competitive small purchase for 6 issues of the Journal of Employee Communication Management, valued at \$368, and,
- C) PO260613, procurement for the Lease of Konica Minolta Copiers, which was received without a contract, valued at \$32,076.

The criticisms stated against these procurements are as follows:

- 1) Procurement A did not have documentation to support the history and rationale for the procurement.
- 2) Procurements A did not document whether it provided for full and open competition.
- 3) Procurements A lacked the documentation to support the rationale to limit competition.
- 4) Procurements A lacked the documentation to support whether a cost and price analysis was performed, and,
- 5) Procurements A, B, and C lacked the support to show that the vendor was suspended or debarred from working on federal programs.

Contract file for "Procurement A" did include documentation of cost reasonableness, but lacked all other required documentation. Cost analysis is demonstrated in the procurement through a reference to a similar procurement made with the same parking garage from the previous fiscal year, which utilized an identical price structure for these parking spaces. However, the procurement file did not include documentation justifying the procurement as a sole source.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

The required, "Determination and Finding" would have demonstrated the rationale for the procurement and documented whether or not the procurement for the parking lot management company provided for full and open competition.

OCP agrees that all cited procurements lacked documentation demonstrating that vendors were not suspended or disbarred from federal programs. OCP staff is now aware of the need to disseminate a list of parties excluded from Federal procurements and will take steps to document this in the future. To achieve this, OCP plans to train procurement staff in how to access the *Excluded Parties List System (EPLS)*, and provide guidance on when the EPLS should be referenced.

OCP agrees that Procurement PO260613, a lease of Konica Minolta Copiers valued at \$32,076, was received without a contract, in violation of D.C. Official Code Section 2-301.05 (d)(2). The Chief Procurement Officer (CPO) documented the infraction and approved a Ratification Request on May 19, 2008. Recognizing the problematic nature of accepting a good or service without a contract in place, the CPO issued a directive on March 10, 2009 prohibiting the use of ratifications for unauthorized procurements. Since issuing the directive, the CPO has not approved a single ratification, which demonstrates the efficacy of this approach.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-40	U.S. Department of Health and Human Services  Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2008G9908CS Grant Award Period: 10/1/07-9/30/08	Special Tests and Provisions: Provision of Child Support Services for Interstate Initiating Cases	Not Determinable

Criteria or Specific Requirement – The IV-D agency for initiating cases must, within 20 calendar days of determining that the non-custodial parent is in another State, and upon receipt of all necessary information needed to process the case, refer the case to the responding State's Interstate central registry for action.

Condition – The IV-D agency for initiating cases did not refer 2 out of 23 cases selected by us for testing, to the responding State's Interstate central registry for action within the specified 20 calendar days of determining that the non-custodial parent is in another State.

Context – This is a condition identified per review of OAG's compliance with specified requirements.

Effect – OAG is not in compliance with the requirements specified by the OMB Circular A-133 Compliance Supplement related to child support services.

Cause – It appears that there was a lack of timely review to ensure that the requirements were being met.

Recommendation – We recommend that OAG should restructure or reorganize the current process for its enforcement unit. Additionally, such requirements should be closely monitored and reviewed to avoid future recurrence. It is also essential to retain all documentation related to the enforcement actions that have been taken.

Views of Responsible Officials and Planned Corrective Actions – The Agency agrees that the case processing in the Interstate Unit needs to be revamped. As such, the Agency has been developing this reorganization plan throughout the current fiscal year. The effects of this reorganization will be seen first in FY 2010. There is an action plan currently ready for implementation.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-41	U.S. Department of Health and Human Services  Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2008G9908CS Grant Award Period: 10/1/07-9/30/08	Special Tests and Provisions: Provision of Child Support Services for Interstate Responding Cases	Not Determinable

Criteria or Specific Requirement – According to 45 CFR 303.7, within 10 working days of receipt of an interstate IV-D case from an initiating State, the responding state must:

- Ensure that the documentation submitted with the case has been reviewed to determine completeness.
- Forward the case for necessary action either for location services or to the appropriate agency for processing.
- Acknowledge receipt of the case and ensure that any missing documentation has been requested from the initiating state.
- Inform the IV-D agency in the initiating state where the case was sent for action.
- If the documentation received with a case is inadequate and cannot be remedied by the responding State without the assistance of the initiating State, the responding State must forward the case for any necessary action by the initiating State.

The IV-D agency responsible for responding cases must also provide location services within 75 calendar days of receipt of the Interstate Child Support Enforcement Transmittal Form if the request is for location services. The IV-D agency must notify the initiating State within 10 calendar days of locating the non-custodial parent.

The responding State must respond to inquiries from other States within 5 working days of receipt of the request for a case status review.

Condition – Our review of selected interstate responding case files revealed the following:

- In 2 out of 23 samples of responding cases selected for the testing, OAG did not respond to inquiries from other States within 5 working days of receipt of the request for a case status review.
- In 1 out 23 samples of responding cases selected for the testing, OAG did not provide location services as required within 75 days of receipt of interstate Child Support Enforcement Transmittal Form for further actions. OAG, however, did review and acknowledge the receipt of the interstate case within 10 working days.

Context – This is a condition identified per review of OAG's compliance with specified requirements.

Effect – These issues caused delays with subsequent enforcement action(s) and led to violation of the specified requirements.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Cause – Interstate responding case files are not reviewed timely and filed by the Interstate Unit of the OAG Child Support Service Division (CSSD).

Recommendation – We recommend that the OAG – CSSD deliver case files to the Interstate unit as soon as the notice is received from the initiating State and that the Interstate Unit should date-stamp the case files when the case files arrive at the unit. This will help in creating accountability and in identifying where the delay is occurring. Moreover, OAG should ensure that all interstate cases are properly reviewed and processed in accordance with the required time frames.

Views of Responsible Officials and Planned Corrective Actions – The Agency agrees that the case processing in the Interstate Unit needs to be revamped. As such, the Agency has been developing a reorganization plan throughout the current fiscal year. The effects of this reorganization will be seen first in FY 2010. An action plan has been drafted to address this.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-42	U.S. Department of Health and Human Services  Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2008G9908CS Grant Award Period: 10/1/07-9/30/08	Special Tests and Provisions: Enforcement of Support Obligations	Not Determinable

Criteria or Specific Requirement – The State IV-D agencies must initiate any required enforcement action, unless service of process is necessary, within 30 calendar days of identification of the delinquency or other support-related noncompliance, or on locating the absent parent, whichever occurs later. If income withholding is determined to be the appropriate action, then the IV-D agency must initiate income withholding within 15 days of locating the non-custodial parent’s employer address. The IV-D agency must take alternative enforcement action if income withholding is not deemed to be the appropriate action or is unsuccessful. The IV-D agency must document any unsuccessful service of process attempts.

Condition – During our testing, we found no evidence that the IV-D agency had taken the required enforcement action within the specified time period in 2 out of 45 cases selected.

Context – This is a condition identified per review of OAG’s compliance with specified requirements.

Effect – OAG may not be enforcing the required child support services.

Cause – It appears that OAG does not have adequate resources to ensure compliance.

Recommendation – We recommend that the OAG should restructure or reorganize the current process related to enforcement actions by its enforcement unit. Additionally, such requirements should be closely monitored and reviewed to avoid future recurrence. It is also essential to retain all documentation related to the enforcement actions that have been taken.

Views of Responsible Officials and Planned Corrective Actions – The Agency notes that the two cases that were found to be out-of-compliance are Interstate Responding cases. While the Agency is required to provide the same enforcement services for a Responding case as it does for a Local case, functionally Interstate and Local cases are handled by two different business units. The Agency believes that the reorganization planned for the Interstate Unit will address the enforcement findings as well, since none of the findings were in cases handled by the already-reorganized enforcement unit. There is a detailed Action Plan available related to redesigning the Interstate Unit.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-43	U.S. Department of Health and Human Services  Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/21, 03CH0233/22 Grant Award Period: 9/1/06-8/31/08, 9/1/08-8/31/09	Allowable Costs: Payroll Activities	\$188,314

Criteria or Specific Requirement – OMB Circular A-87 Cost Principles state that amounts charged to federal programs must be adequately supported and documented to be considered as allowable costs under the programs. More specifically, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having first knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

Condition – DCPS was not consistent in the application of OMB Circular A-87 Cost Principles or its internal policies with regard to payroll expenditures.

With respect to pass-through funding and the related disbursements:

- DCPS was unable to provide timesheets to reflect that the amount charged was properly authorized for 10 of the 38 timesheets selected for testing.
- DCPS was unable to provide evidence that proper time and effort certifications had been submitted as required for 2 of the 38 items selected for testing.
- The payroll expenditure of the selected employee did not agree to the employee's data in the personnel file for 12 of the 38 items selected for testing.
- DCPS was unable to provide evidence that the time charged per the timesheets agreed to the payroll expenditure for 8 of the 38 timesheets selected for testing.

With respect to direct funding and the related disbursements:

- DCPS was unable to provide evidence that proper time and effort certifications had been submitted for 5 of the 37 items selected for testing.
- DCPS was unable to provide evidence that the time and effort certifications had been approved by an individual who had the requisite training required to be able to approve these, for 3 of 37 items selected for testing.
- It was noted that for 1 out of 37 items, the employee had approved his own timesheet.



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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Context – This is a condition identified per review of DCPS' compliance with specified requirements. The total amount related to the timesheets that DCPS was unable to provide, the time and effort certifications that DCPS was unable to provide, the 12 instances where there was inconsistency between the employee's personnel data and the amount charged to the SEFA, and instances of inconsistency between time charged on the timesheet and the SEFA was \$157,884, for the pass-through grant's payroll expenditures.

The total amount related to the unavailable time sheets and unavailable time and effort certifications related to the direct grant payroll expenditures was \$30,430.

We sampled a total of \$858,237 and \$4,161,682 for pass-through and direct grant payroll expenditures, respectively. The total pass-through and direct grant payroll expenditures for FY 2008 were \$2,673,614 and \$5,283,819, respectively.

Effect – Because of the absence of appropriate documentation, we were unable to confirm the allowability or validity of amounts claimed as federal expenditures. Furthermore, the lack of authorization of expenditure may lead to expenses being incurred which are not allowed under the conditions of federal awards. The absence of review of allocations could lead to amounts being incorrectly allocated to federal awards.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy. In addition, though DCPS has a policy in place requiring the preparation of semi-annual certifications by the different grant programs, it appears that the policy is not being enforced. The DCPS Human Resource Department does not appear to have adequate processes and procedures in place to ensure that personnel files are updated timely and accurately and include all of the required documentation.

Recommendation – DCPS should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. DCPS also needs to implement proper review procedures over its expenditures.

It is recommended that DCPS develop a central tracking system for the semi-annual certifications. The tracking system should include some written form of communication from program managers that acknowledges that they have prepared the required semi-annual certifications.

It is also recommended that DCPS reevaluate the policies and procedures that are in place in its Human Resources Department to determine the necessary changes required to ensure all personnel files are updated and include all the required documents.

Views of Responsible Officials and Planned Corrective Actions – DCPS does maintain adequate documentation for expenditures incurred related to federal awards. We do however acknowledge that we need to revise and update the document retention policy to ensure that items are readily available for review. DCPS concurs that some of the original certifications were not readily available for review as evidenced by the after the fact certifications provided. We will review and revise the current tracking system for semi-annual certifications and ensure that original documents are appropriately retained and available for review.

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DCPS is currently evaluating its internal policies and procedures to address the recent PeopleSoft conversion. As part of this process, the HR team will work to identify and streamline workflow processes to ensure a more efficient and effective process.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-44	U.S. Department of Health and Human Services  Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/21, 03CH0233/22 Grant Award Period: 9/1/06-8/31/08, 9/1/08-8/31/09	Allowable Costs: Indirect Cost Activities	\$118,788

Criteria or Specific Requirement – OMB Circular No. A-87 Attachment E states that due to the diverse characteristics and accounting practices of governmental units, the types of costs which may be classified as indirect costs cannot be specified in all situations. However, typical examples of indirect costs may include certain: a) state/local-wide central service costs; b) general administration of the grantee department or agency; c) accounting and personnel services performed within the grantee department or agency; d) depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, etc.

Further, OMB Circular No. A-87 Attachment C indicates that each State will submit a cost allocation plan to its oversight agency for each year in which it claims central service costs under Federal awards. The plan should include (a) a projection of the next year's allocated central service cost (based either on actual costs for the most recently completed year or the budget projection for the coming year), and (b) a reconciliation of actual allocated central service costs to the estimated costs used for either the most recently completed year or the year immediately preceding the most recently completed year.

Condition – In June 2008, the Office of Budget and Planning (OBP) communicated to DCPS that the central services cost allocation (indirect costs related to the District's central services), for the Head Start grant for FY 2008 was \$118,788. We noted that DCPS charged this amount as direct Head Start grant expenditure for FY 2008, and reported the same on the Schedule of Expenditures of Federal Awards (SEFA) instead of including this amount in a plan for submission to the federal authority for approval of an indirect cost rate.

The central services cost relates to prior year central services and is to be used only for rate determination purposes. It is not a federal expenditure of the current year.

Context – This is a condition identified per review of DCPS' indirect cost recovery calculation as allowed by the applicable OMB Circulars.

Effect – Indirect costs were incorrectly charged through as direct costs of the federal grant thereby overstating direct expenditures and the related reimbursement.

Cause – DCPS does not appear to have a process in place to ensure that prior indirect costs are pooled and used only for rate determination purposes.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that DCPS should institute procedures to ensure costs are properly charged/recorded in compliance with federal regulations and take all necessary steps to refund any amounts due back to the federal grantor.

Views of Responsible Officials and Planned Corrective Actions – DCPS concurs that central services cost allocation should not be charged as a direct expenditure. The central service costs allocation plan is reviewed annually by the appropriate federal oversight agency.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-45	U.S. Department of Health and Human Services  Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/21, 03CH0233/22 Grant Award Period: 9/1/06-8/31/08, 9/1/08-8/31/09	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between DCPS and the U.S. Department of Treasury requires that established funding techniques must be complied with, when requesting federal funds. The CMIA agreement identifies 2 funding techniques for the Head Start grant relating to the drawdown of funds:

- Reimbursement of payroll expenditures requires the use of the average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Administrative costs require the use of the fixed administrative allowance funding technique and a clearance pattern of 5 days.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – We reviewed 10 out of 14 drawdowns made during FY 2008 totaling \$5,421,582 and noted that 9 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

Lastly, the reimbursement request for one transaction did not agree with the actual amount of the expenditure.

Context – This is a condition identified per review of DCPS' compliance with the provisions of the CMIA agreement.

Effect – DCPS is not in compliance with the provisions of the CMIA agreement. DCPS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – DCPS did not appear to exercise due diligence in requesting federal funds consistent with the CMIA agreement and its actual cash needs.

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Recommendation – We recommend that DCPS comply with the provisions of the CMIA agreement and request federal funds consistent with the funding techniques specified in the CMIA agreement and its actual cash needs. We also recommend that DCPS develop written procedures for its drawdown process which should be adhered to consistently.

Views of Responsible Officials and Planned Corrective Actions – DCPS concurs that we did not request funding in accordance with the provisions of the CMIA agreement and drew down funds in advance of the actual cash disbursement. We note, however, that funding requests were performed on a consistent periodic basis. We will endeavor to align our policy with the CMIA agreement and request federal funds consistent with the funding technique specified in the CMIA agreement and our actual needs. We have revised our drawdown policy to reflect drawdown against cash expenditures only, unless the award is scheduled to end. In instances where awards are scheduled to end, we will include the final accrued expenditures to ensure accurate financial reporting.

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District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-46	U.S. Department of Health and Human Services  Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/21, 03CH0233/22 Grant Award Period: 9/1/06-8/31/08, 9/1/08-8/31/09	Cash Management: Drawdown of Funds	Not Determinable

Criteria or Specific Requirement – Pursuant to A-102 Common Rule and 31 Code of Federal Regulation (CFR) Part 205, cash drawdown requests for federal funds must be supported and proper documentation maintained. It is also required that the amount of reimbursement request should be closely matched to the amount of the actual disbursement.

Condition – DCPS made 12 drawdown requests totaling \$5,675,467 during FY 2008. We selected 10 samples totaling \$5,421,582. We noted that for 5 items, there was no evidence whether the drawdown requests (including expense documentation supporting the request) had been reviewed by an authorized official prior to the cash drawdown request being submitted.

Context – This is a condition identified per review of DCPS' compliance with specified requirements.

Effect – The drawdowns may have not been requested for DCPS' immediate needs. This led to noncompliance with the specified requirements.

Cause – DCPS did not appear to have a process in place to ensure all requests are reviewed prior to submission and that the requests were in compliance with the grant terms and conditions.

Recommendation – We recommend that DCPS ensure management review of all drawdown requests prior to submission and that these requests accurately reflect the related expenditures.

Views of Responsible Officials and Planned Corrective Actions – We concur that drawdown requests lacked evidence of review by an authorized person prior to the cash drawdown. Management will revise current grant drawdown procedures to require written evidence of review prior to drawdown. We will strengthen the use of our monthly variance reports to monitor expenses and ensure liquidation of obligations within 90 days after the end of the grant period.

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District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-47	U.S. Department of Health and Human Services  Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/21, 03CH0233/22 Grant Award Period: 9/1/06-8/31/08, 9/1/08-8/31/09	Eligibility	Not Determinable

Criteria or Specific Requirement – The Head Start program is for children from birth up to the age when the child enters the school system. Head Start programs only serve pre-school age children. (i.e. children three or four years old). For grantees other than Indian tribes/tribal organizations, at least 90 percent of the enrollees must come from families whose income is below the official Federal poverty guidelines or who are receiving public assistance (income-eligible). Up to 10 percent of the children who are enrolled may be from families that are not income-eligible (45 CFR section 1305.4). The family income must be verified by the Head Start grantee before determining that a child is income-eligible. Although copies of income verification documents need not be retained by grantees, the child or family record must include a statement, signed by an employee of the grantee (Head Start program), identifying which income verification document was examined and stating that the child is income-eligible. In addition, to be eligible for enrollment in the Head Start program, the child must be a District of Columbia resident.

Condition – During our review, the following exceptions were noted:

- For 2 out of 88 samples, DCPS was unable to provide the participant's birth certificate. As a result, we were unable to verify the age of the child to determine whether the age eligibility requirement was met.
- For 1 out of 88 samples, we noted that the income verification form included information showing that the participant's family income was below the official Federal poverty guideline and therefore the participant appeared to be qualified. However, the form was not signed by a DCPS Head Start program employee.
- For 3 out of 88 samples, the D.C. Residency Verification form was not completely filled out. The forms included information on parent or caregiver of participant (i.e. name, social security number, address, etc) in full. However, the forms were not completed to show which information/documentation had been reviewed to verify residency. In addition, one of the forms was not signed by a DCPS employee.
- For 1 out of 88 samples, we were unable to verify eligibility since the file was not available for review.

It was also noted that there is no formal documentation stating which schools are served using the Head Start direct funding and which ones are served using the pass-through funding.

Context – This is a condition identified per review of DCPS' compliance with specified requirements.

Effect – Based on income, age, or residency status, participants could be receiving benefits that they are not entitled to receive under the program.



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Cause – It appears that the policies and procedures related to determination of eligibility, which are required to be properly maintained in the participant/enrollee's file, were not functioning as intended.

Recommendation – We recommend that DCPS should implement policies and procedures to ensure that proper documentation verifying an enrollee's eligibility is reviewed and retained in the participant's file and that participants' files are properly maintained. Head start should also have formal documentation stating which schools are served under direct grant and which ones under delegate grant.

Views of Responsible Officials and Planned Corrective Actions – Under the direction of the new Director of Early Childhood Education, DCPS' Office of Head Start Programs will conduct a self assessment to determine the program's overall level of efficiency and effectiveness. The self-assessment will include but is not limited to a review of internal policies and procedures to ensure compliance with the various federal regulations, clarification roles and responsibilities, on-going staff training, and if needed a re-alignment of the organizational structure. DCPS will also work to identify areas where implementing and expanding the use of technology would lead to increased efficiency and would reduce instances of possible human error.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-48			

This finding # was not used.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-49			

This finding # was not used.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-50			

This finding # was not used.

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## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-51	U.S. Department of Health and Human Services  Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/21, 03CH0233/22 Grant Award Period: 9/1/06-8/31/08, 9/1/08-8/31/09	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

In addition, effective April 2007, DCPS issued a directive policy on procurement that requires a determination letter to be made, showing reasonableness of price in making the procurement award.

Condition – Our review of the procurement's office compliance with federal and District government regulations of 16 procurements selected for testing disclosed the following:

- For 1 out of 8 Head Start procurement samples selected for testing, DCPS was unable to provide evidence that the determination of reasonable price and award was reviewed by an authorized official.
- For 1 out of 8 UPO procurement samples selected for testing, DCPS was unable to provide evidence that the determination of reasonable price and award was reviewed by an authorized official.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. We reviewed 8 procurements files totaling \$239,295.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. DCPS could award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and DCPS could possibly issue procurement without the appropriate funding.

Cause – DCPS did not adhere to the required policies and procedures to ensure that it complied with the appropriate documentation requirements.

Recommendation – We recommend that the DCPS' procurement department properly document in the contract files its compliance with all federal and District regulations and its own internal control policies and procedures.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – DCPS' Office of Contracts and Acquisition (OCA) does maintain documentation in its contract files related to the compliance requirements with federal and District regulations, and its own internal policies and procedures as evidenced by 14 of the 16 procurement files reviewed by the auditors. Although the required authorizing signatures were not evident in 2 instances, we do not believe the services rendered as questionable, unreasonable, or inappropriate. DCPS' Office of Contracts and Acquisition will continue to make sure its staff understands the importance of obtaining and documenting the required authorizing signatures in all contract files.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-52	U.S. Department of Health and Human Services  Head Start (Pass-through Funding) CFDA Number: 93.600 Grant Award Number: Delegate Agency UPO Agreement No. 050807 dated October 3, 2007	Reporting	Not Determinable

Criteria or Specific Requirement – DCPS is required to submit various progress reports to the Executive Deputy Officer for preschool and day care, in accordance with the Head Start Delegate Agency Agreement with the United Planning Organization (UPO).

Per review of the UPO agreement, the following reports are required to be submitted by DCPS to UPO:

- Monthly Program Information Report Summary required to be submitted on the 5<sup>th</sup> day of each month.
- Quarterly Narrative Progress Report required quarterly on the 10<sup>th</sup> day of each month following the end of the quarter.
- Quarterly Quality Training Plan Update required on the 10<sup>th</sup> day of each month following the end of the quarter.
- Quarterly Center by Center class listing noting name, address, age, whether disabled, and noting status of parents (whether working or in training).
- Monthly Quality Improvement Plan (QIP) Tracking Report required on the 5<sup>th</sup> day of each month after self assessment findings have been determined.
- Enrollment/Attendance Report required to be submitted on the 5<sup>th</sup> day of each month.
- Disabilities Report required to be submitted on the 5<sup>th</sup> day of each month.
- A certified requisition for payment of expenses for the prior month, no later than the 15<sup>th</sup> business day of each month.
- Final Written Report, which includes an analysis of accomplishments and problems encountered, due no later than July 31, 2008.

Further, the Head Start Delegate Agency Agreement with UPO states that upon termination or close-out of the agreement, DCPS shall provide an accounting of funds received, expended, and expenses incurred and accrued, obligated, and remaining under the Agreement to the UPO financial officer and promptly pay all outstanding obligations. DCPS is required to liquidate all obligations incurred under this Agreement no later than 45 days after the end of the operating period. In addition, within 45 days after the termination of the Agreement, DCPS shall submit all financial, performance, and other reports required as a condition of the Agreement. The UPO financial officer may extend the deadline upon request by DCPS.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Condition – DCPS was unable to provide many of the reports required to be submitted to UPO; the following was noted:

- With respect to the Monthly Program Information Report Summary, only the August and September 2008 reports were available and with respect to the Quarterly Narrative Progress and Disabilities reports, only an annual update was available. In addition, we were unable to verify whether the reports had been reviewed or approved by a DCPS authorizing official since there was no signature of reviewer/approver on the reports provided for our review.
- The Quarterly Quality Training Plan Update reports were not prepared and submitted on a quarterly basis. Only an annual report was submitted.
- Only 1 of the monthly QIP Tracking reports was available. It did not appear that the report had been submitted timely and that the report had been reviewed or approved by an authorized DCPS official.
- Only 1 annual Center by Center class listing was provided. We were unable to verify whether the report was submitted timely and whether the report had been reviewed or approved by an authorized DCPS official.
- The Monthly Enrollment/Attendance Report was provided for only August and September 2008. Based on these reports, Head Start did not appear to meet the enrollment requirement of 701 eligible Head Start children, ages 3 to 5 years old and 8 eligible Early Head Start children, ages 0 to 3 years old and monthly attendance of 85%.
- Final written report was not available.

In addition, we were unable to verify whether certain reports required to be submitted by DCPS to UPO as part of the close out procedures were actually submitted to UPO since DCPS was unable to provide these reports for our review.

We also noted that DCPS did not submit monthly reimbursement request to UPO as required by the agreement. Only one reimbursement request was submitted to UPO for all of the FY 2008 expenditures.

Context – This is a condition identified per review of DCPS' compliance with specified financial reporting requirements under the UPO Delegate Agreement.

Effect – Failure to submit the required reports on time could result in suspension or termination of funding and result in non-compliance with the requirements of the grant. Failure to correctly maintain accurate records could result in disallowed costs.

Cause – It appears that policies and procedures, including review over reporting procedures, were not functioning as intended. It further appears that accounting and review procedures over information recording did not appear to be functioning as intended.

Recommendation – DCPS should establish policies and procedures to ensure that reports are submitted on a timely basis to the governing agency, and a copy of the report should also be maintained as required by OMB Circular A-102 Common Rule.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

In order to accomplish this, DCPS should establish and implement proper recording, reconciliation, and review procedures over the federal reporting requirements to ensure that there is consistency between the accounting system and the reports that are submitted.

Views of Responsible Officials and Planned Corrective Actions – Under the direction of the new Director of Early Childhood Education, DCPS' Office of Head Start Programs will conduct a self assessment to determine the program's overall level of efficiency and effectiveness. DCPS' Office of Head Start Programs will work closely with the DCPS' Office of the General Counsel (OGC) and United Planning Organization (UPO) to review and make the appropriate modifications to the United Planning Organization (UPO) contract to ensure reporting requirements are addressed.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-53	U.S. Department of Health and Human Services  Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/21, 03CH0233/22 Grant Award Period: 9/1/06-8/31/08, 9/1/08-8/31/09	Reporting	Not Determinable

Criteria or Specific Requirement – Reports for federal awards should include all activity of the reporting period and should be supported by applicable accounting or performance records and should be fairly presented in accordance with program requirements.

Condition – During our review, we noted that the federal expenditure amount reported per the final SF-269 report for the period ended August 31, 2008 exceeded the amount reported on the Schedule of Expenditures of Federal Awards (SEFA) by \$156,535. In addition, DCPS was unable to provide support from the general ledger for the amount reported on the form SF-269.

Context – This is a condition identified per review of DCPS' compliance with specified requirements.

Effect – Inaccurate information may have been reported to the Federal government with regards to the Head Start program's financial status.

Cause – It appears that controls related to review over the reporting process were not functioning as intended.

Recommendation – We recommend that DCPS should establish proper review procedures of the reports submitted to ensure that the reports are accurate, are free of mathematical errors, and agree to the underlying accounting records. DCPS should consider adjusting future SF-269 reports for the error noted above.

Views of Responsible Officials and Planned Corrective Actions – The SF269 report for the subsequent period was modified to properly reflect the total federal fiscal year grant expenditures. Financial reports will be reconciled to the general ledger and reviewed by a Supervisor, as evidenced by signature, to ensure reports are accurate and free of mathematical error.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-54			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-55	U.S. Department of Health and Human Services  Head Start (Pass-through Funding) CFDA Number: 93.600 Grant Award Number: Delegate Agency UPO Agreement No. 050807 dated October 3, 2007	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – In accordance with the sub-grant agreement between United Planning Organization (UPO) and DCPS for the Head Start program, DCPS awarded a sub-grant to an organization named Spanish Education Development Center (SED or sub-grantee). The sub-grantee is required to submit monthly activity reports by the 10<sup>th</sup> workday of the following month to DCPS. The monthly report is required to include financial information as well as narrate the progress and problems in implementing the approved Head Start program. The sub-grant agreement also indicates that the award is based on the sub-grantee providing the following:

- Enroll and provide comprehensive child care services to 40 eligible three and four year old children in collaboration with the DCPS Head Start Program.
- Provide a minimum of 10% of the total enrollment opportunities available to children with diagnosed disabilities.
- Maintain an average daily attendance rate of at least 85%.
- Meet or exceed the District's Child Care Regulations and Head Start Performance Standards including Adult:Child ratios, Class sizes, Staff qualifications, and Space requirements.
- Provide access to data and family information required for provision of comprehensive services and completion of mandated DHHS reporting requirements.

In addition, the agreement states that quarterly report summaries will have to be submitted in October, January, April, and July of each school year during which funding is received. The agreement also states that DCPS is responsible for monitoring funding for program implementation. DCPS is to conduct on-site reviews on a quarterly basis. Further the sub-grantee is required to match 25%, or \$29,500, of the sub-grantee award, which is \$118,000.

Condition – During our testing, we noted the following:

- Monthly activities reports required to be submitted on the 10<sup>th</sup> workday of the following month were only submitted quarterly.
- DCPS did not verify/receive the following information from its sub-grantee:
  - Whether the enrollment and required comprehensive child care services to 40 eligible three and four year old children were being provided or not.
  - Whether a minimum of 10% of the total enrollment opportunities were being made available to children with diagnosed disabilities.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

- Whether access to data and family information required for the provision of comprehensive services and completion of mandated DHHS reporting requirements were being provided or not.
- DCPS was unable to provide evidence as to whether quarterly report summaries were submitted timely by its sub-grantee.
- We were unable to determine whether the monthly monitoring activities for October 2007, December 2007, February 2008, March 2008, May 2008, June 2008, July 2008, August 2008, and September 2008 were performed since DCPS was unable to provide the monitoring site-visit checklist for these months.
- DCPS was unable to provide support to verify that its sub-grantee had met the matching requirement.

Context – This is a condition identified per review of the specified requirements under the sub-grant agreement with the Spanish Education Development Center.

Effect – The subrecipient may be carrying out activities in violation of the subrecipient agreement.

Cause – It appears that policies and procedures designed to ensure that reports from the subrecipient are received and reviewed were not functioning as intended. In addition, it appears that DCPS did not perform monitoring activities as required to ensure that the sub-grantee is in compliance with agreement requirements.

Recommendation – DCPS should establish policies and procedures to ensure that reports are received timely from the sub-grantee and a copy of the report should also be maintained as required. DCPS should also ensure that an adequate review is conducted to verify relevance and accuracy of the information.

Views of Responsible Officials and Planned Corrective Actions – Under the direction of the new Director of Early Childhood Education, DCPS' Office of Head Start Programs will conduct a self assessment to determine the program's overall level of efficiency and effectiveness. This self assessment will include a review of the sub-grantee Spanish Educational Development Center (SED). DCPS' Office of Head Start will work closely with SED Center, United Planning Organization (UPO), the Office of the State Superintendent of Education (OSSE), and the DCPS' Office of the General Counsel (OGC) to modify the existing sub-grantee contract to ensure it is consistent and satisfies the reporting and federal monitoring requirements.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-56	U.S. Department of Health and Human Services  Foster Care – Title IV-E CFDA Number: 93.658 Grant Award Number: 0801DC1401 Grant Award Period: 10/01/07-09/30/08	Allowable Costs: Cost Allocation Plan	\$24,087

Criteria or Specific Requirement – The Federal government directed CFSA to not claim any training costs until it either modifies its cost allocation plan or is able to allocate training costs to its programs in accordance with the approved cost allocation plan.

Condition – CFSA did not exclude the appropriate amount of training payroll costs from its third quarter payroll pooled costs allocated to the Foster Care program. CFSA only excluded training payroll costs of \$188,972 instead of excluding the required \$560,446.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. The total amount of CFSA's payroll cost pool that was allocable to the Foster Care program in FY 2008 was \$17,220,555.

Effect – The exclusion of the incorrect amount of training payroll costs resulted in CFSA's personnel pooled costs to be overstated by \$371,474 for the third quarter reporting period. Consequently, in accordance with the cost allocation plan formula, the payroll costs allocated to the Foster Care program were overstated by \$24,087.

Cause – CFSA incorrectly deducted the training non-payroll costs rather than the training payroll costs from its third quarter personnel pooled costs.

Recommendation – We recommend CFSA have more than one person review its agency pooled cost allocations to ensure that the allocations are accurate. We also recommend CFSA revise its future cost allocations for the overstatement identified above.

Views of Responsible Officials and Planned Corrective Actions – The preparer made a mathematical/transcription error resulting in inappropriate treatment of a portion of "Training" costs. CFSA will correct this error in "Prior Quarter Adjustments" to the effected Quarter in its 4thQ, FY09 IV-E claim submission. In addition, a member of the Agency Fiscal Officer's staff will be reviewing the calculation of the IV-E Administrative claim.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-57	U.S. Department of Health and Human Services  Adoption Assistance CFDA Number: 93.659 Grant Award Number: 0801DC1407 Grant Award Period: 10/01/07-09/30/08	Allowable Costs: Cost Allocation Plan	\$10,965

Criteria or Specific Requirement – The Federal government directed CFSA to not claim any training costs until it either modifies its cost allocation plan or is able to allocate training costs to its programs in accordance with the approved cost allocation plan.

Under CFSA's cost allocation plan, divisional costs are to be allocated to lower tier units based on those units' number of budgeted full-time employees.

Condition – CFSA did not exclude the appropriate amount of training payroll costs from its third quarter payroll pooled costs allocated to the Adoption Assistance program. CFSA only excluded training payroll costs of \$188,972 instead of excluding the required \$560,446.

Additionally, during the first quarter cost allocations, the training and information systems (SACWIS) and training costs should have been allocated an additional \$44,239 and \$39,630, respectively in divisional costs.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. The total amount of CFSA's payroll cost pool that was allocable to the Adoption Assistance program in FY 2008 was \$14,580,873. The total amount of allocable SACWIS and training costs for FY 2008 was \$1,671,809 and \$685,553, respectively.

Effect –The exclusion of the incorrect amount of training payroll costs resulted in CFSA's personnel pooled costs to be overstated by \$371,474 for the third quarter reporting period. Consequently, in accordance with the cost allocation plan formula, payroll costs allocated to the Adoption Assistance program were overstated by \$8,828.

The understatement in CFSA's SACWIS and training costs, which are reported separately, resulted in the Agency's final pooled payroll and non-payroll costs to be overstated by \$24,665 and \$58,203, respectively. In accordance with the cost allocation plan, this resulted in the payroll and non-payroll costs allocated to the Adoption Assistance program to be overstated by \$2,137.

Cause – CFSA incorrectly deducted the training non-payroll costs rather than the training payroll costs from its third quarter personnel pooled costs. Additionally, CFSA mistakenly did not allocate certain costs to SACWIS and training costs.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend CFSA have more than one person review its agency pooled cost allocations to ensure that the allocations are accurate. We also recommend CFSA revise its future cost allocations for the overstatement identified above.

Views of Responsible Officials and Planned Corrective Actions – The referenced error is the same as that indicated under Foster Care finding. The preparer made a mathematical/transcription error resulting in inappropriate treatment of a portion of “Training” costs.

CFSA will correct this error in “Prior Quarter Adjustments” to the effected Quarter in its 4thQ, FY09 IV-E claim submission. In addition, a member of the Agency Fiscal Officer’s staff will be reviewing the calculation of the IV-E Administrative claim.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-58	U.S. Department of Health and Human Services  Foster Care – Title IV-E CFDA Number: 93.658 Grant Award Number: 0801DC1401 Grant Award Period: 10/01/07-09/30/08	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 2 funding techniques for the Foster Care – Title IV-E program for the drawdown of funds:

- Benefit payments require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – CFSA made 5 drawdown requests in FY 2008 totaling \$12,036,499. None of the 5 drawdown requests complied with the funding techniques and clearance patterns required under the CMIA agreement.

Context – This is a condition identified per review of CFSA's compliance with the provisions of the CMIA agreement.

Effect – CFSA is not in compliance with the provisions of the CMIA agreement. We noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate needs is unnecessarily delayed when funds are not requested timely.

Cause – CFSA did not appear to exercise due diligence in requesting federal funds consistent with the CMIA agreement and its actual cash needs.

Recommendation – We recommend that CFSA comply with the provisions of the CMIA agreement and request federal funds consistent with the CMIA agreement funding technique and its actual cash needs.

Views of Responsible Officials and Planned Corrective Actions – Effective in January 2009, the Treasury State Agreement was amended to change the funding techniques and clearance patterns for CFSA for this program. The Agency believes that its practices conform to the requirements of the revised agreement.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-59	U.S. Department of Health and Human Services  Adoption Assistance CFDA Number: 93.659 Grant Award Number: 0801DC1407 Grant Award Period: 10/01/07-09/30/08	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 2 funding techniques for the Adoption Assistance program for the drawdown of funds:

- Benefit payments require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – CFSA made 5 drawdown requests in FY 2008 totaling \$10,120,735. None of the 5 drawdown requests complied with the funding techniques and clearance patterns required under the CMIA agreement.

Context – This is a condition identified per review of CFSA's compliance with the provisions of the CMIA agreement.

Effect – CFSA is not in compliance with the provisions of the CMIA agreement. We noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate needs is unnecessarily delayed when funds are not requested timely.

Cause – CFSA did not appear to exercise due diligence in requesting federal funds consistent with the CMIA agreement and its actual cash needs.

Recommendation – We recommend that CFSA comply with the provisions of the CMIA agreement and request federal funds consistent with the CMIA agreement funding technique and its actual cash needs.

Views of Responsible Officials and Planned Corrective Actions – Effective in January 2009, the Treasury State Agreement was amended to change the funding techniques and clearance patterns for CFSA for this program. The Agency believes that its practices conform to the requirements of the revised agreement.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-60	U.S. Department of Health and Human Services  Foster Care – Title IV-E CFDA Number: 93.658 Grant Award Number: 0801DC1401 Grant Award Period: 10/01/07-09/30/08	Eligibility	Not Determinable

Criteria or Specific Requirement – Foster Care benefits may be paid on behalf of a child if the following requirements are met:

- For a child who entered foster care before March 27, 2000, the judicial determination of reasonable efforts to finalize the permanency plan must be made no later than March 27, 2001, because such child will have been in care for 12 months or longer (January 25, 2000, *Federal Register*, Vol. 65, Num 16, pages 4020 and 4088).
- The provider, whether a foster family home or a child-care institution, must be fully licensed by the proper State Foster Care licensing authority.
- The foster family home provider must satisfactorily have met a criminal records check, including a fingerprint-based check, with respect to prospective foster and adoptive parents (42 USC 671(a)(20)(A)).
- The foster family home provider must satisfactorily have met a child abuse and neglect registry check with respect to prospective foster and adoptive parents and any other adult living in the home who has resided in the provider home in the preceding 5 years.
- The licensing file for the child-care institution must contain documentation that verifies that safety considerations with respect to staff of the institution have been addressed (45 CFR Section 1356.30(f)).

Condition – During our testing of a sample of 39 eligibility case files, we identified the following instances of noncompliance:

- 6 claims did not provide evidence of a valid foster care provider license for the period of service tested.
- 9 claims did not provide evidence of a criminal background check for the period of service tested.
- 9 claims did not provide evidence of a child abuse and neglect check for the period of service tested.
- There was no evidence of a permanency plan by March 27, 2001 for 2 children who entered foster care prior to March 27, 2000.
- 12 claims had no evidence of supervisory reviews for the period tested.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. CFSA's Foster Care assistance payments claims for FY 2008 were \$10,977,286.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Effect – Lack of supporting documentation for program services and noncompliance with program requirements could result in disallowances of costs and participants could be receiving benefits that they are not entitled to receive under the program.

Cause – It appears that there are insufficient monitoring controls to ensure that appropriate supporting documentation is maintained in the files. In addition, oversight and review by the program personnel appears deficient.

Recommendation – We recommend that CFSA review its current records retention policy to ensure that complete documentation is maintained for each child enrolled in the Foster Care program. Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned. We also recommend CFSA comply with its internal control procedure that requires annual supervisory reviews of claims eligible for reimbursement.

Views of Responsible Officials and Planned Corrective Actions – The following responses were provided with respect to the conditions noted above:

Condition #1: The Family Licensing Division's internal control procedures will be amended to require weekly consultations with each worker and supervisor to review the status of the criminal background checks and child protection clearances for timeliness, expiration dates, and remaining in compliance with Federal and District laws.

Condition #2: The Family Licensing Division's internal control procedures will be amended to require weekly consultations with each worker and supervisor to review the status of the criminal background checks and child protection clearances for timeliness, expiration dates, and remaining in compliance with Federal and District laws.

Condition #3: The Family Licensing Division's internal control procedures will be amended to require weekly consultations with each worker and supervisor to review the status of the criminal background checks and child protection clearances for timeliness, expiration dates, and remaining in compliance with Federal and District laws.

Condition #4: The Agency does not concur. Title IV-E costs cannot be claimed (for otherwise Eligible/Reimbursable children) during periods for which court order language establishing that "Reasonable Efforts to Achieve Permanency" were made is lacking. However, claiming can continue – going forward – once such language is obtained. Where required, there was such language for all sampled FY 2008 claims.

Condition #5: The Agency does not concur. CFSA asserts that all records were reviewed by the Eligibility Unit supervisor prior to submission to the auditors for review.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-61	U.S. Department of Health and Human Services  Adoption Assistance CFDA Number: 93.659 Grant Award Number: 0801DC1407 Grant Award Period: 10/01/07-09/30/08	Eligibility	Not Determinable

Criteria or Specific Requirement – Adoption Assistance benefits may be paid on behalf of a child if the following requirements are met:

- The Child is eligible, or would have been eligible, for the former aid to families with Dependent Children program except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child (42 USC 673 (c)).
- There was reasonable efforts to place the child for adoption without a subsidy (42 USC 673 (c)).
- The agreement for the subsidy was signed and in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child's eligibility for the Title XX services and Title XIX Medicaid; and covers the child should he/she move out of State with the adoptive family (42 USC 675 (3)).

Condition – During our testing of a sample of 38 eligibility case files, we identified the following instances of noncompliance:

- 1 claim provided no evidence of reasonable efforts to place the child for adoption without a subsidy.
- The subsidy agreement for 1 claim did not contain required supplementary language.
- In 5 instances, a program eligibility checklist was not provided to validate completion.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. CFSA's Adoption Assistance payments claims for FY 2008 were \$13,873,087.

Effect – Lack of supporting documentation for program services and noncompliance with program requirements could result in disallowances of costs and participants could be receiving benefits that they are not entitled to receive under the program.

Cause – It appears that there are insufficient monitoring controls to ensure that appropriate supporting documentation is maintained in the files. In addition, oversight and review by the program personnel appears deficient.

Recommendation – We recommend that CFSA review its current records retention policy to ensure that complete documentation is maintained for each child enrolled in the Adoption Assistance program.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned. We also recommend CFSA comply with its internal control procedure that requires the completion of a program eligibility checklist that is reviewed for accuracy and signed by a supervisor.

Views of Responsible Officials and Planned Corrective Actions – The following responses were provided with respect to the conditions noted above:

Condition #1: The Agency concurs that in one of the sampled cases, no evidence of reasonable efforts to place the child for adoption without a subsidy was provided.

Condition #2: The Agency acknowledges that one subsidy agreement did not contain the required supplementary language. However, the file copy only contained pages one and three of the standard agreement – page two apparently was mishandled in copying to the file. The required language – in all instances – was contained on page two.

Condition #3: The Agency does not concur. The Agency acknowledges that five records did not include an eligibility checklist. However, the checklist is not an eligibility requirement and is not needed for cases determined in the FACES eligibility determination module – the module serves the eligibility checklist function.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-62	U.S. Department of Health and Human Services  Foster Care – Title IV-E CFDA Number: 93.658 Grant Award Number: 0801DC1401 Grant Award Period: 10/01/07-09/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

Condition – We sampled 46 procurement files for the Foster Care program and identified the following:

- 16 small dollar procurement files had no information which documented the procurement history and related requirements.
- There was no evidence of CFSA verifying whether 1 vendor involved in a procurement transaction had been debarred or suspended from providing services where federal funds are utilized.
- 2 procurement files did not have competitive bid documentation.
- 1 contract had no evidence of a cost or price analysis.
- 1 contract had no evidence of a purchase order being utilized.
- 1 sole sourced contract had no written justification for utilizing the sole source method.
- 2 files did not have completed procurement officer authorizations.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. We reviewed 46 procurement files totaling \$12,410,583.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. CFSA could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and CFSA could possibly issue procurements without the appropriate funding.

Cause – Inadequate quality assurance reviews are being performed of the procurement files, particularly for purchases less than \$100,000.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend CFSA develop detailed quality assurance policies and procedures that focus on ensuring that all procurement actions processed are properly documented and supported in accordance with federal laws and regulations. In addition, we recommend that CFSA review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.

Views of Responsible Officials and Planned Corrective Actions – The following responses were provided with respect to the conditions noted above:

Condition #1: The Agency does not concur. The files being referenced here are for purchases under the non-competitive level of \$10,000.00. **DCMR Title 27 Section 1800.1** states "Except as provided in § 1801.2, a contracting officer may make a procurement for an amount of ten thousand dollars (\$10,000) or less without obtaining competitive quotations if the contracting officer determines that the purchase is in the best interest of the District government considering the price and other factors (including the administrative cost of the purchase)".

Purchases under \$100,000 are considered simplified acquisitions, as such the issuance of a Purchase Order is the actual "determination" of the contracting officer.

Condition #2: The Contracts and Procurement Administration (CPA), has instituted a policy for ensuring that the actual screen shot of the debarred listings search is included in the case file.

Condition #3: The Agency partially concurs. Although a competition was conducted, one file lacks the required documentation. Procedures have been implemented to ensure all files contain the required documentation of soliciting competition or in the absence of competition that the required justification is incorporated in the file.

The second procurement transaction cited was for a proprietary piece of hardware and software maintenance which is not conducive to competition.

Condition #4: The CPA will ensure that cost or price analyses are included and part of the contract file.

Condition #5: There is no corrective action required.

Condition #6: Procedures have been implemented to ensure all files contain the required documentation of soliciting competition or in the absence of competition that the required sole source justification is incorporated in the file.

Condition #7: The CPA has instituted a peer review process that now ensures that all contract and/or contract modifications have a funding document prior to execution of the same.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-63	U.S. Department of Health and Human Services  Adoption Assistance CFDA Number: 93.659 Grant Award Number: 0801DC1407 Grant Award Period: 10/01/07-09/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

Condition – We sampled 57 procurement files for the Adoption Assistance program and identified the following:

- 36 small dollar procurement files had no information which documented the procurement history and related requirements.
- 1 procurement file did not have a fully documented procurement history.
- There was no evidence of CFSA verifying whether 2 vendors involved in 2 procurement transactions had been debarred or suspended from providing services where federal funds are utilized.
- 2 procurement files did not provide authorization evidence of determination and finding documents for contractor responsibility and price reasonableness.
- No evidence was provided for 1 procurement file documenting the selection process of three vendors from the D.C. Supply schedule.
- 3 procurement files did not have competitive bid documentation.
- There was no evidence that a cost or price analysis had been performed for 1 contract.
- 1 procurement was based on an "exercise of addendum"; however no evidence of the addendum being executed by authorized official was provided.
- 1 sole sourced contract had no written justification for utilizing the sole source method.
- A completed purchase order was not provided for 3 procurement files.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. We reviewed 57 procurement files totaling \$5,956,252.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. CFSA could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and CFSA could possibly issue procurements without the appropriate funding.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Cause – Inadequate quality assurance reviews are being performed of the procurement files, particularly for purchases less than \$100,000.

Recommendation – We recommend CFSA develop detailed quality assurance policies and procedures that focus on ensuring that all procurement actions processed are properly documented and supported in accordance with federal laws and regulations. In addition, we recommend that CFSA review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.

Views of Responsible Officials and Planned Corrective Actions – The following responses were provided with respect to the conditions noted above:

Condition #1: The Agency does not concur. The files being referenced here are for purchases under the non-competitive level of \$10,000.00. **DCMR Title 27 Section 1800.1** states “Except as provided in § 1801.2, a contracting officer may make a procurement for an amount of ten thousand dollars (\$10,000) or less without obtaining competitive quotations if the contracting officer determines that the purchase is in the best interest of the District government considering the price and other factors (including the administrative cost of the purchase)”.

Purchases under \$100,000 are considered simplified acquisitions; as such the issuance of a Purchase Order is the actual “determination” of the contracting officer.

Condition #2: The Contracts and Procurement Administration (CPA) will ensure that procurement history is maintained in the contract file.

Condition #3: The CPA has instituted a policy for ensuring that the actual screen shot of the debarred listings search is included in the case file.

Condition #4: The CPA has instituted peer reviews and protocols to ensure all documents are executed by the contracting officer as required.

Condition #5: The Agency does not concur. The files being referenced here are for purchases under the non-competitive level of \$10,000.00. **DCMR Title 27 Section 1800.1** states “Except as provided in § 1801.2, a contracting officer may make a procurement for an amount of ten thousand dollars (\$10,000) or less without obtaining competitive quotations if the contracting officer determines that the purchase is in the best interest of the District government considering the price and other factors (including the administrative cost of the purchase)”.

Purchases under \$100,000 are considered simplified acquisitions. As such the issuance of a Purchase Order is the actual “determination” of the contracting officer. No additional documentation is required to justify the Contracting Officer’s determination for a small purchase under the single quote limit or for choosing a particular vendor from the D.C. Supply schedule.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Condition #6: The Agency partially concurs. Only two procurement files did not have the required competitive bid documentation in the files. Procedures have been implemented to ensure all files contain the required documentation of soliciting competition or in the absence of competition that the required justification is incorporated in the file.

Condition #7: The CPA will ensure that cost or price analyses are included and part of the contract file.

Condition #8: The Agency does not concur. Procedures have been implemented to ensure all files contain the required documentation of soliciting competition or in the absence of competition that the required justification is incorporated in the file.

Condition #9: The Agency does not concur. Procedures have been implemented to ensure all files contain the required documentation of soliciting competition or in the absence of competition that the required sole source justification is incorporated in the file.

Condition #10: There is no corrective action required.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-64			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-65	U.S. Department of Health and Human Services  Foster Care – Title IV-E CFDA Number: 93.658 Grant Award Number: 0801DC1401 Grant Award Period: 10/01/07-09/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; and (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be retained in accordance with OMB Circular A-102.

Condition – Our review of CFSA's monitoring of 4 private placement agencies revealed the following:

- CFSA had not received the OMB Circular A-133 Audit reports for 3 private placement agencies during the period of review.
- None of the 4 samples tested included federal award identification information to the private placement agencies.
- There was no evidence of CFSA performing the required pass-through entity impact on deficiencies identified in a site visit of 1 private placement agency.
- 1 sample tested had no evidence of any monitoring conducted during the award period.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. CFSA awarded contracts to 18 private placement agencies in FY 2008 to perform oversight of certain foster care program criteria.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – CFSA management was not aware of the requirement to include the federal award information in the private placement agency contracts. In addition, CFSA management is not adequately reviewing the monitoring files to ensure that all private placement agencies are monitored and that deficiencies identified during monitoring are properly remediated.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend CFSA prospectively include the Foster Care federal award information in all private placement agency contracts. In addition, we recommend CFSA perform more periodic reviews of staff monitoring files to ensure that the private placement agencies are properly monitored and deficiencies noted in the monitoring visits are properly remediated.

Views of Responsible Officials and Planned Corrective Actions – CFSA utilizes a Record Keeping Guideline to organize and maintain files for its Child Placement Agency monitoring files. These files are maintained by Program Monitors and are reviewed by the supervisory program monitors and program manager on a periodic basis. CFSA is in the process of conducting a full review of its monitoring program and will update the Record Keeping Guide to incorporate all required documents. CFSA will build in a revised QA process to include routine supervisory reviews of monitoring files and activities to ensure that private placement agencies are properly monitored, deficiencies are noted, and there is proper follow-up.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District Department of the Environment (DDOE)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-66	U.S. Department of Health and Human Services  Low Income Home Energy Assistance Program CFDA Number: 93.568 Grant Award Number: 2008G992201 Grant Award Period: 10/01/07-09/30/09	Equipment and Real Property Management	Not Determinable

Criteria or Specific Requirement – According to 45 CFR 92 of the U.S. Department of Health and Human Services: “(a) Title - Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively. (b) States - A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section.”

Condition – We noted that equipment and property purchases for FY 2008 were not properly included in the fixed asset inventory listing as of September 30, 2008.

Context – This is a condition identified per review of DDOE’s compliance with specified requirements. There were two instances where equipment and property purchases for FY 2008 were not properly included in the fixed asset inventory listing as of September 30, 2008.

Effect – DDOE is not in compliance with the equipment and real property compliance requirements for the Low Income Home Energy Assistance Program.

Cause – The process is not automated and is subject to human error. If the monthly scans of equipment and property purchases are not manually done by the Grants Management Specialist, the equipment and property purchases will not get recorded in the fixed asset inventory system. These items will go unidentified by any other controls within the process.

Recommendation – DDOE should perform a monthly reconciliation between entries recorded in the equipment and property account in the accounting system and the items recorded in the fixed assets inventory system for the month. This reconciliation should be reviewed and the final fixed assets inventory list should be approved once the reconciliation has been properly completed.

Views of Responsible Officials and Planned Corrective Actions – The capture of fixed asset information does have an automated component, but there is a back-up manual process. In this instance, there was human error and the scan for assets was not performed at the proper time to pick up all assets. We will be improving the scan report and taking steps to ensure that the back-up manual scan is done at the proper time to capture all fixed assets purchased.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District Department of the Environment (DDOE)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-67	Environmental Protection Agency  Nonpoint Source Implementation Grants CFDA Number: 66.460 Grant Award Number: C9-00349608 Grant Award Period: 10/01/07-09/30/11	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – According to the grant agreement, “The funds awarded by this grant and identified as base funds shall be used to implement specific goals, actions, and or milestones in the approved Nonpoint Source Management Program. Up to 20 percent of these base program funds can be used to assist in planning assessment and/or monitoring. In addition, funds awarded by this grant and identified as incremental funds shall be used to implement best management practices and/or programs which will result in direct measurable environmental results such as load reductions and or water quality improvements and which implement a specific goal, action, or project clearly identified in a Watershed Based Plan (WBP). Up to 20 percent of these incremental funds can be used to assist in development, planning, assessment, and or monitoring support for a specific WBP. Funding beyond the 20% limit can only be used for WBP development on a case by case basis and only when written approval is provided by EPA.”

Condition – DDOE was unable to provide information sufficient to assess its compliance with the earmarking requirement to expend no more than 20% of base funding on planning, monitoring, and assessment.

Context – This is a condition identified per review of DDOE’s compliance with specified requirements.

Effect – DDOE may not be in compliance with the earmarking requirement for the Nonpoint Source Implementation Grants.

Cause – DDOE does not track expenses for planning, monitoring, and assessment separately so that an analysis of actual expenses for planning, monitoring, and assessment over base funding could be performed. In addition, employees time is not tracked according to time spent on planning, monitoring, and assessment; therefore, payroll expenses cannot be included in the earmarking analysis.

Recommendation – DDOE should track expenses used for planning, monitoring, and assessment on at least an annual basis and perform an analysis to ensure that they are in compliance with the earmarking requirement under the grant.

Views of Responsible Officials and Planned Corrective Actions – The Agency does indeed have a system to track time and expenses, and tracking expenditures has not been raised as an issue by our grantor agency. The detailed reporting that has been provided to our granting officers satisfied all of their administrative requirements.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

However, in order to avoid the appearance of noncompliance, we will establish an additional lower tier of accounting attributes in order to track these expenditures at a more detailed level.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District Department of the Environment (DDOE)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-68	Environmental Protection Agency  Nonpoint Source Implementation Grants CFDA Number: 66.460 Grant Award Number: C9-00349608 Grant Award Period: 10/01/07-09/30/11	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; and (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be retained in accordance with OMB Circular A-102.

Condition – DDOE did not formally document whether or not its subrecipients required an OMB Circular A-133 audit nor did it obtain a copy of the audit and the status of findings or corrective action plans, in all cases.

Context – This is a condition identified per review of DDOE's compliance with specified requirements. The total number of subrecipients in FY 2008 was 9.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – There is no formal documentation of each subrecipient's requirement to have an OMB Circular A-133 audit (if they expend more than \$500,000 in federal funds) and that a copy be provided to DDOE. In addition, staff is not trained to ask for this report and to ensure that it was properly and timely filed by the subrecipient.

Recommendation – We recommend that DDOE include a specific requirement in its subrecipient agreements informing the subrecipients of the requirement to have an OMB Circular A-133 audit if they expend more than \$500,000 in federal funds. In addition, it should require that the subrecipient provide DDOE with a copy of its OMB Circular A-133 audit and any corrective action plans for findings noted. DDOE should maintain a list of subrecipients with the applicability of the OMB Circular A-133 requirement and for those required to provide an audit, the date of receipt of the audit report, a list of findings, and a status on the corrective action on all audit findings. Further, DDOE employees should ensure that the audits were performed within 9 months of the subrecipient's year-end.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – The District Department of the Environment currently provides language on subgrant agreements that requires subgrantees and subrecipients to comply with the following: “Grantees that expend \$500,000 or more during their fiscal year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of the United States Office of Management and Budget’s (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. The OMB Circular A-133 audit and related reporting package described therein shall be submitted to the Office of Accountability and Management Reporting, Division of Compliance and Monitoring at the address referenced below within the earlier of 30 days after receipt of the auditor’s report(s) or nine months after the Grantee’s fiscal year end.”

Further, DDOE will require that the subrecipients provide a copy of their OMB Circular A-133 audit and any corrective action plans for findings noted in their audit. In addition, DDOE will maintain a list of subrecipients with the applicability of the OMB Circular A-133 requirement and for those required to provide an audit, the date of receipt of the audit report, a list of findings, and a status on the corrective action on all audit findings.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Housing and Community Development (DHCD)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-69	U.S. Department of Housing and Urban Development  Community Development Block Grants/ Entitlement Grants CFDA Number: 14.218 Grant Award Number: B07-MC-11-0001 Grant Award Period: 10/1/07-9/30/08	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – OMB Circular A-87, Attachment A, states in Section H that:

1. No proposal to establish a cost allocation plan or an indirect cost rate proposal, whether submitted to a federal cognizant agency or maintained on file by the governmental unit shall be acceptable unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan as attached in the Circular.
2. No cost allocation plan or indirect cost rate shall be approved by the Federal government unless the plan or rate proposal has been certified. Where it is necessary to establish a cost allocation plan or an indirect cost rate and the governmental unit has not submitted a certified proposal for establishing such plan or rate in accordance with the requirements, the Federal government may either disallow all indirect costs or unilaterally establish such a plan or rate.

Condition – DHCD does not have an approved Cost Allocation Plan on file as required by OMB Circular A-87.

Context – This is a condition identified per review of DHCD's compliance with specified requirements.

Effect – DHCD is not in compliance with the requirements of OMB Circular A-87 related to cost allocation plans.

Cause – Management has not incorporated a formal process to obtain the required approval from its oversight/cognizant agency.

Recommendation – DHCD's management should ensure that a certified and approved cost allocation plan is prepared, submitted, and maintained on file for all indirect costs charged to federal programs.

Views of Responsible Officials and Planned Corrective Actions – DCHD has submitted a cost allocation plan for FY 2008 to our oversight agency, the Department of Housing and Urban Development (HUD) as required by OMB Circular A-87, and is awaiting for a response from HUD.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Housing and Community Development (DHCD)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-70	U.S. Department of Housing and Urban Development  HOME Investment Partnerships Program CFDA Number: 14.239 Grant Award Number: M07-SG-11-0100 Grant Award Period: 10/1/07-9/30/08	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – OMB Circular A-87, Attachment A, states in Section H that:

1. No proposal to establish a cost allocation plan or an indirect cost rate proposal, whether submitted to a federal cognizant agency or maintained on file by the governmental unit shall be acceptable unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan as attached in the Circular.
2. No cost allocation plan or indirect cost rate shall be approved by the Federal government unless the plan or rate proposal has been certified. Where it is necessary to establish a cost allocation plan or an indirect cost rate and the governmental unit has not submitted a certified proposal for establishing such plan or rate in accordance with the requirements, the Federal government may either disallow all indirect costs or unilaterally establish such a plan or rate.

Condition – DHCD does not have an approved Cost Allocation Plan on file as required by OMB Circular A-87.

Context – This is a condition identified per review of DHCD's compliance with specified requirements.

Effect – DHCD is not in compliance with the requirements of OMB Circular A-87 related to cost allocation plans.

Cause – Management has not incorporated a formal process to obtain the required approval from its oversight/cognizant agency.

Recommendation – DHCD's management should ensure that a certified and approved cost allocation plan is prepared, submitted, and maintained on file for all indirect costs charged to federal programs.

Views of Responsible Officials and Planned Corrective Actions – DCHD has submitted a cost allocation plan for FY 2008 to our oversight agency, the Department of Housing and Urban Development (HUD) as required by OMB Circular A-87, and is awaiting for a response from HUD.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Housing and Community Development (DHCD)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-71	U.S. Department of Housing and Urban Development  HOME Investment Partnerships Program CFDA Number: 14.239 Grant Award Number: M07-SG-11-0100 Grant Award Period: 10/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement for Matching Requirements Attachment (G)1 for the Home Investment Partnerships Program states that:

- a. Each participating jurisdiction must provide eligible matching contributions of 25 percent of HOME funds drawn down during the fiscal year. The match must be provided by the end of the fiscal year. Some participating jurisdictions are eligible for a reduction in the required match based upon meeting standards of distress. The jurisdictions which are eligible for the reduction are identified by a notice published in the *Federal Register*, or a notice issued by HUD. Jurisdictions may also receive reductions if they are in Presidentially declared disaster areas. Participating jurisdictions are required to maintain records, including individual project records and a running log, demonstrating compliance with the matching requirements, including the type and amount of contributions by project. Matching information is provided on the *HOME Match Report* (HUD-40107-A) (24 CFR sections 92.218 through 92.220, 92.222, and 92.508).

Condition – DHCD did not have support for the computation of the required match to ensure compliance with the matching requirements specified in the OMB Compliance Supplement.

Context – This is a condition identified per review of DHCD's compliance with specified requirements.

Effect – Due to the lack of support for the matching calculations, DHCD may not have met the matching requirement.

Cause – DHCD did not implement any of the systems and controls necessary to ensure that the HOME match report was properly prepared and documented.

Recommendation – DHCD management should deploy resources that are given the responsibility of ensuring all reports submitted to HUD are properly prepared and documented.

Views of Responsible Officials and Planned Corrective Actions – DHCD properly computed the HOME match with adequate supporting documentation. However, the supporting documentation was misplaced during the move to the new Agency headquarters.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-72	U.S. Department of Agriculture  State Administrative Matching Grants for Food Stamp Program CFDA Number: 10.561 Grant Award Number: 1DC400402 Grant Award Period: 10/1/07-9/30/08	Allowable Costs: Nonpayroll and Payroll Activities	\$16,272

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Condition – During our review of expenditures charged to this grant, we identified a number of instances where the expenditures were not in compliance with OMB Circular A-87 cost principles.

- DHS was unable to provide adequate support for 1 out of 3 nonpayroll items selected for testing. We received and reviewed journal vouchers for the item in question; however, we were not able to determine if the actual costs were allowable under the grant based on the information provided.
- DHS was unable to provide supporting documentation for 1 out of 17 payroll expenditures charged to the program.

Context – This is a condition identified per review of DHS’ compliance with specified requirements. We reviewed 3 nonpayroll expenditures totaling \$35,303 and 17 payroll expenditures totaling \$196,121. Total nonpayroll and payroll expenditures charged to the program in FY 2008 were \$4,603,119 and \$8,393,843, respectively. The nonpayroll and payroll items in question amounted to \$16,028 and \$243, respectively.

Effect – DHS is not in compliance with stated requirements and program directives governing the grant; therefore, expenditures that are not adequately supported may not be allowable under the terms of the grant.

Cause – Journal entries were not supported by adequate documentation to help determine whether the underlying transactions were allowable under the grant.

Recommendation – We recommend that DHS should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – While management concurs with the finding, in the District of Columbia government all invoices for fixed costs are received and paid by the Office of Finance and Resource Management (OFRM). The costs are then allocated to the agencies. The agencies have no documentation for the fixed cost charges.

The one payroll expenditure is a journal entry made in accordance with the Random Moment Sampling to allocate costs for Food Stamps. This ties back in total to SOAR, the District's accounting system of record, and the FSR reported to the Federal government.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-73			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-74	U.S. Department of Health and Human Services  Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2007G996115, 2008G996115 Grant Award Period: 10/1/06-9/30/07, 10/1/07-9/30/08	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – Under OMB Circular A-87, costs must be allocable to Federal awards under the provisions of 2 CFR Part 225 in order to be allowable under federal awards.

*Allocable Costs:*

- A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
- All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
- Any cost allocable to a particular federal award or cost objective under the principles provided for in 2 CFR Part 225 may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons.
- Where an accumulation of indirect costs will ultimately result in charges to a federal award, a cost allocation plan will be required.

Condition – Income Maintenance Administration (IMA) is responsible for the administration of the TANF program and other federal programs. DHS has a cost allocation plan that outlines the methodology for allocating IMA costs to the TANF program. The cost allocation plan requires that IMA's Office of Administrator and Four Division Unit costs be allocated to the lower tier departments based on the salaries, wages, and benefits of the departments. Once the Office of Administrator and the divisional costs are allocated to the lower departments, the plan requires that the departmental direct and allocated costs be allocated to the TANF program either at 100% or based on a time study or call volume results.

DHS calculates TANF's allocable administrative costs on a quarterly basis. Based on our review of three quarterly allocations, we determined that the IMA administrative cost pool that was allocated to the TANF program was not in accordance with IMA's cost allocation plan.

- DHS does not allocate the Office of Administrator and the Four Division Units costs to the various lower departments within each division based on their total salaries, wages, and benefits. DHS sums all of the IMA indirect costs and then allocates the costs to the different federal programs. None of the federal direct program costs are allocated any of its share of the Office of Administrator and Division Unit costs.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

- The IMA costs allocated to the TANF program are not based on a quarterly time study results or call volume results. The IMA costs allocated to the program are based on the remaining IMA administration costs after the Medicaid and Food Stamp programs have been allocated its share of the costs. Based on the time study results for FY 2008, TANF should have been allocated 10.75% of the allocable IMA administrative costs and but it was allocated 20.10% of the costs.
- The TANF administrative costs reported to the Federal government in the financial report for the fourth quarter is not based on the same methodology used to determine TANF administrative costs for the first, second, and third quarters. The fourth quarter TANF administrative costs were based on the actual cumulative costs reflected in SOAR, the District's accounting system of record, less the previously reported TANF administrative costs. However, the TANF SOAR costs have not been adjusted for all of the time study or call volume results; and therefore do not represent the actual allocable TANF program costs.

Context – This is a condition identified per review of DHS' compliance with specified requirements. The total amount of DHS administrative costs allocated to the TANF federal program in FY 2008 were \$7,775,036.

Effect – The administrative costs allocated to the TANF program may be overstated.

Cause – Per DHS management, the cost allocation plan for IMA is required for the allocation of administrative costs to the Food Stamp and Medicaid programs. Any residual costs can be allocated to TANF as long as they do not exceed 15% of the grant award.

Recommendation – We recommend DHS allocate its agency's administrative costs to the TANF program based on its approved cost allocation plan.

Views of Responsible Officials and Planned Corrective Actions – DHS does not agree with the findings. Under the statutory language, the regulations state that " ... States may not spend more than 15 percent of either their Federal TANF funds or their State MOE dollars on administrative costs." The only criteria in the TANF regulations is whether the costs are considered administrative in nature; and the statute (and TANF regulations) clearly indicate that a State may claim up to 15% of its allotment as administrative costs. The definition at §273.0(b) provided that "Administrative costs means costs necessary for the proper administration of the TANF program or separate State programs. It includes the costs for general administration and coordination of these programs, including indirect (or overhead) costs." The definition is broad enough that it would not create a significant new administrative burden on States.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-75			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-76	U.S. Department of Agriculture  State Administrative Matching Grants for Food Stamp Program CFDA Number: 10.561 Grant Award Number: 1DC400402 Grant Award Period: 10/1/07-9/30/08	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 1 funding technique for this program for the drawdown of funds:

- Benefit payments require the use of the average clearance funding technique and a clearance pattern of 0 days and the amount of request shall be for the exact amount of that disbursement.

This funding technique requires the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – We reviewed 8 drawdown requests totaling \$2,532,086. Total FY 2008 drawdown requests were \$7,523,024. We noted the following:

- All 8 drawdown requests were not in accordance with the District's CMIA agreement.
- Some of the expenses that supported 1 of the selected drawdown requests was found not to have been paid before the date of the reimbursement request.

Context – This is a condition identified per review of DHS' compliance with the provisions of the CMIA agreement.

Effect – DHS is not in compliance with the provisions of the CMIA agreement. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – DHS does not follow the CMIA agreement because it would require the Agency to request reimbursement on a bi-weekly basis instead of on a weekly basis.

Recommendation – We recommend that management compare cash draws to expenditure reports ensuring that they are adequately supported. We further recommend that management ensure that cash draws are performed in accordance with the CMIA agreement.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – Management concurs that DHS is not in compliance with the Cash Management Improvement Act of 1990 (CMIA) agreement in regards to requesting timely reimbursement. The methodology that was implemented in 2007 required DHS/Office of the Chief Financial Officer to perform weekly drawdowns based on the EIS Grant Drawdown Worksheet report of expenditures in SOAR. Copies of the EIS report are distributed to the accountants who review it to determine how much is available to draw on a specific grant. Because of the volume of grants that comprise DDS' budget, 100% adherence to the CMIA for non-personnel services is not feasible. The weekly draw which occurs once in a five day work week period, addresses the average clearance pattern.

Beginning in the latter half of FY 2008, cash requests are being made on Thursdays as opposed to the early part of the week to ensure funds are deposited to the District Treasury account by Friday.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-77	U.S. Department of Health and Human Services  Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2007G996115, 2008G996115 Grant Award Period: 10/1/06-9/30/07, 10/1/07-9/30/08	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 3 funding techniques for the TANF grant for the drawdown of funds:

- Administrative costs require the use of the fixed administrative allowance and a clearance pattern of 5 days.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Benefit payments require the use of the actual clearance funding technique and clearance pattern of 0 days and the amount of request shall be for the exact amount of that disbursement.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – We reviewed 8 drawdown requests totaling \$11,906,511. Total FY 2008 drawdown requests were \$51,028,581. We noted the following:

- All 8 drawdown requests were not in accordance with the District's CMIA agreement.
- In 3 instances, DHS was unable to provide complete documentation to support the drawdowns.
- Some of the expenses that supported the 8 drawdown requests were found not to have been paid before the date of the reimbursement request.

Context – This is a condition identified per review of DHS' compliance with the provisions of the CMIA agreement.

Effect – DHS is not in compliance with the provisions of the CMIA agreement. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Cause – DHS does not follow the CMIA agreement because it would require the Agency to request reimbursement on a bi-weekly basis instead of on a weekly basis.

Recommendation – We recommend that management compare cash draws to expenditure reports ensuring that they are adequately supported. We further recommend that management ensure that cash draws are performed in accordance with the CMIA agreement.

Views of Responsible Officials and Planned Corrective Actions – Management concurs that DHS is not in compliance with the Cash Management Improvement Act of 1990 (CMIA) agreement in regards to requesting timely reimbursement. The methodology that was implemented in 2007 required DHS/Office of the Chief Financial Officer to perform weekly drawdowns based on the EIS Grant Drawdown Worksheet report of expenditures in SOAR. Copies of the EIS report are distributed to the accountants who review it to determine how much is available to draw on a specific grant. Because of the volume of grants that comprise DDS' budget, 100% adherence to the CMIA for non-personnel services is not feasible. The weekly draw which occurs once in a five day work week period, addresses the average clearance pattern.

Beginning in the latter half of FY 2008, cash requests are being made on Thursdays as opposed to the early part of the week to ensure funds are deposited to the District Treasury account by Friday, to meet the modified average clearance pattern for payroll expenditures.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-78	U.S. Department of Health and Human Services  Community Services Block Grant CFDA Number: 93.569 Grant Award Number: 2008G994002 Grant Award Period: 10/1/07-9/30/08	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 2 funding techniques for the Community Services Block Grant program for the drawdown of funds:

- Program payments require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of that disbursement.
- Administrative payments require the use of the fixed administrative allowance funding technique and a clearance pattern of 5 days.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – We reviewed 8 drawdown requests totaling \$2,138,273. Total FY 2008 drawdown requests were \$10,260,563. We noted the following:

- All 8 drawdown requests were not in accordance with the District's CMIA agreement.
- Some of the expenses that supported 1 of the selected drawdown requests was found not to have been paid before the date of the reimbursement request.

Context – This is a condition identified per review of DHS' compliance with the provisions of the CMIA agreement.

Effect – DHS is not in compliance with the provisions of the CMIA agreement. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – DHS does not follow the CMIA agreement because it would require the Agency to request reimbursement on a bi-weekly basis instead of on a weekly basis.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that management compare cash draws to expenditure reports ensuring that they are adequately supported. We further recommend that management ensure that cash draws are performed in accordance with the CMIA agreement.

Views of Responsible Officials and Planned Corrective Actions – Management concurs that DHS is not in compliance with the Cash Management Improvement Act of 1990 (CMIA) agreement in regards to requesting timely reimbursement. The methodology that was implemented in 2007 required DHS/Office of the Chief Financial Officer to perform weekly drawdowns based on the EIS Grant Drawdown Worksheet report of expenditures in SOAR. Copies of the EIS report are distributed to the accountants who review it to determine how much is available to draw on a specific grant. Because of the volume of grants that comprise DDS' budget, 100% adherence to the CMIA for non-personnel services is not feasible. The weekly draw which occurs once in a five day work week period, addresses the average clearance pattern.

Beginning in the latter half of FY 2008, cash requests are being made on Thursdays as opposed to the early part of the week to ensure funds are deposited to the District Treasury account by Friday.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-79	U.S. Department of Health and Human Services  Social Services Block Grant CFDA Number: 93.667 Grant Award Number: 2008G992432 Grant Award Period: 10/1/07-9/30/08	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 2 funding techniques for the Social Services Block Grant program for the drawdown of funds:

- Program payments require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of that disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – We reviewed 8 drawdown requests totaling \$2,360,599. Total FY 2008 drawdown requests were \$6,227,948. We noted the following:

- All 8 drawdown requests were not in accordance with the District's CMIA agreement.
- Some of the expenses that supported the 4 of the selected drawdown requests were found not to have been paid before the date of the reimbursement request.

Context – This is a condition identified per review of DHS' compliance with the provisions of the CMIA agreement.

Effect – DHS is not in compliance with the provisions of the CMIA agreement. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – DHS does not follow the CMIA agreement because it would require the Agency to request reimbursement on a bi-weekly basis instead of on a weekly basis.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that management compare cash draws to expenditure reports ensuring that they are adequately supported. We further recommend that management ensure that cash draws are performed in accordance with the CMIA agreement.

Views of Responsible Officials and Planned Corrective Actions – Management concurs that DHS is not in compliance with the Cash Management Improvement Act of 1990 (CMIA) agreement in regards to requesting timely reimbursement. The methodology that was implemented in 2007 required DHS/Office of the Chief Financial Officer to perform weekly drawdowns based on the EIS Grant Drawdown Worksheet report of expenditures in SOAR. Copies of the EIS report are distributed to the accountants who review it to determine how much is available to draw on a specific grant. Because of the volume of grants that comprise DDS' budget, 100% adherence to the CMIA for non-personnel services is not feasible. The weekly draw which occurs once in a five day work week period, addresses the average clearance pattern.

Beginning in the latter half of FY 2008, cash requests are being made on Thursdays as opposed to the early part of the week to ensure funds are deposited to the District Treasury account by Friday, to meet the modified average clearance pattern for payroll expenditures.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-80	U.S. Department of Health and Human Services  Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2007G996115, 2008G996115 Grant Award Period: 10/1/06-9/30/07, 10/1/07-9/30/08	Eligibility	Not Determinable

Criteria or Specific Requirement – Per the OMB Circular A-133 Compliance Supplement, a State may not use funds to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to place of residence in order to simultaneously receive assistance from two or more States under TANF, Title XIX, or the Food Stamp Act of 1977, or benefits in two or more States under the Supplemental Security Income program under Title XVI of the Social Security Act.

A State may not provide assistance to any individual who is fleeing to avoid prosecution, or custody or confinement after conviction, for a felony or attempt to commit a felony (or in the State of New Jersey, a high misdemeanor), or who is violating a condition of probation or parole imposed under Federal or State law (42 USC 608(a)(9)(A)).

Condition – From a review of 45 participant case files, we identified the following deficiencies in the TANF eligibility process:

- 1 participant was receiving TANF benefits after being found guilty of collecting TANF benefits simultaneously from the District and another state.
- There was no evidence noted in the 45 participant cases reviewed that DHS was documenting that participants were not fleeing from prosecution or convictions for felonies.

Context – This is a condition identified per review of DHS' compliance with specified requirements.

Effect – Lack of supporting documentation for program services and noncompliance with program requirements could result in disallowances of costs and participants could be receiving benefits that they are not entitled to receive under the program.

Cause – DHS does not have adequate internal controls to ensure that TANF benefits are paid only to eligible participants.

Recommendation – We recommend that DHS should perform periodic reviews of the data in its participant files to ensure that the data is accurate and complete. We also recommend DHS establish procedures that require participants to certify in writing that they are not fleeing from prosecution or convictions for felonies.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – DHS agrees with the finding “1 participant was receiving TANF benefits after being found guilty of collecting TANF benefits simultaneously from the District and another state.” However, IMA internal monitors flagged this case, closed it, and established an overpayment. This is the standard policy for any instance where it is discovered that an individual is found guilty of receiving benefits from more than one state.

Further, with regards to the second finding, the combined application will be revised to include a certification that the customer does not have any outstanding bench warrants in this or any other jurisdiction which will be randomly audited.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-81	U.S. Department of Health and Human Services  Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2007G996115, 2008G996115 Grant Award Period: 10/1/06-9/30/07, 10/1/07-9/30/08	Period of Availability	\$338,674

Criteria or Specific Requirement – Per the OMB Circular A-133 Compliance Supplement, the State must obligate by September 30, of the current fiscal year any funds for expenditures on non-assistance. The State must liquidate these obligations by September 30 of the immediately succeeding federal fiscal year for which the funds were awarded. If the final liquidation amounts are lower than the original amount obligated, this difference must be included in the Unobligated Balance Line Item for the year in which they were awarded. Unobligated balances from previous fiscal years may only be expended on benefits that meet the definition of assistance at 45 CFR section 260.31(a) and related administrative costs associated with providing such assistance.

Condition – DHS charged 2 invoices totaling \$338,674 to the FY 2007 TANF award for contracts that were outside of the grant's period of availability. These expenditures that relate to the contract awarded in FY 2008 should not have been charged to the FY 2007 award.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 4 transactions totaling \$446,828 that had been charged to TANF's prior year grant funds.

Effect – DHS is not in compliance with the provisions of the compliance supplement and expenditures may not be considered allowable under the TANF grant.

Cause – DHS did not properly review the expenditures that had been charged to the TANF program.

Recommendation – We recommend DHS improve its review process of expenditures processed and recorded to the TANF grant to ensure that expenditures are charged to the correct grant award period.

Views of Responsible Officials and Planned Corrective Actions – DHS agrees with the finding and will ensure that expenditures are charged to the correct TANF grant award period.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-82	U.S. Department of Health and Human Services  Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2007G996115, 2008G996115 Grant Award Period: 10/1/06-9/30/07, 10/1/07-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate with these requirements.

Condition – In our review of 30 procurement files related to the TANF grant, we identified the following:

- There was no evidence of DHS verifying whether 15 vendors involved in 15 procurement transactions had been debarred or suspended from providing services where federal funds are utilized.
- DHS was unable to provide documentation that 3 quotes were obtained for 1 procurement file.
- DHS was unable provide 7 procurement files for our review. The total amount of purchase orders for the 7 procurement files that were not provided was \$793,333.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 30 vendor procurements totaling \$13,254,000.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. DHS could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and DHS could possibly issue procurements without the appropriate funding.

Cause – DHS' policies and procedures related to procurement documentation and file retention were not functioning as intended.

Recommendation – We recommend DHS develop detailed quality assurance policies and procedures that focus on ensuring that all procurement actions processed are properly documented and supported in accordance with federal laws and regulations. In addition, we recommend that DHS review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – The Office of Contracting and Procurement (OCP) conducted cost and price analysis in accordance with internal policies and procedures for procurements cited in this finding, but failed to properly maintain records documenting the completion of this task. OCP recognizes the importance of maintaining complete and accurate files, and took steps in January 2009 to improve file management practices. A new File Management Specialist was hired to oversee a secure and centralized file room, file management procedures were created, and internal auditing controls for file completion were improved. Under new procedures, all files submitted or removed from the file room are tracked through a file room database log and are subject to an OCP file checklist to ensure each file contains appropriate documentation, including evidence that the awarded price is fair and reasonable.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-83	U.S. Department of Health and Human Services  Community Services Block Grant CFDA Number: 93.569 Grant Award Number: 2008G994002 Grant Award Period: 10/1/07-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate with these requirements.

Condition – In our review of 4 procurement files related to the Community Services Block grant, DHS was unable to provide 2 procurement files for our review. The total amount of purchase orders for the 2 procurement files that were not provided was \$9,276,144.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 4 procurements files totaling \$9,377,203.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. DHS could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and DHS could possibly issue procurements without the appropriate funding.

Cause – DHS' policies and procedures related to procurement documentation and file retention were not functioning as intended.

Recommendation – We recommend DHS develop detailed quality assurance policies and procedures that focus on ensuring that all procurement actions processed are properly documented and supported in accordance with federal laws and regulations. In addition, we recommend that DHS review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.

Views of Responsible Officials and Planned Corrective Actions – The Office of Contracting and Procurement (OCP) conducted cost and price analysis in accordance with internal policies and procedures for procurements cited in this finding, but failed to properly maintain records documenting the completion of this task. OCP recognizes the importance of maintaining complete and accurate files, and took steps in January 2009 to improve file management practices. A new File Management Specialist was hired to oversee a secure and centralized file room, file management procedures were created, and internal auditing controls for file completion were improved.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Under new procedures, all files submitted or removed from the file room are tracked through a file room database log and are subject to an OCP file checklist to ensure each file contains appropriate documentation, including evidence that the awarded price is fair and reasonable.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-84	U.S. Department of Health and Human Services  Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2007G996115, 2008G996115 Grant Award Period: 10/1/06-9/30/07, 10/1/07-9/30/08	Special Tests and Provisions: Child Support Non-Cooperation	Not Determinable

Criteria or Specific Requirement – If the State agency responsible for administering the State plan approved under Title IV-D of the Social Security Act determines that an individual is not cooperating with the State in establishing paternity, or in establishing, modifying or enforcing a support order with respect to a child of the individual, and reports that information to the State agency responsible for TANF, the State TANF agency must:

(1) deduct an amount equal to not less than 25 percent from the TANF assistance that would otherwise be provided to the family of the individual, and (2) may deny the family any TANF assistance. DHHS may penalize a State for up to five percent of the State Family Assistance Grant for failure to substantially comply with this required State child support program (42 USC 608(a)(2) and 609(a)(8); 45 CFR sections 264.30 and 264.31).

Condition – DHS was unable to provide copies of the electronic reports that it receives from the District's Child Support Agency which identifies those TANF participants who are not cooperating in establishing or enforcing a child support order covering the period from October, 2007 through June 2008. As a result, we were unable to determine if DHS properly reduced or terminated various participants' TANF assistance, as required under the program for the said period.

Even though DHS was able to provide the above electronic reports covering the period from July 2008 through September 2008, the reports included list of participants who were not TANF recipients. As such, 21 out of 45 participant samples selected for testing were not TANF recipients.

Context – This is a condition identified per review of DHS' compliance with specified requirements.

Effect – There may be TANF participants whose assistance was not properly reduced or terminated.

Cause – DHS receives the files from the District's Child Support Agency and cannot identify the type of applicant unless it researches each referred file.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that DHS maintain in its files the electronic reports received from the District's Child Support Agency related to non-child support cooperation cases in accordance with the District's and the Federal government's record retention and archiving policies, whichever is later. In addition, the electronic reports should identify the types of benefits the participants are receiving.

Views of Responsible Officials and Planned Corrective Actions – Income Maintenance Administration's (IMA) inability to provide the Child Support non-compliance reports for October 2007 through June 2008 is directly related to the identification of a technical problem with the reports in June 2008. IMA was asked to provide the same reports for FY07 and discovered that ACEDS was not properly matching the incoming data from Child Support to the ACEDS case. The problem was corrected right away and that's why there are reports for July 2008 through September 2008. After we corrected the problem, the ACEDS office contacted the Child Support office to request a list of those individuals who were still non-compliant according to their records and we made sure the sanctions were applied.

The ACEDS Child Support interface handled referrals to and responses from Child Support for the TANF and Medicaid populations. IMA is required to impose sanctions for both Medicaid and TANF recipients who fail to comply with child support requirements. The report from Child Support regarding compliance and non-compliance does not include the program type (nor, to our knowledge, is it required to). The worker who processes the report determines that.

DHS agrees that it cannot identify the program from the child support interface for purposes of sanction for non-cooperation until the SSR goes into the individual case. There is no regulatory requirement that the report produced from the Child Support interface data identify the program(s) involved. Each case is required to be processed individually. Staff processing the sanctions are able to determine in ACEDS, which sanction or sanctions to impose. IMA provided an additional electronic file of all TANF recipients from which the auditors could validate their sample and the sanctions imposed during the sample month.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-85	U.S. Department of Health and Human Services  Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2007G996115, 2008G996115 Grant Award Period: 10/1/06-9/30/07, 10/1/07-9/30/08	Special Tests and Provisions: Income Eligibility and Verification System	Not Determinable

Criteria or Specific Requirement – Per the OMB Circular A-133 Compliance Supplement:

- Under the State Plan the State is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies.
- The State is required to review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits, or services under the TANF program.

Condition – DHS was unable to provide evidence that participant income was verified for 1 of 45 participant cases selected for testing.

Context – This is a condition identified per review of DHS' compliance with specified requirements.

Effect – Lack of supporting documentation for program services and noncompliance with program requirements could result in disallowances of costs and participants could be receiving benefits that they are not entitled to receive under the program.

Cause – DHS is not performing periodic reviews of the data in its participant files.

Recommendation – We recommend that DHS perform periodic reviews of the data in its participant files to ensure compliance with the income eligibility and verification system requirements. In addition, supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – DHS agrees and will follow through with the recommendations.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-86			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-87	U.S. Department of Labor  Unemployment Insurance CFDA Number: 17.225 Grant Award Number: UI 15114-06-55, UI 15791-07-55, UI 16739-08-55-A-11 Grant Award Period: 10/1/05-12/31/08, 10/1/06-12/31/09, 10/1/07-12/31/10	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 2 funding techniques for the Unemployment Insurance program for the drawdown of funds:

- Program payments require the use of the modified average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement

Condition – DOES does not make drawdowns on a biweekly basis and as such, appears to be in violation of the proper funding technique and the clearance pattern specified by the CMIA Agreement.

Context – This is a condition identified per review of DOES' compliance with specified requirements.

Effect – DOES is not in compliance with the provisions of the CMIA agreement. We noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – DOES does not have a mechanism in place to ensure drawdown requests are being made on a timely basis, and in accordance with the specifications of the CMIA Agreement.

Recommendation – We recommend DOES comply with the provisions of the CMIA agreement and request federal funds consistent with the required funding technique and its actual cash needs. In addition, DOES should properly monitor drawdown requests and implement a review process to ensure the requests are being made on a biweekly basis.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – Management concurs with the finding that drawdowns were not completed in accordance with the CMIA agreement.

To address the issue of non-compliance, DOES implemented additional management review and monitoring effective October 1, 2008. Under this new procedure, the Cluster Controller reviews and approves all drawdowns to make sure that these are in accordance with the CMIA agreement. These procedures are incorporated in the Office of the Chief Financial Officer (OCFO) policies and procedures manual. Management just needs to monitor strict compliance with these new procedures.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-88			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District Department of Transportation (DDOT)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-89	U.S. Department of Transportation  Highway Planning and Construction CFDA Number: 20.205 Grant Award Number: 7H83ZU Grant Award Period: 10/1/07-9/30/08	Davis-Bacon Act	Not Determinable

Criteria or Specific Requirement – OMB Circular A-102 requires that recipients of federal awards include in their construction contracts, subject to the Davis-Bacon Act, a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and Department of Labor (DOL) regulations. It also requires for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Condition – DDOT did not adequately monitor the Davis-Bacon Act requirements in a consistent manner. We observed:

- Lack of evidence that a contract specialist reviewed 2 of 20 certified payroll reports selected for testing.
- The certified payroll reports for 2 of 20 employees selected for testing were missing.

Context – This is a condition identified per review of DDOT's compliance with specified requirements. Records were not maintained to provide evidence that a proper review of the payroll reports was performed by a contract specialist.

Effect – DDOT is noncompliant with the Davis Bacon Act provisions and there is a potential that DDOT could have underpaid construction workers.

Cause – DDOT did not adhere to its policies and procedures to ensure that contract specialists monitor compliance of contractors and subcontractors in accordance with the Davis-Bacon Act.

Recommendation – There should be a system in place to ensure that all certified reports are received on a timely basis and a consistent review is performed by the contract specialists of the certified payrolls. The supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – DDOT has an adequate system to ensure full compliance with Davis-Bacon. The findings noted in the audit reflect "human error" and not system deficiencies. However, these audit findings have prompted a more detailed internal discussion and review of our process. Management is currently reengineering its procedures to ensure full compliance with Davis-Bacon. Management will be initiating changes that will include the following elements:

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

(1) Added utilization of outside contractors to review payrolls and recommend necessary remedial action when violations are identified. A Scope of Work will be added to some existing Construction Management contracts that DDOT has in place. The addition of these consultants give management the immediate complement of investigators required to review payrolls and initiate the required follow up and;

(2) Management will incorporate the use of technology to supplement its efforts. Management has identified software that assists in the identification of payroll violations and management believes that it may accelerate review of payrolls. Management expects to implement this technology immediately on a trial basis. If the results of our demonstration are successful, management expects a more comprehensive implementation of this technology.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-90			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-91	U.S. Department of Homeland Security  Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2005-GE-T5-0024, 2006-GE-T6-0037, 2007-GE-T7-0038 Grant Award Period: 10/01/04-3/31/08, 7/01/06-6/30/09, 7/01/07-6/30/10	Cash Management: Funding Technique	Not Determinable

Criteria or specific requirements – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies a funding technique for the Homeland Security program for the drawdown of funds:

- Benefit payments and administrative costs require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of the disbursement.

This funding technique requires the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – We have reviewed 5 drawdown requests totaling \$1,036,172. Total FY 2008 drawdown requests were \$25,970,177. We noted that for all of the items selected for testing:

- The clearance pattern used for the drawdowns was not in accordance with the CMIA Agreement.
- The District did not drawdown funds using the funding technique required by the CMIA agreement.

Context – This is a condition identified per review of HSEMA's compliance with the provisions of the CMIA agreement.

Effect – HSEMA is not in compliance with the provisions of the CMIA agreement. We noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – HSEMA did not appear to exercise due diligence in requesting federal funds consistent with the CMIA agreement and its actual cash needs.

Recommendation – We recommend that HSEMA comply with the provisions of the CMIA agreement and request federal funds consistent with the CMIA agreement funding technique and its actual cash needs.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – In the future, we will utilize the average clearance funding technique identified in the CMA agreement. That is, the amount of the draw downs will be for the exact amount of the disbursements for the period.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-92	U.S. Department of Homeland Security  Rail and Transit Security Grant Program CFDA Number: 97.075 Grant Awards: 2005-GB-T5-0004, 2006-RL-T6-0005 Grant Award Periods: 7/01/05-12/31/07, 10/01/06-3/31/09	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies a funding technique for the Rail and Transit Security program for the drawdown of funds:

- Benefit payments and administrative costs require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of the disbursement.

This funding technique requires the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – We have reviewed 5 drawdown requests totaling \$5,907,089. Total FY 2008 drawdown requests were \$6,622,003. We noted that for all of the items selected for testing:

- The clearance pattern used for the drawdowns was not in accordance with the CMIA Agreement.
- The District did not drawdown funds using the funding technique required by the CMIA agreement.

Context – This is a condition identified per review of HSEMA's compliance with the provisions of the CMIA agreement.

Effect – HSEMA is not in compliance with the provisions of the CMIA agreement. We noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – HSEMA did not appear to exercise due diligence in requesting federal funds consistent with the CMIA agreement and its actual cash needs.

Recommendation – We recommend that HSEMA comply with the provisions of the CMIA agreement and request federal funds consistent with the CMIA agreement funding technique and its actual cash needs.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – In the future, we will utilize the average clearance funding technique identified in the CMA agreement. That is, the amount of the draw downs will be for the exact amount of the disbursements for the period.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-93	U.S. Department of Homeland Security  Rail and Transit Security Grant Program CFDA Number: 97.075 Grant Awards: 2006-RL-T6-0005, 2007-RL-T7-K004 Grant Award Periods: 10/01/06-3/31/09, 6/01/07-5/31/10	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The Rail and Transit Security grant program requires that at least 97 percent of grant funds be obligated to the designated transit system within 60 days of the grant award. In addition, grantees are prohibited from obligating, expending, or drawing down funds provided through the award until the required Budget Detail Worksheet and Budget Narrative are reviewed and approved by the Office of Grant Operations and a Grant Adjustment Notice is issued removing this special condition.

Condition – During FY 2008, the Federal government approved the funding of several FY 2006 and FY 2007 grant award program projects. In our review of all the 28 grant award program projects administered by HSEMA, we identified the following exceptions with the program obligation requirements:

*FY 2006 Grant Award*

- The subawards were obligated after the 60 day requirement for 2 projects.
- The subaward obligation date was before the Federal government approval date for 5 projects.

*FY 2007 Grant Award*

- The subawards were obligated after the 60 day requirement for 5 projects.

Context – This is a condition identified per review of HSEMA's compliance with specified requirements.

Effect – Subrecipients have less time to fulfill the requirements under the grant.

Cause – HSEMA is not adequately monitoring the subaward process to ensure that the subawards are obligated within the 60 day requirement.

Recommendation – We recommend HSEMA improve its subaward process by establishing better tracking and monitoring systems of project funding approvals and subaward agreement commitment dates.

Views of Responsible Officials and Planned Corrective Actions – HSEMA agrees that there were 2 FY 2006 and 5 FY 2007 projects issued to subgrantees beyond the 60 day window after receiving FEMA approval. This was primarily due to the fact that HSEMA had not received sufficient specific project plans from these subgrantees in a timely fashion.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

In the future, HSEMA will take faster action to elevate these issues to the subgrantee agency leadership in order to ensure timely receipt of a sufficient project plan.

HSEMA had received in-person approval from FEMA for the one project that was sub-granted in advance of receiving written FEMA approval (the FEMA letter came 2 days later). In the future, HSEMA will not issue any Transit Security grant program subgrants until the FEMA approval letter is actually in-hand, despite any verbal approvals made by FEMA staff.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-94			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-95	U.S. Department of Homeland Security  Rail and Transit Security Grant Program CFDA Number: 97.075 Grant Awards: 2005-GB-T5-0004, 2007-RL-T7-K004 Grant Award Periods: 10/01/04-3/31/08, 6/01/07-5/31/10	Period of Availability	\$200,495

Criteria or Specific Requirement – Under OMB Circular A-102 Common Rule, when a funding period is specified, a non-federal entity may charge to the award only costs resulting from obligations incurred during the funding period. Obligation means the amounts of orders placed, contracts and sub-grants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-federal entity during the same or a future period.

Under the 2007 grant award, recipients may not obligate, expend, or drawdown grant funds until the U.S. Department of Homeland Security (DHS) has approved the recipient's investment justifications and a Grant Adjustment Notice has been issued releasing all or a portion of the grant funds.

Condition – HSEMA charged management and administration expenditures totaling \$200,495 to the 2007 Grant Award, although the expenditures were not approved by DHS during FY 2008.

Context – This is a condition identified per review of HSEMA's compliance with specified requirements. The total amount of management and administration expenditures charged to the 2007 grant award was \$200,495.

Effect – Incurring costs prior to written approval from DHS may have resulted in unallowable costs being charged to the federal program.

Cause – HSEMA did not properly review the expenditures charged to the 2007 grant award to ensure that the expenditures charged to the grant were in the appropriate grant award period and approved by DHS.

Recommendation – We recommend that HSEMA transfer the management and administration expenditures charged to the 2007 grant award to a grant that was approved for spending in FY 2008. In addition, we recommend that HSEMA monitor the management and administration expenditures charged to the grant to ensure that expenditures are only charged to the grants approved by DHS.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – The period of performance of this grant started on June 01, 2007, and FEMA was overly delayed in issuing the GAN releasing the M&A. This is an oversight of FEMA's that has been corrected. HSEMA will be more diligent in the future in notifying FEMA of oversights of this nature to ensure that GANs are issued in a timely manner.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-96	U.S. Department of Homeland Security  Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2005-GE-T5-0024, 2006-GE-T6-0037, 2007-GE-T7-0038 Grant Award Period: 10/01/04-3/31/08, 7/01/06-6/30/09, 7/01/07-6/30/10	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

Condition – We tested all 12 procurement files during the year and identified the following:

- 2 vendor contract files had no information that documented the methodology used and cost analysis performed to select the vendors for services.
- 1 vendor file had no evidence of competitive bidding.

Context – This is a condition identified per review of HSEMA's compliance with specified requirements. We reviewed 12 procurement files totaling \$2,239,972.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. HSEMA could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and HSEMA could possibly issue procurements without the appropriate funding.

Cause – HSEMA procurement responsibilities were transferred to another employee during the fiscal year. Some of the procurement documentation was misplaced during the transition.

Recommendation – We recommend that HSEMA review its current contracting procedures with special focus on the contracting officers or designees and their responsibilities for ensuring compliance with the procurement process and the documentation maintenance process. Action should be taken to remedy the deficiencies cited.

Views of Responsible Official(s) and Planned Corrective Action – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-97	U.S. Department of Homeland Security  Rail and Transit Security Grant Program CFDA Number: 97.075 Grant Awards: 2006-RL-T6-0005 Grant Award Periods: 10/01/06-3/31/09	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

Condition – We noted that both of the vendor contract files utilized during the year and amounting to \$53,869 did not have information that documented the methodology used and cost analysis performed to select the vendors for services.

Context – This is a condition identified per review of HSEMA's compliance with specified requirements.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. HSEMA could inadvertently award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and HSEMA could possibly issue procurements without the appropriate funding.

Cause – HSEMA procurement responsibilities were transferred to another employee during the fiscal year. Some of the procurement documentation was misplaced during the transition.

Recommendation – We recommend that HSEMA review its current contracting procedures with special focus on the contracting officers or designees and their responsibilities for ensuring compliance with the procurement process and the documentation maintenance process. Action should be taken to remedy the deficiencies cited.

Views of Responsible Official(s) and Planned Corrective Action – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-98			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2008-99

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-100	U.S. Department of Homeland Security  Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2005-GE-T5-0024, 2006-GE-T6-0037, 2007-GE-T7-0038 Grant Award Period: 10/01/04-3/31/08, 7/01/06-6/30/09, 7/01/07-6/30/10	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; and (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be retained in accordance with OMB Circular A-102.

Condition – Our review of HSEMA's monitoring of all 25 subrecipients during FY 2008 revealed that 13 subrecipients had not provided some or all of the required monthly status reports. The monthly status reports are a mechanism by which HSEMA monitors the activities of its subrecipients. Without proper monitoring of the subrecipients, there is no assurance that the program requirements were met.

Context – This is a condition identified per review of HSEMA's compliance with specified requirements. The total number of subrecipients in FY 2008 was 25.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – HSEMA management is not adequately following up with the program managers to ascertain whether the monthly status reports have been received from the subrecipients.

Recommendation – We recommend that HSEMA establish a system to monitor and track the receipt of the monthly status reports to ensure that management has the reports to properly monitor its subrecipients.

Views of Responsible Officials and Planned Corrective Actions – HSEMA agrees that there were projects that had not submitted multiple monthly status reports. HSEMA recognizes that the monthly status reporting requirement placed on subgrantees was not an efficient manner to collect the desired information.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

For that reason, HSEMA is shifting to a quarterly status report for each sub-grant, which will be more detailed and ultimately more useful to HSEMA. This change will also make it easier enforce compliance, as HSEMA will also send updates to jurisdictional leadership each quarter on the status of their projects, including whether or not the sub-grant status reports have been submitted.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Homeland Security and Emergency Management Agency (HSEMA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-101	U.S. Department of Homeland Security  Rail and Transit Security Grant Program CFDA Number: 97.075 Grant Awards: 2005-GB-T5-0004, 2006-RL-T6-0005 Grant Award Periods: 7/01/05-12/31/07, 10/01/06-3/31/09	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; and (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be retained in accordance with OMB Circular A-102.

Condition – During FY 2008, HSEMA had 4 subrecipients with expenditures charged to the 2005 and 2006 grant awards. The subrecipients were required to submit a monthly status report describing the accomplishments for the period. HSEMA used the monthly status reports as a way to monitor the subrecipients.

We noted that of the 4 subrecipients reviewed, 2 subrecipients did not submit all of the required monthly status reports to HSEMA.

Context – This is a condition identified per review of HSEMA's compliance with specified requirements. The total number of subrecipients in FY 2008 was 4.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – HSEMA management is not adequately following up with the program managers to ascertain whether the monthly status reports have been received from the subrecipients.

Recommendation – We recommend that HSEMA establish a system to monitor and track the receipt of the monthly status reports to ensure that management has the reports to properly monitor its subrecipients.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – HSEMA agrees that there were projects that had not submitted multiple monthly status reports. HSEMA recognizes that the monthly status reporting requirement placed on subgrantees was not an efficient manner to collect the desired information. For that reason, HSEMA is shifting to a quarterly status report for each sub-grant, which will be more detailed and ultimately more useful to HSEMA. This change will also make it easier enforce compliance, as HSEMA will also send updates to jurisdictional leadership each quarter on the status of their projects, including whether or not the sub-grant status reports have been submitted.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-102			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-103	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Payroll Activities	\$134,849

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Further, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Condition – The following exceptions were noted during our test work:

- Out of 12 payroll items requested, 10 items did not have any supporting documentation.
- Of the 2 payroll items where support was partially provided, OSSE was unable to provide evidence that proper time and effort certifications had been submitted for both these items. OSSE was also unable to provide a grade/step schedule for 1 of these items.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements and appears to be a systemic issue which has been identified in other OSSE programs as well. Total payroll expenditure transactions charged to the Title I program by OSSE in FY 2008 were \$7,629,562. We reviewed 12 payroll expenditures totaling \$134,849. The total amount related to the expenditures not supported and those without proper time and effort certifications, and for the item for which OSSE was unable to provide any grade/step schedule, was \$134,849.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of proper A-87 certifications of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal award.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.

Recommendation – We recommend that OSSE should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

It is also recommended that OSSE develop a central tracking system for the semi-annual certifications. The tracking system should include some written form of communication from program managers that acknowledges that they have prepared the required semi-annual certifications.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-104	U.S. Department of Education  Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A070010 Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Payroll Activities	Below Reporting Threshold

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Further, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Condition – There was no documentation available to verify a payroll item selected for testing.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements and appears to be a systemic issue which has been identified in other OSSE programs as well. We reviewed 1 payroll expenditure totaling \$3,847. Total payroll expenditures charged to the Special Education Cluster program in FY 2008 were \$1,110,268. The total amount related to documentation not being available to verify the selected payroll was \$3,847.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of authorization and review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal awards.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.

Recommendation – We recommend that OSSE should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-105	U.S. Department of Education  Career and Technical Education – Basic Grants to States CFDA Number: 84.048 Grant Award Number: V048A070051B Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Payroll Activities	Below Reporting Threshold

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Further, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Condition – OSSE was unable to provide a time and effort certification for 1 payroll item selected.

Context – This is a condition identified per review of OSSE’ compliance with specified requirements and appears to be a systemic issue which has been identified in other OSSE programs as well. We reviewed 1 payroll expenditure totaling \$3,058. Total payroll expenditures charged to the Career and Technical Education – Basic Grants to States program in FY 2008 were \$188,936.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of authorization and review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal award.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.

Recommendation – We recommend that OSSE should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

It is also recommended that OSSE develop a central tracking system for the semi-annual certifications. The tracking system should include some written form of communication from program managers that acknowledges that they have prepared the required semi-annual certifications.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-106			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-107	U.S. Department of Health and Human Services  Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0801DCCCDF Grant Award Period: 10/1/07-9/30/08	Allowable Costs: Nonpayroll Activities	\$77,840

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Condition – During FY 2008, the administration of the Child Care program was transferred from Department of Human Services (DHS) to OSSE. DHS incurred expenditures for the Child Care program during the year and these expenditures were transferred to OSSE through interagency transfers. During our review, OSSE was unable to provide supporting documentation for 1 nonpayroll transaction amounting to \$77,840 out of 20 nonpayroll transactions selected for testing.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements. We reviewed 20 nonpayroll expenditures totaling \$4,847,193. Total nonpayroll expenditures charged to the Child Care program in FY 2008 were \$7,431,586.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of authorization and review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal award.

Cause – OSSE did not properly document and retain in its accounting records the purpose and nature of the expenditures.

Recommendation – We recommend that OSSE should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

Views of Responsible Officials and Planned Corrective Actions – While management concurs with the finding, in the District of Columbia government all invoices for fixed costs are received and paid by the Office of Finance and Resource Management (OFRM). The costs are then allocated to the agencies. The agencies have no documentation for the fixed cost charges.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-108	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Cash Management: Drawdown of Funds	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 3 funding techniques for the Title I grant for the drawdown of funds:

- Administrative costs require the use of the fixed administrative allowance and a clearance pattern of 5 days.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Other non-payroll program payments will require the use of the average clearance funding technique and clearance pattern of 5 days and the amount of request shall be for the exact amount of that disbursement.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – OSSE made 11 drawdown requests totaling \$27,054,299 during FY 2008. We selected 9 samples totaling \$26,924,325. We noted that for all 9 items selected, there was no approval by the supervisor prior to submission of the requests. We also found that all of the drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

Context – This is a condition identified per review of OSSE's compliance with provisions of the CMIA agreement.

Effect – OSSE is not in compliance with the provisions of the CMIA agreement and overall cash management. OSSE's requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds are requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – OSSE did not appear to exercise due diligence in requesting federal funds consistent with the CMIA agreement and its actual cash needs. It also appears that the review process over cash management was not functioning properly and as intended.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that OSSE should institute procedures to ensure compliance with the provisions of the CMIA agreement and request federal funds consistent with the funding techniques specified in the CMIA agreement and its actual cash needs. We also recommend that OSSE should develop written procedures for review of the drawdown process. These procedures should be consistently adhered to, for all drawdown requests.

Views of Responsible Officials and Planned Corrective Actions – In FY 2009, OSSE developed a draft drawdown policy and procedure which conforms to the Federal and District rules and regulations over cash management. The policy also is in compliance with the current Cash Management Improvement Act Agreement (CMIA). More importantly, the policy and procedures ensure that all drawdowns are internally authorized and are supported prior to execution.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-109	U.S. Department of Education  Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A070010 Grant Award Period: 7/1/07-9/30/08	Cash Management: Drawdown of Funds	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 3 funding techniques for the Special Education grant for the drawdown of funds:

- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Other non-payroll program payments will require the use of the average clearance funding technique and clearance pattern of 5 days and the amount of request shall be for the exact amount of that disbursement.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – OSSE made 6 drawdown requests totaling \$6,906,535 during FY 2008. We selected 3 samples totaling \$6,015,862. We noted that for all items selected, there was no approval by the supervisor prior to submission of the requests. We also found that all of the drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

Context – This is a condition identified per review of OSSE’s compliance with the provisions of the CMIA agreement.

Effect – OSSE is not in compliance with the provisions of the CMIA agreement and overall cash management. OSSE’s requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds are requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

Cause – OSSE did not appear to exercise due diligence in requesting federal funds consistent with the CMIA agreement and its actual cash needs. It also appears that the review process over cash management was not functioning properly and as intended.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that OSSE should institute procedures to ensure compliance with the provisions of the CMIA agreement and request federal funds consistent with the funding techniques specified in the CMIA agreement and its actual cash needs. We also recommend that OSSE should develop written procedures for review of the drawdown process. These procedures should be consistently adhered to, for all drawdown requests.

Views of Responsible Officials and Planned Corrective Actions – In FY 2009, OSSE developed a draft drawdown policy and procedures which conforms to the Federal and District rules and regulations over cash management. The policy also is in compliance with the current Cash Management Improvement Act Agreement (CMIA). More importantly, the policy and procedures ensure that all drawdowns are internally authorized and are supported prior to execution.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-110	U.S. Department of Education  Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A070008 Grant Award Period: 7/1/07-9/30/08	Cash Management: Drawdown of Funds	Not Determinable

Criteria or Specific Requirement – Pursuant to A-102 Common Rule and 31 Code of Federal Regulation (CFR) Part 205, cash drawdown requests for federal funds must be supported and proper documentation maintained. It is also required that the amount of reimbursement request should be closely matched to the amount of the actual disbursement.

Further the Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and U.S. Department of Treasury requires that established funding techniques must be complied with when requesting federal funds. This requires the District to minimize the time that elapses between the disbursement to the vendor(s) and the request for reimbursement. It also requires that the amount of the reimbursement request shall match the amount of the actual disbursement.

Condition – OSSE did not make any drawdown requests for Title II program funds in FY 2008. This is because OSSE had not reconciled its revenues, receivables, and drawdowns during FY 2008. Consequently, OSSE was not in a position to make any drawdown requests until proper reconciliations were completed.

Context – This is a condition identified per review of OSSE's compliance with the specified requirements and appears to be a systemic issue identified in other OSSE programs as well.

Effect – OSSE used its local funds to carry out the purposes related to the Improving Teacher Quality State Grants during FY 2008. OSSE will request drawdowns after it completes the revenues, receivables, and drawdown reconciliation.

Cause – OSSE did not appear to exercise due diligence in reconciling its revenues, receivables, and drawdown requests related to the program.

Recommendation – We recommend that OSSE should request federal funds based on its actual expenditures. We further recommend that OSSE should institute procedures to ensure compliance with the provisions of the CMIA agreement and request federal funds consistent with the funding techniques specified in the CMIA agreement and its actual cash needs. We also recommend that OSSE should develop written procedures for review of the drawdown process. These procedures should be consistently adhered to, for all drawdown requests.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – In FY 2009, OSSE developed a draft drawdown policy and procedure which conforms to the Federal and District rules and regulations over cash management. The policy also is in compliance with the current Cash Management Improvement Act Agreement (CMIA). More importantly, the policy and procedures ensure that all draw downs are internally authorized and are supported prior to execution.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-111	U.S. Department of Education  Statewide Data Systems CFDA Number: 84.372 Grant Award Number: R372A070021 Grant Award Period: 8/1/07-9/30/08	Cash Management: Drawdown of Funds	Below Reporting Threshold

Criteria or Specific Requirement – Pursuant to A-102 Common Rule and 31 Code of Federal Regulations (CFR) Part 205, cash drawdown requests for federal funds must be supported and proper documentation maintained. It is also required that the amount of the reimbursement request should be closely matched to the amount of the actual disbursement. In addition, all requests for federal funds should be properly supported.

It is noted that this program is not subject to the Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Treasury.

Condition – During our testing, we noted that drawdowns had not been properly reviewed prior to requesting such drawdowns. We observed that in 1 selected instance totaling \$1,117, there was no approval by the supervisor. According to the stated cash management procedures, drawdown requests are to be approved by a supervisor prior to submission of the request.

Further, a journal voucher has to be prepared to account for the drawdown after the request has been submitted, and the funds have been received. During our testing, we did not find the journal voucher to have been properly approved.

Context – This appears to be a systemic issue and has been identified in other OSSE programs as well. We reviewed 1 drawdown request totaling \$1,117. Total FY 2008 drawdown requests for the Statewide Data Systems program by OSSE were \$143,772.

Effect – OSSE is not in compliance with the provisions of OSSE's cash management procedures which could lead to erroneous drawdowns. Errors in drawdowns could in turn lead to suspension of funding.

Cause – OSSE did not appear to exercise due diligence in requesting federal funds consistent with its actual cash needs. There was inadequate review of the drawdown requests.

Recommendation – We recommend that OSSE should institute procedures to ensure overall compliance and request federal funds based on its actual cash needs. We also recommend that OSSE should develop written procedures for its drawdown process. Those procedures should be consistently adhered to, for all drawdown requests.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – In FY 2009, OSSE developed a draft drawdown policy and procedure which conforms to the Federal and District rules and regulations over cash management. The policy also is in compliance with the current Cash Management Improvement Act Agreement (CMIA). More importantly, the policy and procedures ensure that all drawdowns are internally authorized and are supported prior to execution.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-112	U.S. Department of Health and Human Services  Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0801DCCCDF Grant Award Period: 10/1/07-9/30/08	Cash Management: Drawdown of Funds	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds. The CMIA agreement identifies 3 funding techniques for the Child Care Development Fund program for the drawdown of funds:

- Program payments require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount of that disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Administrative payments require the use of the fixed administrative allowance funding technique and a clearance of 5 days.

These funding techniques require the District to minimize the time that elapses between the payment of the disbursement and the request for reimbursement.

Condition – During FY 2008, the administration of the Child Care program was transferred from Department of Human Services (DHS) to OSSE. We reviewed 5 drawdown requests totaling \$3,176,636. Total FY 2008 drawdown requests were \$7,694,911. We noted the following:

- 5 drawdown requests reviewed were not in accordance with the District's CMIA agreement.
- Some of the expenses that supported 1 drawdown request were found not to have been paid before the date of the reimbursement request.

Context – This is a condition identified per review of OSSE's compliance with the provisions of the CMIA agreement.

Effect – OSSE is not in compliance with the provisions of the CMIA agreement. OSSE's requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Cause – OSSE does not follow the CMIA agreement because it would require the Agencies to request reimbursement on a bi-weekly basis instead of on a weekly basis.

Recommendation – We recommend that management compare cash draws to expenditure reports ensuring that they are adequately supported. We further recommend that management ensure that cash draws are performed in accordance with the CMIA agreement.

Views of Responsible Officials and Planned Corrective Actions – Management concurs that it is not in compliance with the Cash Management Improvement Act of 1990 (CMIA) agreement in regards to requesting timely reimbursement. The methodology that was implemented in 2007 required us to perform weekly drawdowns based on the EIS Grant Drawdown Worksheet report of expenditures in SOAR. Copies of the EIS report are distributed to the accountants who review it to determine how much is available to draw on a specific grant. Because of the volume of grants that comprise the budget, 100% adherence to the CMIA for non-personnel services is not feasible. The weekly draw which occurs once in a five day work week period, addresses the average clearance pattern.

Beginning in the latter half of FY 2008, cash requests are being made on Thursdays as opposed to the early part of the week to ensure funds are deposited to the District Treasury account by Friday, to meet the modified average clearance pattern for payroll expenditures.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-113	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Eligibility	\$154,088

Criteria or Specific Requirement – A Local Educational Agency (LEA) must determine which school attendance areas are eligible to participate in the Title I Part A program. A school attendance area is generally eligible to participate if the percentage of children from low-income families is at least as high as the percentage of children from low-income families in the LEA as a whole, or if the percentage is at least 35%. LEAs may also designate and serve a school in an ineligible attendance area if the percentage of children from low-income families enrolled in that school is equal or greater than the percentage of such children in a participating school attendance area. When determining eligibility, an LEA must select a poverty measure from among the following data sources: (1) the number of children ages 5-17 in poverty counted in the most recent census or; (2) the number of children eligible for free and reduced price lunches or; (3) the number of children in families receiving TANF or; (4) the number of children eligible to receive Medicaid assistance or; (5) a composite of these data sources. The LEA must use that measure consistently across the school district to rank all its school attendance areas according to their percentage of poverty.

An LEA must serve eligible schools or attendance areas in rank order according to their percentage of poverty. An LEA may serve, for one (1) additional year, an attendance area that is not currently eligible but that was eligible and served in the preceding year.

Condition – In FY 2008, OSSE allocated amounts to the LEAs based on the poverty status of the children attending these schools. During our review of OSSE's allocations to the District of Columbia Public Schools LEA and the charter school LEAs, we found that 4 charter school LEAs, out of a total sample of 53, had a poverty rate lower than 35% and/or a poverty rate that was lower than the low-income families enrolled in that school in a participating school attendance area.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. The Title I Part A allocated funds provided to these 4 non-eligible charter schools LEAs during the FY was \$154,088. This resulted in a disallowed expenditure.

Effect – Allocation of Title I Part A funds to any ineligible attendance schools results in noncompliance with the applicable eligibility requirements.

Cause – It appears that OSSE has not complied with the required poverty measure in determining eligibility as stated in the compliance requirement.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – OSSE should have a thorough review process over the analysis and distribution of Title I Part A funds by closely scrutinizing the poverty measure on data sources and applying that measure consistently across its LEAs.

Views of Responsible Officials and Planned Corrective Actions – OSSE agrees with the first exception taken in regards to the eligibility requirements for 4 public charter schools in question. It is important to note, however, that pursuant to D.C. law the test for Title I eligibility is applicable for DCPS but not for public charter schools.

A D.C. public charter school is eligible to receive Title I funds if its poverty rate is at least as high as the poverty rate for the lowest D.C. public school receiving Title I funds. As long as a public charter school matches or exceeds that poverty rate, it is eligible for Title I funds. For FY 2008, the lowest rate of a DCPS school was 29.54% given that one DCPS school was grandfathered into the eligibility requirement pursuant to the statute. Unfortunately, even following this rule, it appears that none of the four public charter schools were eligible to receive funds.

Since FY 2008, OSSE has instituted changes in the way that federal grants are managed that have had an impact in the agency's ability to allocate Title I funds consistent with the D.C. statutory formula. As a result of these changes, more than one public charter school that failed the above mentioned eligibility requirements did not receive Title I funds in the following grant cycle. OSSE continues to evaluate and improve its allocation policies and procedures and has taken concrete steps to ensure that allocations are made consistent with programmatic requirements.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-114	U.S. Department of Health and Human Services  Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0801DCCCDF Grant Award Period: 10/1/07-9/30/08	Eligibility	Not Determinable

Criteria or Specific Requirement – The Child Care program subsidizes child care expenses for eligible participants. The federal payment is the difference between daily child care expenses and the participant's co-payment amount. The Child Care program also requires a participant's eligibility to be reassessed on an annual basis.

Condition – During FY 2008, the administration of the Child Care program was transferred from Department of Human Services (DHS) to OSSE. In our review of 77 participant cases, we identified the following:

- OSSE calculated 3 participant co-payments correctly in its case files. However, OSSE had not updated its system to reflect the correct co-payment amounts.
- The eligibility redetermination for 1 participant was not performed on an annual basis.

Context – This is a condition identified per review of OSSE's compliance with specified requirements.

Effect – The use of incorrect co-payment amounts in eligibility determinations may result in the Federal government paying more than its required share. In addition, the untimely performance of eligibility redeterminations may result in payments to providers for ineligible participants.

Cause – OSSE is not performing periodic reviews of the data in its participant database.

Recommendation – We recommend OSSE perform periodic reviews of the data in its participant database to ensure that data is accurate and complete. We also recommend OSSE ensure that eligibility redeterminations are performed on a timely basis.

Views of Responsible Officials and Planned Corrective Actions – The following responses were provided with respect to the conditions noted above:

Case #1 (SB) - The co-payment amount was correctly computed at the onset of the services and the Provider charged the correct rate for services. The correct co-payment amount was indicated in the OSSE case files but the Provider failed to update the tracking database to indicate this correct co-payment amount. The provider was relocating to an alternative site and was having information technology difficulties.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Case #2 (PD) - A Father applied for subsidized child care services in December 2007 for two children. At that time, he attended a University using a student loan and based on income no co-payment for child care services was assessed. Subsequently, an eligibility re-determination was performed and it was determined that the Mother's income should be included in the eligibility determination. The provider performed a new eligibility determination including the mother's income. The provider assigned the corrected co-payment amount for the child care services as of September 2008. A retroactive increase to the parents' co-payment amount could not be made for services. Parents must receive advance notification of any adverse action, including increases in their co-payment amount.

Case #3 (NG) - In October 2008, an eligibility re-determination was conducted by D.C. Parks and Recreation; however, the re-determination was due to be completed in May 2008. For this case, a data field within the review tracking database was not completed which resulted in this eligibility re-determination being performed 5 months late.

### *Corrective Action Plans:*

Cases #1 and #2 - Both cases involved providers that are classified as Level II. The payment made by the District to all Level II providers is the full daily contract rate with no deductions made for the parent's co-payment amount. The District pays the parent's co-payment amount directly to the providers. In both cases the payment from ECE to the provider was not affected nor did it affect the eligibility determination. This is standard procedure and does not constitute an overpayment. Eligibility Monitors are conducting monthly monitoring of the provider database and will continue their annual visits to each Level II Provider to evaluate 100% of the eligibility records with all aspects of eligibility, including the correct computation of fees and their entry into the database.

Case #3 - The re-determination review was completed and the customer was deemed eligible for services from the onset. The initial eligibility determination was correct. Providers were instructed to conduct monthly monitoring of the database to ensure that data fields are entered completely and eligibility re-determinations are current. Eligibility Monitors are also conducting monthly monitoring of the database and will continue their annual visits to providers to evaluate 100% of the eligibility records with all aspects of eligibility, including the correct computation of fees and their entry into the database.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-115	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources”.

Condition – OSSE was not able to provide evidence of its compliance with the supplement not supplant compliance requirement.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements.

Effect – OSSE was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support OSSE being in compliance.

Cause – OSSE has not set up its system to separately track the amount of local expenditures incurred on a per program level. OSSE only tracks, through SOAR, the District’s accounting system of record, the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at OSSE cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. OSSE must set up a process to track funds on both a federal and a non-federal basis, on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the OSSE local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – OSSE disagrees with the statements made in various sections of this finding because OSSE does have a system to track local expenditures incurred at a program level.

State and local educational agencies are required to use Title I, Part A funds “only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.” 20 U.S.C. 6321(b)(1).

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

In other words, Title I, Part A funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

As the U.S. Department of Education (USDE) has recognized, determining whether a particular cost constitutes supplanting depends on individual facts and circumstances:

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues, USDE stated, “keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation.”
- In an October 13, 2004 webcast entitled “Key Title I Fiscal Issues: Supplement, Not Supplant” one USDE official stated “one of the reasons that it’s [supplement, not supplant] so hard to deal with is that it’s very case specific. You have to have all the details and circumstances in an individual situation to make a call about whether “supplement, or not supplant” applies.” Another official stated supplement not supplant “sounds like a very simple requirement, but . . . it’s very fact specific. And, you really can’t talk about it well in general terms because it is so dependent upon the facts of the specific situation.”

Because a supplanting analysis is so fact specific, both the USDE’s Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply three presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.
- A supplanting violation is presumed when an SEA or LEA uses Title I, Part A to provide the same services to Title I students that the LEA or SEA provides with state or local funds to nonparticipating students.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

OSSE has taken steps to ensure costs comply with federal supplanting restrictions. In school year 2007-2008 local educational agencies (LEAs), including the District of Columbia Public Schools LEA, provided assurance they would comply with the supplement not supplant requirement as a condition of receiving federal funds under the consolidated application for major NCLB programs. The 2008-2009 consolidated application continues to include this assurance, and OSSE has also provided guidance to LEAs on the supplement not supplant requirements.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-116			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-117	U.S. Department of Education  Career and Technical Education – Basic Grants to States CFDA Number: 84.048 Grant Award Number: V048A070051B Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources”.

Condition – OSSE was not able to provide evidence of its compliance with the supplement not supplant compliance requirement.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements.

Effect – OSSE was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support OSSE being in compliance.

Cause – OSSE has not set up its system to separately track the amount of local expenditures incurred on a per program level. OSSE only tracks, through SOAR, the District’s accounting system of record, the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at OSSE cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. OSSE must set up a process to track funds on both a federal and a non-federal basis, on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the OSSE local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – OSSE disagrees with the statements made in various sections of this finding because OSSE does have a system to track local expenditures incurred at a program level.

State Educational Agencies are required to use CTE funds “to supplement and shall not supplant, non-Federal funds expended to carry out career and technical education activities and tech prep program activities.” 20 U.S.C. 9251(a).

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

In other words, CTE funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

Because a supplanting analysis is so fact specific, both the U.S. Department of Education's (USDE) Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply three presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.
- A supplanting violation is presumed when an SEA or LEA uses Title I, Part A to provide the same services to Title I students that the LEA or SEA provides with state or local funds to nonparticipating students.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-118	U.S. Department of Education  Career and Technical Education – Basic Grants to States CFDA Number: 84.048 Grant Award Number: V048A070051B Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – A State must maintain its fiscal effort in the preceding year from State sources for the Career and Technical Education program, on either an aggregate or a per-student basis when compared with such effort in the second preceding year, unless this requirement is specifically waived by the Secretary of Education.

In computing the fiscal effort or aggregate expenditures, a State must exclude capital expenditures, special one-time project costs, and the cost of pilot programs.

In addition, a State must provide from non-Federal sources for State administration under the Perkins Act, an amount that is not less than the amount provided by the State from non-Federal sources for State administrative costs for the preceding fiscal or program year.

Condition – Due to the shifting of resources and accounting to OSSE from the District of Columbia Public Schools, OSSE was required to initiate and maintain records in accordance with the Maintenance of Effort (MOE) guidelines to show how it had met the requirements. Since OSSE received significantly less local funding than DCPS, it was unable to meet the requirements related to the MOE in FY 2008. Further, OSSE did not maintain any accounting of its local expenditures to address the MOE requirement.

Context – This is a condition identified per review of OSSE's compliance with specified requirements.

Effect – OSSE was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support OSSE being in compliance.

Cause – OSSE did not have a policy or procedure in place for meeting the maintenance of effort requirements. There was no review of the requirement during the year.

Recommendation – OSSE should determine a methodology for ensuring that the local maintenance of effort has remained consistent from year to year. A policy should be instituted that will analyze the local funds used for the Career and Technical Education programs and measure them against the local funds used in prior years.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-119	U.S. Department of Education  Career and Technical Education – Basic Grants to States CFDA Number: 84.048 Grant Award Number: V048A070051B Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	\$61,449

Criteria or Specific Requirement – In accordance with the OMB Circular A-133 Compliance Supplement, OSSE must set aside for secondary and postsecondary career and technical education programs an amount of not less than 85% of the grant award received. OSSE must distribute all of these funds to its subrecipients.

Condition – During our review of the budget loaded into SOAR, the District’s accounting system of record, we noted that \$3,521,234 had been set aside for secondary and postsecondary institutions. Per the grant award, the specified grant for the period was \$4,214,921 and 85% of that amount (i.e. \$3,582,683), should have been set aside.

OSSE earmarked only 83.5% of the grant award for secondary and postsecondary institutions. Consequently, there was a shortfall in allocation by \$61,449.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements.

Effect – Grant funds may not have been fully utilized for their intended purpose.

Cause – There appeared to be inadequate review over the allocation and distribution of funds to the secondary and postsecondary institutions.

Recommendation – We recommend that OSSE should develop procedures and policies to ensure that such critical allocations are reviewed and properly reflected in the accounting system.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-120	U.S. Department of Education  Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A070008 Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources”.

Condition – OSSE was not able to provide evidence of its compliance with the supplement not supplant compliance requirement.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements.

Effect – OSSE was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support OSSE being in compliance.

Cause – OSSE has not set up its system to separately track the amount of local expenditures incurred on a per program level. OSSE only tracks, through SOAR, the District’s accounting system of record, the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at OSSE cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. OSSE must set up a process to track funds on both a federal and a non-federal basis, on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the OSSE local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – OSSE disagrees with the statements made in various sections of this finding because OSSE does have a system to track local expenditures incurred at a program level.

State and local educational agencies are required to use Title II, Part A funds “to supplement, and not supplant, non-federal funds that would otherwise be used” for allowable activities. 20 U.S.C. §§ 6613(f), 6623(b). In other words, Title II, Part A funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

As the U.S. Department of Education (USDE) has recognized, determining whether a particular cost constitutes supplanting depends on individual facts and circumstances:

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues, USDE stated, “keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation.”
- In an October 13, 2004 webcast entitled “Key Title I Fiscal Issues: Supplement, Not Supplant” one USDE official stated “one of the reasons that it’s [supplement, not supplant] so hard to deal with is that it’s very case specific. You have to have all the details and circumstances in an individual situation to make a call about whether “supplement, or not supplant” applies.” Another official stated supplement not supplant “sounds like a very simple requirement, but . . . it’s very fact specific. And, you really can’t talk about it well in general terms because it is so dependent upon the facts of the specific situation.”

Because a supplanting analysis is so fact specific, both the USDE’s Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply two presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

OSSE has taken steps to ensure costs comply with federal supplanting restrictions. In school year 2007-2008 local educational agencies (LEAs), including the District of Columbia Public Schools LEA, provided assurance they would comply with supplement not supplant requirement as a condition of receiving federal funds under the consolidated application for major NCLB programs. The 2008-2009 consolidated application continues to include this assurance and OSSE has also provided guidance to LEAs on the supplement not supplant requirements.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-121	U.S. Department of Health and Human Services  Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0701DCCCDF Grant Award Period: 10/1/07-9/30/08	Period of Availability	\$1,226,816

Criteria or Specific Requirement – Per the OMB Circular A-133 Compliance Supplement, Child Care matching funds must be obligated by the end of the fiscal year in which they are awarded, and expended by the end of the succeeding fiscal year after award (45 CFR section 98.60(d)).

Condition – During FY 2008, the administration of the Child Care program was transferred from Department of Human Services (DHS) to OSSE. The remaining unexpended matching funds from the FY 2007 grant award for matching funds were transferred by DHS to OSSE in FY 2008. The matching funds were expended in FY 2008 and the expenditures amounted to \$1,226,816. However, OSSE combined these expenditures with the discretionary funds and they were not tracked separately in the accounting records.

Even though journal entries were provided to support the matching funds of \$1,226,816, OSSE was not able to provide the underlying details of the journal entries and details of the expenditures in order to provide conclusive evidence that the funds were properly obligated and expended in the correct period.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements.

Effect – We were unable to determine if the remaining unexpended FY 2007 grant award for matching funds had been properly obligated by the end of FY 2007 and whether the expenditures were properly expended in FY 2008.

Cause – OSSE believed that all of the FY 2007 grant award funds that were transferred from DHS were related to discretionary funds.

Recommendation – We recommend OSSE track the different types of mandatory and matching funds separately in its accounting records. OSSE should have adequate policies and procedures to ensure and support that matching funds are obligated by the end of the fiscal year in which they are awarded, and expended by the end of the succeeding fiscal year after award.

Views of Responsible Officials and Planned Corrective Actions – OSSE’s accounting structure is able to track matching versus discretionary funds utilizing different index codes. The matching funds index code is FQCD7 as indicated in the grant award expenditure report. A copy of this report is available for review.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-122	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

In addition, effective April 2007, a directive policy on procurement was issued that requires a determination letter to be made, showing reasonableness of price in making the procurement award.

Condition – We identified the following during our testing:

- For 1 insignificant procurement sample, OSSE was unable to provide supporting documentation.
- For 9 procurement samples, OSSE was unable to provide support that it had carried out a search that the vendor had not been debarred or suspended from providing services where federal funds are utilized.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. We reviewed 14 procurement files totaling \$2,327,108.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. OSSE could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and OSSE could possibly issue procurements without the appropriate funding.

Cause – The procurement office has not properly maintained documentation in contract files, and it appears that policies and procedures related to documentation were not functioning as intended.

Recommendation – We recommend OSSE develop detailed quality assurance policies and procedures that focus on ensuring that all procurement actions processed are properly documented and supported in accordance with federal laws and regulations. In addition, we recommend that OSSE review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-123	U.S. Department of Health and Human Services  Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0801DCCCDF Grant Award Period: 10/1/07-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – Office of Management and Budget Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate with these requirements.

Condition – During FY 2008, the administration of the Child Care program was transferred from Department of Human Services (DHS) to OSSE. In our review of 8 procurement files related to the Child Care grant, OSSE was unable to provide 7 procurement files. The total amount of purchase orders for the 7 procurement files that were not provided was \$1,217,454.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. The total amount of the expenditures for the 8 procurement files reviewed was \$1,232,792.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. OSSE could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and OSSE could possibly issue procurements without the appropriate funding.

Cause – OSSE's policies and procedures related to procurement documentation and file retention were not functioning as intended.

Recommendation – We recommend OSSE develop detailed quality assurance policies and procedures that focus on ensuring that all procurement actions processed are properly documented and supported in accordance with federal laws and regulations. In addition, we recommend that OSSE review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.

Views of Responsible Officials and Planned Corrective Actions – See below for responses from both the Office of Contracting and Procurement (OCP) and OSSE.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

### OCP's Response:

OCP recognizes the importance of maintaining complete and accurate files, and took steps in January 2009 to improve file management practices. A new File Management Specialist was hired to oversee a secure and centralized file room, file management procedures were created, and internal auditing controls for file completion were improved.

Under new procedures, all files submitted or removed from the file room are tracked through a file room database log and are subject to an OCP file checklist to ensure each file contains appropriate documentation, including evidence that the awarded price is fair and reasonable.

### OSSE's Response:

Of the 7 files in question, 6 contract files are now available at OSSE, Office of Early Childhood Education. The remaining file, for Bright Horizons Children's Center, only involved local funding.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-124	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Reporting	Not Determinable

Criteria or Specific Requirement – Reports for federal awards should include all activity of the reporting period and should be supported by applicable accounting records. They should also be presented in accordance with program specifications. Each year, a State Educational Agency (SEA) must submit its average State Per Pupil Expenditure (SPPE) data to the National Center for Education Statistics (NCES). This SPPE data is used by the U.S. Department of Education to make allocations under several Elementary and Secondary Education Act (ESEA) programs. The SPPE data is provided by OSSE with a one-year lag.

Condition – OSSE’s Title I expenditures for FY 2007 as presented in Section 7 of the SPPE report were approximately \$79.66 million while the summary of federal expenditures for Title I as reflected on the FY 2007 Schedule of Expenditures of Federal Awards were approximately \$59.16 million. There is a difference in the expenditures reported to NCES by approximately \$20.50 million.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements.

Effect – The report generated by OSSE is not accurate.

Cause – There was inadequate review by OSSE prior to releasing the report. The information extracted from SOAR, the District’s accounting system of record, in the preparation of the SPPE report did not appear to have been reviewed.

Recommendation – We recommend OSSE should maintain all supporting documentation for the expenditures and amounts reflected in the financial reports and verify consistency of the information with other reports issued to other agencies. We also recommend that OSSE’s financial reports should be reconciled with SOAR and reviewed by a responsible official prior to release.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-125			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-126			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-127			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-128			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-129			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-130			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-131	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be retained in accordance with OMB Circular A-102.

Condition – We noted that there was inadequate monitoring over the Local Educational Agencies (LEA) and OSSE did not properly perform a review of expenditures of its LEAs that received funds during FY 2008. Further, there was limited evidence that OSSE had verified the accuracy of reports submitted by the LEAs to OSSE. OSSE provided evidence that it had the ability to extract expenditure reports; however, no conclusive evidence was available that a quantitative review was performed to verify whether the expenditures incurred by the LEAs were allowable.

We noted the following instances during our testing over OSSE's monitoring of its primary LEA, the District of Columbia Public Schools:

- Vendor invoices had not been reviewed and expenditures had not been properly approved by the LEA.
- The LEA processed certain payroll data but did not have supporting documentation.
- There were missing time and effort certifications that the LEA was required to submit to the Department of Education. In other instances, the LEA had not submitted the certifications on a timely basis.
- The LEA had processed certain payroll default entries and there was no detail available to show which employees made up these entries.
- The LEA had recorded certain expenditures that did not agree with the general ledger.
- There was a lack of conclusive evidence that LEA supplanting had not occurred on a grant by grant basis.
- In 1 instance, the LEA had expensed more than the amount of the related purchase order.
- There were instances where the LEA was unable to provide support that it had carried out a search that the vendor had not been debarred or suspended from providing services where federal funds were utilized.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

- In certain instances, the LEA had not complied with the requirements related to highly qualified teachers and paraprofessionals.

Additionally, during our testing of subrecipient payments, we noted that there were 3 instances where the payments made to the subrecipients exceeded the allocated amounts for the specific subrecipient tested. OSSE was unable to provide evidence that these excess payments had been properly authorized.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. The total number of subrecipients in FY 2008 was 53.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies. It also appears that comprehensive policies and procedures are not in place to ensure adequate control over subrecipient activities.

Recommendation – OSSE should establish and adhere to its policies and procedures to ensure that it is appropriately monitoring subrecipient activities. OSSE should set up a detailed process for monthly review of DCPS reports and activities to ensure it is fulfilling its fiduciary responsibility to the U.S. Department of Education. In performing the monitoring function, OSSE should ensure that it documents the:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of financial requirement, etc.).
- Consideration of site visits, when appropriate.
- System for monitoring and follow-up with DCPS, if DCPS is not 100% in compliance with the requirements.

The policies and procedures should outline the appropriate timeframe for follow-up and the types of follow-up required in various situations. All documentation should be maintained for all monitoring efforts.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-132	U.S. Department of Education  Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A070010 Grant Award Period: 7/1/07-9/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be maintained and retained in accordance with OMB Circular A-102.

Condition – We noted that there was inadequate monitoring over the Local Educational Agencies (LEA) and OSSE did not properly perform a review of expenditures of its LEAs that received funds during FY 2008. Further, there was limited evidence that OSSE had verified the accuracy of reports submitted by the LEAs to OSSE. OSSE provided evidence that it had the ability to extract expenditure reports; however, no conclusive evidence was available that a quantitative review was performed to verify whether the expenditures incurred by the LEAs were allowable.

We noted the following instances during our testing over OSSE's monitoring of its primary LEA, the District of Columbia Public Schools:

- The LEA processed certain payroll data but did not have supporting documentation.
- There were missing time and effort certifications that the LEA was required to submit to the Department of Education. In other instances, the LEA had not submitted the certifications on a timely basis.
- There was a lack of conclusive evidence that LEA supplanting had not occurred on a grant by grant basis.
- The LEA could not provide evidence of its compliance with the stated maintenance of effort requirement.

Additionally, OSSE has specific requirements that subrecipients have to submit monthly expenditure reports by the 5<sup>th</sup> of the following month. This requirement is included in the grant award letters to the subrecipients. However, during our review, OSSE was unable to provide the reports received from the District of Columbia Public Schools LEA for the specific month selected for testing. There was no evidence that appropriate information had been received, managed, retained, and archived properly.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Context – This is a condition identified per review of OSSE’s compliance with specified requirements. The total number of subrecipients in FY 2008 was 36.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies. It also appears that comprehensive policies and procedures are not in place to ensure adequate control over subrecipient activities.

Recommendation – OSSE should establish and adhere to its policies and procedures to ensure that it is appropriately monitoring subrecipient activities. OSSE should set up a detailed process for monthly review of DCPS reports and activities to ensure it is fulfilling its fiduciary responsibility to the U.S. Department of Education. In performing the monitoring function, OSSE should ensure that it documents the:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of financial requirement, etc.).
- Consideration of site visits, when appropriate.
- System for monitoring and follow-up with DCPS, if DCPS is not 100% in compliance with the requirements.

The policies and procedures should outline the appropriate timeframe for follow-up and the types of follow-up required in various situations. All documentation should be maintained for all monitoring efforts.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-133	U.S. Department of Education  Career and Technical Education – Basic Grants to States CFDA Number: 84.048 Grant Award Number: V048A070051B Grant Award Period: 7/1/07-9/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be maintained and retained in accordance with OMB Circular A-102.

Condition – We noted that there was inadequate monitoring over the Local Educational Agencies (LEA) and OSSE did not properly perform a review of expenditures of its LEAs that received funds during FY 2008. Further, there was limited evidence that OSSE had verified the accuracy of reports submitted by the LEAs to OSSE. OSSE provided evidence that it had the ability to extract expenditure reports; however, no conclusive evidence was available that a quantitative review was performed to verify whether the expenditures incurred by the LEA were allowable.

We noted the following instances during our testing over OSSE's monitoring of its primary LEA, the District of Columbia Public Schools:

- The LEA had no supporting documentation for a vendor expenditure.
- There were missing time and effort certifications that the LEA was required to submit to the Department of Education. In other instances, the LEA had not submitted the certifications on a timely basis.
- There was a lack of conclusive evidence that LEA supplanting had not occurred on a grant by grant basis.

We also noted that OSSE did not properly perform any site visits or review of expenditures of subrecipients that received funds during FY 2008. OSSE provided documentation of several meetings with the University of the District of Columbia; however, there was no documentation that the CTE program was quantitatively evaluated. The District of Columbia Public Schools LEA was only notified of the subgrant on June 30, 2008 for program years 2007 and 2008.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Context – This is a condition identified per review of OSSE’s compliance with specified requirements. The total number of subrecipients in FY 2008 was 6.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies. It also appears that comprehensive policies and procedures are not in place to ensure adequate control over subrecipient activities.

Recommendation – OSSE should establish and adhere to its policies and procedures to ensure that it is appropriately monitoring subrecipient activities. OSSE should set up a detailed process for monthly review of DCPS reports and activities to ensure it is fulfilling its fiduciary responsibility to the U.S. Department of Education. In performing the monitoring function, OSSE should ensure that it documents the:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of financial requirement, etc.).
- Consideration of site visits, when appropriate.
- System for monitoring and follow-up with DCPS, if DCPS is not 100% in compliance with the requirements.

The policies and procedures should outline the appropriate timeframe for follow-up and the types of follow-up required in various situations. All documentation should be maintained for all monitoring efforts.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-134	U.S. Department of Education  Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A070008 Grant Award Period: 7/1/07-9/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be maintained and retained in accordance with OMB Circular A-102.

Condition – We noted that there was inadequate monitoring over the Local Educational Agencies (LEA) and OSSE did not properly perform a review of expenditures of its LEAs that received funds during FY 2008. Further, there was limited evidence that OSSE had verified the accuracy of reports submitted by the LEAs to OSSE. OSSE provided evidence that it had the ability to extract expenditure reports; however, no conclusive evidence was available that a quantitative review was performed to verify whether the expenditures incurred by the LEAs were allowable.

We noted the following instances during our testing over OSSE's monitoring of its primary LEA, the District of Columbia Public Schools:

- The LEA processed certain payroll data which did not have supporting documentation.
- There were missing time and effort certifications that the LEA was required to submit to the Department of Education. In other instances, the LEA had not submitted the certifications on a timely basis.
- There was a lack of conclusive evidence that LEA supplanting had not occurred on a grant by grant basis.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. The total number of subrecipients in FY 2008 was 55.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies. It also appears that comprehensive policies and procedures are not in place to ensure adequate control over subrecipient activities.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – OSSE should establish and adhere to its policies and procedures to ensure that it is appropriately monitoring subrecipient activities. OSSE should set up a detailed process for monthly review of DCPS reports and activities to ensure it is fulfilling its fiduciary responsibility to the U.S. Department of Education. In performing the monitoring function, OSSE should ensure that it documents the:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of financial requirement, etc.).
- Consideration of site visits, when appropriate.
- System for monitoring and follow-up with DCPS, if DCPS is not 100% in compliance with the requirements.

The policies and procedures should outline the appropriate timeframe for follow-up and the types of follow-up required in various situations. All documentation should be maintained for all monitoring efforts.

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-135	U.S. Department of Health and Human Services  Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0801DCCCDF Grant Award Period: 10/1/07-9/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that a grantee must have policies and procedures in place to (1) monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (2) ensure required audits are performed and require the subrecipient to take prompt corrective action on any audit findings; (3) evaluate the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Compliance with these requirements is required to be documented and files are required to be maintained and retained in accordance with OMB Circular A-102.

Condition – During FY 2008, the administration of the Child Care program was transferred from Department of Human Services (DHS) to OSSE. We reviewed 25 Level II providers under the Child Care program and noted that OSSE had not properly monitored its providers. More specifically, OSSE:

- Had not received the required OMB Circular A-133 audit reports for 10 providers.
- Had not identified federal award information in the grant agreements for 25 providers.
- Was not able to provide evidence of site visits for 3 providers.
- Had no evidence of follow-up on deficiencies noted during site visits for 1 provider.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. The total number of Level II providers in FY 2008 was 45.

Effect – Failure to properly monitor subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – OSSE's subrecipient monitoring procedures and controls do not address the requirements for identifying federal award information to subrecipients and the submission of Single Audit reports. Monitoring procedures were not applied as were intended.

Recommendation – We recommend OSSE revise its subrecipient monitoring procedures and controls to address the identification of federal award information to subrecipients and the submission of OMB Circular A-133 audit reports for those applicable subrecipients.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

We also recommend OSSE perform periodic reviews of the scheduled monitoring visits to ensure that the monitoring has been adequately performed. In performing the monitoring function, OSSE should ensure that it documents:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of A-133 report, review of financial requirement, etc.).
- A formalized corrective action plan for A-133 reports with findings.
- Consideration of site visits, when appropriate.
- Its system for monitoring and follow-up with subrecipients who are not 100% in compliance with the requirements.

Views of Responsible Officials and Planned Corrective Actions – OSSE, Office of Early Childhood Education (ECE) concurs with the findings with explanation and has actively taken appropriate corrective action steps.

(1) Provider files lacked the A-133 Single Audit Reports.

As stipulated in the Provider Issuance (policy), ECE requires providers, who receive federal payments from ECE for \$500,000 or more, to submit single audit report in accordance with the OMB Circular A-133 Certification. ECE staff continues to provide extensive technical assistance to providers regarding the requirements for submitting timely single audit report, including the acceptable format and contents of a single audit report.

A. Requirement Added To The Agreement

In addition to the Provider Issuance, the requirements for submitting a single audit report to ECE for providers receiving over \$500,000 in federal funding have been added to the 2009-2010 Level II provider agreement.

B. Training

ECE, in collaboration with a certified public accountant, held seven (7) training sessions to assist ECE staff, providers and grantees with the basic understanding of requirements of Financial Statements and A-133 Single Audit reports. These mandatory training sessions focused on auditing with specific emphasis on the process and requirements of A-133 Single Audit, and the format and contents of an acceptable A-133 Single Audit report. All training participants received instruction on establishing an internal control and accounting system, and on selecting an external, independent auditor. Participants also received sample financial statements and Single Audit reports. All providers, grantees, and ECE staff received training clock hours.

C. Internal Control

For providers that meet A-133 single audit requirements, the School Preparedness Division (SPD) has:

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

- (i) Set up a calendar of audit report due date (based on the fiscal year of each provider) to ensure timely receipt of the audit report;
- (ii) Tracked the single audit reports received from providers; and
- (iii) Tracked the single audit reports reviewed and accepted by SPD monitors, supervisors, and the director for compliance and crosschecked with the OMB Circular A-133 Certification requirements. Appropriate corrective action will be taken to ensure ongoing compliance by providers.

### D. Reporting

SPD will submit quarterly reports on the status of acceptable A-133 single audit reports received from providers to the ECE Analysis and Reporting Division (ARD). The ARD will monitor compliance by the SPD.

- (2) Provider agreement lacked Federal grant identification information.

The federal grant award identification number(s) are included in all agreements for providers in the Child Care Subsidy Program beginning with the renewal period on October 1, 2008.

However, ECE has added the following additional information to the agreements for providers beginning with the renewal period on July 1, 2009, and in all other types of provider agreements: CFDA title and number; award name; name of funding federal agency; the requirement to have a Single Audit if program expenditures are over \$500,000; and the necessity to comply with the federal program requirements identified at Code of Federal Regulations.

- (3) Missing Provider Site Visit and Follow-up Visit Reports.

ECE was aware of this deficiency and is actively working with monitoring staff to take appropriate and timely corrective action. This process is on-going.

The SPD and the Program Monitoring Unit (PMU), in particular, were severely under-staffed in FY 2008. Two (2) of the 10 education services monitor positions were vacant, and one education service monitor had frequent absences due to medical reasons. The SPD was without permanent management staff for the entire FY 2008, restricting ECE's ability to ensure that all providers were monitored with timely follow-up visits (when warranted), and that the monitoring reports were completed and filed. Additionally, SPD relocated in September of 2008 and some records might have been misplaced or misfiled during the process. The missing site visit and follow-up reports were in the caseload of a retired monitor.

ECE has taken the following corrective action to ensure that all required monitoring site visits and follow-up visits occur according to policy and that monitoring visit reports are completed on time and filed correctly:

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

- A. The two (2) vacant management positions have been filled. The PMU supervisory education services monitor reported in February 2009 and the SPD director reported in August 2009. There is currently one vacant education services monitor position.
- B. The PMU supervisor is working with the education services monitors to revise current tracking and monthly statically data to track monitoring visits and reports to ensure timeliness and accountability.
- C. The PMU supervisor holds regular individual and group staff meetings to discuss accomplishments and challenges and identify solutions to provide support and enhance staff performance and compliance with policies.
- D. Each monitor will continue to submit a schedule for monitoring visits to the supervisor for review and guidance.
- E. Support staff has set up a database to track all visits completed and the receipt of visit reports by monitor.
- F. SPD will submit monthly statistical reports that will include information on monitoring visits and site visit reports and trend data to the Analysis and Reporting Division. The ARD will monitor compliance by SPD.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-136	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Nonpayroll Activities	\$18,443

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Condition – The following exceptions were noted during our review of 32 nonpayroll transactions selected for testing:

- For 2 items, DCPS was unable to provide the related vendor invoices. Hence, the nature of expenditure could not be verified.
- For 1 item, there was no documentation that the expenditure was approved.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements. Total nonpayroll expenditures charged to the Title I program by DCPS in FY 2008 were \$13,513,038. We reviewed 32 of the nonpayroll expenditure transactions totaling \$213,807. The total amount related to the unavailable vendor invoices was \$18,443.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenditures claimed as federal expenditures. Furthermore, the lack of proper approval may lead to expenditures being incurred which are not allowed under the conditions of the federal award.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.

Recommendation – We recommend that DCPS should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved. We also recommend that DCPS should provide proper accounting and support prior to receiving funding from the Office of the State Superintendent of Education (OSSE).

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – DCPS concurs that the invoices were not provided. We will employ our current electronic filing guidelines to ensure that documents are properly maintained and easily retrievable. We do not concur with the lack of documentation for the expense approval. The electronic signature in the procurement system is evidence of approval. Furthermore, the presence of a 3 way system tie between the receiving report, purchase order, and invoice is required for payment processing to occur, and this tie was present in this case.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-137	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Payroll Activities	\$469,309

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Further, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Condition – The following exceptions were noted during our test work:

- Out of 40 payroll items requested, 1 item was not presented with any supporting documentation.
- Out of 40 payroll items requested, 5 items related to payroll default entries where DCPS was unable to provide details showing which employees made up the entry. Therefore, it was impossible to assess whether the expenditures were allowable.
- Out of 40 payroll items requested, in 4 instances, proper time and effort certification was not provided.
- Out of 40 payroll items requested, there was 1 instance where the check received by the employee did not agree to the amount recorded in the general ledger. In addition, the grade/step schedule was not provided for this employee.
- Out of 40 payroll items requested, there was 1 instance where the timesheet provided did not agree to the amount recorded in the general ledger. In addition, the proper time and effort certification was not provided for this employee.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements. We reviewed 40 payroll expenditures, from a series of batches. Total payroll expenditures charged to the Title I program in FY 2008 by DCPS were \$16,791,341.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

The total amount related to the 1 item without any supporting documentation, the 5 items related to payroll default entries that DCPS was unable to provide, the 5 items that were provided without time and effort certifications, and the 1 item where the grade/step schedule did not agree to the amount recorded in the general ledger was \$469,309.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of authorization and review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal awards.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.

Recommendation – We recommend that DCPS should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

DCPS should develop a central tracking system for the semi-annual certifications. The tracking system should include some written form of communication from program managers that acknowledges that they have prepared the required semi-annual certifications.

Views of Responsible Officials and Planned Corrective Actions – DCPS does maintain adequate documentation for expenditures incurred related to federal awards as evidenced by the minimal instances where support was not available. We do however acknowledge that we need to revise and update the document retention policy to ensure that all items are readily available for review. DCPS concurs that some of the original certifications were not readily available for review as evidenced by the after the fact certifications provided. We will review and revise the current tracking system for semi-annual certifications and ensure that original documents are appropriately retained and available for review.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-138	U.S. Department of Education  Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A070010 Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Payroll Activities	\$106,400

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Further, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Condition – The following exceptions were noted during our test work:

- Out of 14 payroll items tested, there was 1 item that was not presented with any supporting documentation.
- Out of the 14 payroll items tested, there were 7 employees that did not submit the proper time and effort certifications.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements. We reviewed 14 payroll expenditures, from a series of batches. Total payroll expenditures charged to the Special Education Cluster program in FY 2008 were \$6,073,442. The total amount related to documentation not being available to verify the payroll and proper time and effort certifications not being submitted was \$106,400.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of authorization and review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal award.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that DCPS should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

DCPS should develop a central tracking system for the semi-annual certifications. The tracking system should include some written form of communication from program managers that acknowledges that they have prepared the required semi-annual certifications.

Views of Responsible Officials and Planned Corrective Actions – DCPS does maintain adequate documentation for expenditures incurred related to federal awards evidenced by the minimal instances where support was not available. We do however acknowledge that we need to revise and update the document retention policy to ensure that all items are readily available for review. DCPS concurs that some of the original certifications were not readily available for review as evidenced by the after the fact certifications provided. We will review and revise the current tracking system for semi-annual certifications and ensure that original documents are appropriately retained and available for review.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-139			

This finding # was not used.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-140	U.S. Department of Education  Career and Technical Education – Basic Grants to States CFDA Number: 84.048 Grant Award Number: V048A070051B Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Payroll Activities	Below Reporting Threshold

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Further, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Condition – Out of 4 payroll items requested, a time and effort certification was not provided for 1 item.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements and is a systemic issue identified in other DCPS programs as well. We reviewed 4 payroll expenditures, from a series of daily transactions, totaling \$10,083. Total payroll expenditures charged to the Career and Technical Education – Basic Grants to States program in FY 2008 were \$870,123. The amount for which DCPS was unable to provide a time and effort certification was \$2,976.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of authorization and review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal award.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that DCPS should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

DCPS should develop a central tracking system for the semi-annual certifications. The tracking system should include some written form of communication from program managers that acknowledges that they have prepared the required semi-annual certifications.

Views of Responsible Officials and Planned Corrective Actions – DCPS concurs that some of the original certifications were not readily available for review. We will review and revise the current tracking system for semi-annual certifications and ensure that original documents are appropriately retained and available for review.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-141	U.S. Department of Education  Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A070008 Grant Award Period: 7/1/07-9/30/08	Allowable Costs: Payroll Activities	\$15,505

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. 87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.” In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards and be allocable for federal awards under provisions of the Circular.

Further, the Circular states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

OMB Circular A-87 also requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Condition – The following exceptions were noted during our test work:

- Out of 14 payroll items selected, 1 item was not presented with any supporting documentation.
- Out of 14 payroll items selected, 5 employees did not submit the required time and effort certifications.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements. We reviewed 14 payroll expenditures, from a series of batches. Total payroll expenditures charged to the Improving Teacher Quality State Grants in FY 2008 by DCPS were \$5,962,045. The amount related to the exceptions noted above was \$15,505.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures. Furthermore, the lack of authorization and review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal award.

Cause – Management does not appear to have adequate policies and procedures in place to ensure compliance with applicable allowable cost principles and document retention policy.



# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Recommendation – We recommend that DCPS should improve its processes and procedures over the retention of supporting documentation. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures related to federal grants are reviewed for allowability and properly approved.

DCPS should develop a central tracking system for the semi-annual certifications. The tracking system should include some written form of communication from program managers that acknowledges that they have prepared the required semi-annual certifications.

Views of Responsible Officials and Planned Corrective Actions – DCPS does maintain adequate documentation for expenditures incurred related to federal awards evidenced by there being only one instance where support was not available. We do however acknowledge that we need to revise and update the document retention policy to ensure that all items are readily available for review. DCPS concurs that some of the original certifications were not readily available for review as evidenced by the after the fact certifications provided. We will review and revise the current tracking system for semi-annual certifications and ensure that original documents are appropriately retained and available for review.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-142	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources”.

Condition – DCPS was not able to provide evidence of its compliance with the supplement not supplant compliance requirement.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements.

Effect – DCPS was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support OSSE being in compliance.

Cause – DCPS has not set up its system to separately track the amount of local expenditures incurred on a per program level. DCPS only tracks, through SOAR, the District’s accounting system of record, the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at DCPS cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. DCPS must set up a process to track funds on both a federal and a non-federal basis, on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the DCPS local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – We disagree with the statements made in various sections of this finding because we have a system to track local expenditures incurred at a program level.

State and local educational agencies are required to use Title I, Part A funds “only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.” 20 U.S.C. 6321(b)(1). In other words, Title I, Part A funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

As the U.S. Department of Education (USDE) has recognized, determining whether a particular cost constitutes supplanting depends on individual facts and circumstances:

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues, USDE stated, “keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation.”
- In an October 13, 2004 webcast entitled “Key Title I Fiscal Issues: Supplement, Not Supplant” one USDE official stated “one of the reasons that it’s [supplement, not supplant] so hard to deal with is that it’s very case specific. You have to have all the details and circumstances in an individual situation to make a call about whether “supplement, or not supplant” applies.” Another official stated supplement not supplant “sounds like a very simple requirement, but . . . it’s very fact specific. And, you really can’t talk about it well in general terms because it is so dependent upon the facts of the specific situation.”

Because a supplanting analysis is so fact specific, both the USDE’s Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply three presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.
- A supplanting violation is presumed when an SEA or LEA uses Title I, Part A to provide the same services to Title I students that the LEA or SEA provides with state or local funds to nonparticipating students.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

The Office of the State Superintendent of Education (OSSE) has taken steps to ensure costs comply with federal supplanting restrictions. In school year 2007-2008 local educational agencies (LEAs), including the District of Columbia Public Schools LEA, provided assurance they would comply with the supplement not supplant requirement as a condition of receiving federal funds under the consolidated application for major NCLB programs. The 2008-2009 consolidated application continues to include this assurance, and OSSE has also provided guidance to LEAs on the supplement not supplant requirements.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-143	U.S. Department of Education  Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A070010 Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement specifies that IDEA, Part B funds received by a Local Educational Agency (LEA) cannot be used, except under certain limited circumstances, to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds, or a combination of State and local funds, below the level of those expenditures for the preceding fiscal year. To meet this requirement, an LEA must expend, in any particular fiscal year, an amount of local funds, or a combination of State and local funds, for the education of children with disabilities that is at least equal, on either an aggregate or a per capita basis, to the amount of local funds, or a combination of State and local funds, expended for this purpose by the LEA in the prior fiscal year.

Condition – In October 2007, OSSE assumed responsibility for SEA-level functions of this grant from DCPS. During our review, DCPS was unable to provide evidence of its monitoring of the compliance requirement as described above.

Context – This is a condition identified per review of DCPS' compliance with specified requirements.

Effect – DCPS was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support DCPS being in compliance.

Cause – DCPS did not have a policy or procedure in place for meeting the maintenance of effort requirements. There was no review of the requirement during the year.

Recommendation – DCPS should determine a methodology for ensuring that the local maintenance of effort has remained consistent from year to year. A policy should be instituted that will analyze the local funds used for the Special Education Cluster programs and measure them against the local funds used in prior years.

Views of Responsible Officials and Planned Corrective Actions – DCPS respectfully disagrees with this finding.

After the conclusion of the audit process, DCPS collected evidence showing that LEA Special Education payroll expenditure data had not been included in the LEA Special Education budget line item used for testing maintenance of effort.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-144	U.S. Department of Education  Career and Technical Education – Basic Grants to States CFDA Number: 84.048 Grant Award Number: V048A070051B Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources”.

Condition – DCPS was not able to provide evidence of its compliance with the supplement not supplant compliance requirement.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements.

Effect – DCPS was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support DCPS being in compliance.

Cause – DCPS has not set up its system to separately track the amount of local expenditures incurred on a per program level. DCPS only tracks, through SOAR, the District’s accounting system of record, the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at DCPS cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. DCPS must set up a process to track funds on both a federal and a non-federal basis, on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the DCPS local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – We disagree with the statements made in various sections of this finding because we have a system to track local expenditures incurred at a program level.

State Educational Agencies are required to use CTE funds “to supplement and shall not supplant, non-Federal funds expended to carry out career and technical education activities and tech prep program activities.” 20 U.S.C. 9251(a). In other words, CTE funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Because a supplanting analysis is so fact specific, both the U.S. Department of Education's (USDE) Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply three presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.
- A supplanting violation is presumed when an SEA or LEA uses Title I, Part A to provide the same services to Title I students that the LEA or SEA provides with state or local funds to nonparticipating students.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-145	U.S. Department of Education  Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A070008 Grant Award Period: 7/1/07-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources”.

Condition – DCPS was not able to provide evidence of its compliance with the supplement not supplant compliance requirement.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements.

Effect – DCPS was not able to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support DCPS being in compliance.

Cause – DCPS has not set up its system to separately track the amount of local expenditures incurred on a per program level. DCPS only tracks, through SOAR, the District’s accounting system of record, the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at DCPS cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. DCPS must set up a process to track funds on both a federal and a non-federal basis, on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the DCPS local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – We disagree with the statements made in various sections of this finding because we have a system to track local expenditures incurred at a program level.

State and local educational agencies are required to use Title II, Part A funds “to supplement, and not supplant, non-federal funds that would otherwise be used” for allowable activities. 20 U.S.C. §§ 6613(f), 6623(b). In other words, Title II, Part A funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

As the U.S. Department of Education (USDE) has recognized, determining whether a particular cost constitutes supplanting depends on individual facts and circumstances:

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues, USDE stated, “keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation.”
- In an October 13, 2004 webcast entitled “Key Title I Fiscal Issues: Supplement, Not Supplant” one USDE official stated “one of the reasons that it’s [supplement, not supplant] so hard to deal with is that it’s very case specific. You have to have all the details and circumstances in an individual situation to make a call about whether “supplement, or not supplant” applies.” Another official stated supplement not supplant “sounds like a very simple requirement, but . . . it’s very fact specific. And, you really can’t talk about it well in general terms because it is so dependent upon the facts of the specific situation.”

Because a supplanting analysis is so fact specific, both the USDE’s Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply two presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

The Office of the State Superintendent of Education (OSSE) has taken steps to ensure costs comply with federal supplanting restrictions. In school year 2007-2008 local educational agencies (LEAs), including the District of Columbia Public Schools LEA, provided assurance they would comply with supplement not supplant requirement as a condition of receiving federal funds under the consolidated application for major NCLB programs. The 2008-2009 consolidated application continues to include this assurance and OSSE has also provided guidance to LEAs on the supplement not supplant requirements.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-146	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

In addition, effective April 2007, a directive policy on procurement was issued that requires a determination letter to be made, showing reasonableness of price in making the procurement award.

Condition – We identified the following during our testing:

- For 1 procurement sample, DCPS had expensed more than amount of the purchase order.
- For 2 procurement samples, DCPS was unable to provide support that it had carried out a search that the vendor had not been debarred or suspended from providing services where federal funds are utilized.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. We reviewed 33 procurement files totaling \$552,539.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. DCPS could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors and DCPS could possibly issue procurements without the appropriate funding.

Cause – The procurement office has not properly maintained documentation in contract files, and it appears that policies and procedures related to documentation were not functioning as intended.

Recommendation – We recommend DCPS develop detailed quality assurance policies and procedures that focus on ensuring that all procurement actions processed are properly documented and supported in accordance with federal laws and regulations. In addition, we recommend that DCPS review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – Not available at this time.

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# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2008-147	U.S. Department of Education  Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A070051 Grant Award Period: 7/1/07-9/30/08	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals	\$214,839

Criteria or Specific Requirement – Per the No Child Left Behind Act (Title I, Section 1119(a) of the ESEA (20 USC 6319(a)); 34 CFR section 200.55, 200.56 and 200.58)), all teachers hired after the first day of the 2002-2003 school year and paraprofessionals hired after January 8, 2002 must meet the Highly Qualified Teachers and Paraprofessionals standards as outlined in the Act.

The OMB Circular A-133 Compliance Supplement, with reference to 34 CFR Section 200.56, defines the requirements for highly qualified teachers. The supplement states that all teachers must hold at least a bachelor's degree and state certification to teach in the state. Further, 34 CFR Section 200.58 defines the qualification of paraprofessionals. All paraprofessionals covered by the section, regardless of the hiring date, must have earned a secondary school diploma or equivalent and must (1) have completed at least 2 years of study at an institution of higher education; or (2) obtained an associate or higher degree; or (3) met a rigorous standard of quality and can demonstrate through a formal State or local academic assessment knowledge of, and the ability to assist in instructing, reading/language arts, writing and mathematics, or reading readiness, writing readiness, and mathematics readiness.

Condition – DCPS, as the LEA, failed to ensure compliance was met as mandated. Of the 45 teachers and paraprofessionals selected for testing, we found that in 7 instances, instruction was being provided by teachers/paraprofessionals that were not highly qualified.

Context – This is a condition identified per review of DCPS' compliance with the specified requirements. We reviewed the qualifications of 6 paraprofessionals and 39 core teachers during FY 2008. The total payroll of the 7 exceptions noted above was \$214,839.

Effect – DCPS is in direct violation of the stated requirements.

Cause – It appears that DCPS has not adequately monitored the qualification status of teachers and paraprofessionals.

Recommendation – DCPS should improve its monitoring process to ensure that the “highly qualified teachers and paraprofessionals” requirements are met. Further, supporting documentation related to academic credentials for all teachers and paraprofessionals should be retained in order to ensure that the federal requirements for hiring highly qualified teachers and paraprofessionals are being complied with.

# Government of the District of Columbia

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Views of Responsible Officials and Planned Corrective Actions – DCPS will review the credentials of the individuals identified in the testing sample and will take the appropriate action to ensure adherence with highly qualified teacher and paraprofessional requirement outlined in NCLB. Additionally, DCPS will also review its existing monitoring process and internal policies and procedures to ensure its internal controls standards are sufficient and will take the necessary action to strengthen its internal controls in this area.

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**Summary Schedule of  
Prior Audit Findings and  
Management's Corrective  
Action Plan**

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# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Individual Responsible for Corrective Action Plan:

Willadene Tolmachoff  
 Government of the District of Columbia  
 Office of Integrity and Oversight  
 Audit Manager  
 202-442-8277

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency: Department of Health (DOH)</b>				
2007-13	Medical Assistance Program Cluster	Allowable Costs: Escheated Warrants	93.775, 93.777, 93.778	Repeated. Finding No. 2008-11.
2007-14	Block Grants for Prevention and Treatment of Substance Abuse	Allowable Costs: Payroll Activities	93.959	Corrected.
2007-15	Special Supplemental Nutrition Program for Women, Infants, and Children	Cash Management: Funding Technique	10.557	Not corrected. Similar Finding No. 2008-13 through 2008-19.
2007-16	Housing Opportunities for Persons with AIDS	Cash Management: Funding Technique	14.241	Repeated. Finding No. 2008-13.
2007-17	Centers for Disease Control and Prevention – Investigations/Technical Assistance	Cash Management: Funding Technique	93.283	Not corrected. Similar Finding No. 2008-13 through 2008-19.
2007-18	Medical Assistance Program Cluster	Cash Management: Funding Technique	93.775, 93.777, 93.778	Repeated. Finding No. 2008-15.
2007-19	HIV Emergency Relief Project Grants	Cash Management: Funding Technique	93.914	Repeated. Finding No. 2008-16.
2007-20	HIV Care Formula Grants	Cash Management: Funding Technique	93.917	Repeated. Finding No. 2008-17.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency: Department of Health (DOH) - Cont'd.</b>				
2007-21	Block Grants for Prevention and Treatment of Substance Abuse	Cash Management: Funding Technique	93.959	Repeated. Finding No. 2008-19.
2007-22	Maternal and Child Health Services Block Grant to the States	Cash Management: Funding Technique	93.994	Not corrected. Similar Finding No. 2008-13 through 2008-19.
2007-23	State Children's Health Insurance Program	Eligibility	93.767	Repeated. Finding No. 2008-20.
2007-24	Medical Assistance Program Cluster	Eligibility	93.775, 93.777, 93.778	Repeated. Finding No. 2008-21.
2007-25	Housing Opportunities for Persons With AIDS	Reporting	14.241	Corrected.
2007-26	Housing Opportunities for Persons With AIDS	Subrecipient Monitoring	14.241	Corrected.
2007-27	HIV Emergency Relief Project Grants	Subrecipient Monitoring	93.914	Corrected.
2007-28	HIV Care Formula Grants	Subrecipient Monitoring	93.917	Repeated. Finding No. 2008-28.
2007-29	Medical Assistance Program Cluster	Special Tests and Provisions: Inpatient Hospital and Long-Term Care Facility Audits	93.775, 93.777, 93.778	Corrected.
2007-30	This finding number was not used.			
2007-31	Medical Assistance Program Cluster	Special Tests and Provisions: Utilization Control and Program Integrity	93.775, 93.777, 93.778	Repeated. Finding No. 2008-30.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – Office on Aging (DCOA)</b>				
2007-32		This finding number was not used.		
2007-33	Special Programs for the Aging Cluster	Allowable Costs: Nonpayroll Activities	93.044, 93.045, 93.053	Corrected.
2007-34		This finding number was not used.		
2007-35		This finding number was not used.		
<b>District Agency – Office of the City Administrator (OCA)</b>				
2007-36	Homeland Security	Allowable Costs: Nonpayroll Activities	97.067	Corrected.
2007-37	Homeland Security	Cash Management: Funding Technique	97.067	Repeated. Finding No. 2008-91.
2007-38	Transit Security	Cash Management: Funding Technique	97.075	Repeated. Finding No. 2008-92.
2007-39		This finding number was not used.		
2007-40		This finding number was not used.		
2007-41	Homeland Security	Procurement, Suspension, and Debarment	97.067	Repeated. Finding No. 2008-96.
2007-42		This finding number was not used.		
2007-43		This finding number was not used.		
2007-44	Homeland Security	Subrecipient Monitoring	97.067	Repeated. Finding No. 2008-100.
2007-45	Transit Security	Subrecipient Monitoring	97.075	Repeated. Finding No. 2008-101.
2007-46	Homeland Security	Special Tests and Provisions: Subgrant Awards	97.067	Corrected.



# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – Office of the State Superintendent of Education (OSSE)</b>				
2007-47	Child Nutrition Cluster	Eligibility	10.553, 10.555, 10.559	Corrected.
2007-48	This finding number was not used.			
<b>District Agency – Child and Family Services Agency (CFSA)</b>				
2007-49	Foster Care – Title IV-E	Allowable Costs: Nonpayroll Activities	93.658	Corrected.
2007-50	This finding number was not used.			
2007-51	Foster Care – Title IV-E	Cash Management: Funding Technique	93.658	Repeated. Finding No. 2008-58.
2007-52	Adoption Assistance	Cash Management: Funding Technique	93.659	Repeated. Finding No. 2008-59.
2007-53	Foster Care – Title IV-E	Eligibility	93.658	Corrected.
2007-54	Foster Care – Title IV-E	Eligibility	93.658	Repeated. Finding No. 2008-60.
2007-55	Foster Care – Title IV-E	Eligibility	93.658	Corrected.
2007-56	Adoption Assistance	Eligibility	93.659	Repeated. Finding No. 2008-61.
2007-57	This finding number was not used.			
2007-58	This finding number was not used.			
2007-59	Foster Care – Title IV-E	Procurement, Suspension, and Debarment	93.658	Repeated. Finding No. 2008-62.
2007-60	Adoption Assistance	Procurement, Suspension, and Debarment	93.659	Repeated. Finding No. 2008-63.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – Child and Family Services Agency (CFSA) - Cont'd.</b>				
2007-61	Foster Care – Title IV-E	Reporting	93.658	Corrected.
2007-62	Adoption Assistance	Reporting	93.659	Corrected.
<b>District Agency – Department of Employment Services (DOES)</b>				
2007-63	Unemployment Insurance	Cash Management: Funding Technique	17.225	Repeated. Finding No. 2008-87.
2007-64	This finding number was not used.			
2007-65	Workforce Investment Act Cluster	Cash Management: Drawdown of Funds	17.258, 17.259, 17.260	Corrected.
2007-66	Unemployment Insurance	Eligibility	17.225	Corrected.
2007-67	Workforce Investment Act Cluster	Eligibility	17.258, 17.259, 17.260	Corrected.
2007-68	Unemployment Insurance	Special Tests and Provisions: Employer Experience Rating	17.225	Corrected.
<b>District Agency – Office of the Attorney General (OAG)</b>				
2007-69	Child Support Enforcement	Allowable Costs: Indirect Cost Activities	93.563	Repeated. Finding No. 2008-37.
2007-70	Child Support Enforcement	Cash Management	93.563	Repeated. Finding No. 2008-38.
2007-71	Child Support Enforcement	Procurement, Suspension, and Debarment	93.563	Repeated. Finding No. 2008-39.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – Office of the Attorney General (OAG) - Cont'd.</b>				
2007-72	Child Support Enforcement	Reporting	93.563	Corrected.
2007-73	This finding number was not used.			
2007-74	This finding number was not used.			
2007-75	Child Support Enforcement	Special Tests and Provisions: Provision of Child Support Services for Interstate Initiating Cases	93.563	Repeated. Finding No. 2008-40.
2007-76	This finding number was not used.			
<b>District Agency – District of Columbia Public Schools (DCPS)</b>				
2007-77	Title I Grants to Local Educational Agencies	Allowable Costs: Indirect Cost Activities	84.010	Corrected.
2007-78	Special Education Cluster	Allowable Costs: Indirect Cost Activities	84.027, 84.173	Corrected.
2007-79	Improving Teacher Quality State Grants	Allowable Costs: Indirect Cost Activities	84.367	Corrected.
2007-80	Grants for State Assessments and Related Activities	Allowable Costs: Indirect Cost Activities	84.369	Corrected.
2007-81	This finding number was not used.			
2007-82	Title I Grants to Local Educational Agencies	Allowable Costs: Nonpayroll and Payroll Activities	84.010	Repeated. Finding No. 2008-136 and 2008-137.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – District of Columbia Public Schools (DCPS) - Cont'd.</b>				
2007-83	Special Education Cluster	Allowable Costs: Payroll Activities	84.027, 84.173	Repeated. Finding No. 2008-138.
2007-84	This finding number was not used.			
2007-85	Grants for State Assessments and Related Activities	Allowable Costs: Nonpayroll Activities	84.369	Not corrected. Similar Finding No. 2008-136.
2007-86	This finding number was not used.			
2007-87	Head Start	Allowable Costs: Nonpayroll Activities	93.600	Corrected.
2007-88	Title I Grants to Local Educational Agencies	Cash Management: Drawdown of Funds	84.010	Responsibility shift to OSSE. Similar Finding No. 2008-108.
2007-89	This finding number was not used.			
2007-90	Special Education Cluster	Cash Management: Drawdown of Funds	84.027, 84.173	Responsibility shift to OSSE. Similar Finding No. 2008-109.
2007-91	This finding number was not used.			
2007-92	Improving Teacher Quality State Grants	Cash Management: Drawdown of Funds	84.367	Responsibility shift to OSSE. Similar Finding No. 2008-110.
2007-93	This finding number was not used.			
2007-94	Head Start	Cash Management: Drawdown of Funds	93.600	Repeated. Finding No. 2008-45 and 2008-46.
2007-95	This finding number was not used.			
2007-96	Title I Grants to Local Educational Agencies	Matching, Level of Effort, Earmarking	84.010	Repeated. Finding No. 2008-142.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – District of Columbia Public Schools (DCPS) - Cont'd.</b>				
2007-97	Improving Teacher Quality State Grants	Matching, Level of Effort, Earmarking	84.367	Repeated. Finding No. 2008-145.
2007-98	Head Start	Matching, Level of Effort, Earmarking	93.600	Corrected.
2007-99	Title I Grants to Local Educational Agencies	Period of Availability	84.010	Corrected.
2007-100	Title I Grants to Local Educational Agencies	Procurement, Suspension, and Debarment	84.010	Repeated. Finding No. 2008-146.
2007-101	Title I Grants to Local Educational Agencies	Reporting	84.010	Responsibility shift to OSSE. Similar Finding No. 2008-124.
2007-102	Special Education Cluster	Reporting	84.027, 84.173	Corrected.
2007-103	This finding number was not used.			
2007-104	Head Start	Reporting	93.600	Repeated. Finding No. 2008-52.
2007-105	This finding number was not used.			
2007-106	This finding number was not used.			
2007-107	Title I Grants to Local Educational Agencies	Subrecipient Monitoring	84.010	Responsibility shift to OSSE. Similar Finding No. 2008-131.
2007-108	This finding number was not used.			
2007-109	Special Education Cluster	Subrecipient Monitoring	84.027, 84.173	Responsibility shift to OSSE. Similar Finding No. 2008-132.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – District of Columbia Public Schools (DCPS) - Cont'd.</b>				
2007-110	This finding number was not used.			
2007-111	Head Start	Subrecipient Monitoring	93.600	Repeated. Finding No. 2008-55.
2007-112	Title I Grants to Local Educational Agencies	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals	84.010	Repeated. Finding No. 2008-147.
2007-113	Title I Grants to Local Educational Agencies	Special Tests and Provisions: Participation of Private School Children	84.010	Corrected.
<b>District Agency – Department of Human Services (DHS)</b>				
2007-114	Temporary Assistance for Needy Families	Allowable Costs: Nonpayroll and Payroll Activities	93.558	Corrected.
2007-115	Community Services Block Grant	Allowable Costs: Payroll Activities	93.569	Corrected.
2007-116	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Allowable Costs: Nonpayroll and Payroll Activities	93.596	Repeated. Finding No. 2008-107.
2007-117	This finding number was not used.			
2007-118	Temporary Assistance for Needy Families	Allowable Costs: Indirect Cost Activities	93.558	Repeated. Finding No. 2008-74.
2007-119	Vocational Rehabilitation Grants to States	Cash Management: Funding Technique	84.126	Repeated. Finding No. 2008-32.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – Department of Human Services (DHS) - Cont'd.</b>				
2007-120	Temporary Assistance for Needy Families	Cash Management: Funding Technique	93.558	Repeated. Finding No. 2008-77.
2007-121	Community Services Block Grant	Cash Management: Funding Technique	93.569	Repeated. Finding No. 2008-78.
2007-122	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Cash Management: Funding Technique	93.596	Repeated. Finding No. 2008-112.
2007-123	Social Services Block Grant	Cash Management: Funding Technique	93.667	Repeated. Finding No. 2008-79.
2007-124	Vocational Rehabilitation Grants to States	Eligibility	84.126	Repeated. Finding No. 2008-34.
2007-125	Temporary Assistance for Needy Families	Eligibility	93.558	Repeated. Finding No. 2008-80.
2007-126	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Eligibility	93.596	Repeated. Finding No. 2008-114.
2007-127	This finding number was not used.			
2007-128	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Matching, Level of Effort, Earmarking	93.596	Corrected.
2007-129	Social Services Block Grant	Matching, Level of Effort, Earmarking	93.667	Corrected.
2007-130	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Period of Availability	93.596	Repeated. Finding No. 2008-121.

# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – Department of Human Services (DHS) - Cont'd.</b>				
2007-131	Temporary Assistance for Needy Families	Procurement, Suspension, and Debarment	93.558	Repeated. Finding No. 2008-82.
2007-132	Community Services Block Grant	Procurement, Suspension, and Debarment	93.569	Repeated. Finding No. 2008-83.
2007-133	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Procurement, Suspension, and Debarment	93.596	Repeated. Finding No. 2008-123.
2007-134	This finding number was not used.			
2007-135	Temporary Assistance for Needy Families	Reporting	93.558	Corrected.
2007-136	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Subrecipient Monitoring	93.596	Repeated. Finding No. 2008-135.
2007-137	Social Services Block Grant	Subrecipient Monitoring	93.667	Corrected.
2007-138	Temporary Assistance for Needy Families	Special Tests and Provisions: Child Support Non-Cooperation	93.558	Repeated. Finding No. 2008-84.
<b>District Agency – Department of Housing and Community Development (DHCD)</b>				
2007-139	Community Development Block Grants/Entitlement Grants  HOME Investment Partnerships Program	Allowable Costs: Indirect Cost Activities	14.218, 14.239	Repeated. Finding No. 2008-69 and 2008-70.



# Government of the District of Columbia

## Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
<b>District Agency – Department of Housing and Community Development (DHCD) - Cont'd.</b>				
2007-140	Community Development Block Grants/Entitlement Grants	Allowable Costs: Payroll Activities	14.218	Corrected.
2007-141	This finding number was not used.			
2007-142	Community Development Block Grants/Entitlement Grants	Allowable Costs: Payroll Activities	14.218	Corrected.
2007-143	HOME Investment Partnerships Program	Matching, Level of Effort, Earmarking	14.239	Repeated. Finding No. 2008-71.
2007-144	Community Development Block Grants/Entitlement Grants	Program Income	14.218	Corrected.
2007-145	HOME Investment Partnerships Program	Special Tests and Provisions: Housing Quality Standards	14.239	Corrected.