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# Government of the District of Columbia

Schedule of Expenditures of Federal Awards and Reports Required by  
Government Auditing Standards and OMB Circular A-133

Year Ended September 30, 2010

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# GOVERNMENT OF THE DISTRICT OF COLUMBIA

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# **Government of the District of Columbia**

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Independent Auditors' Reports Required by  
Government Auditing Standards and  
OMB Circular A-133  
Year Ended September 30, 2010



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036-3389

**Independent Auditors' Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Mayor and the Council of the Government of the District of Columbia  
Inspector General of the Government of the District of Columbia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, budgetary comparison statement, each major fund, and the aggregate remaining fund information of the District of Columbia (the District) as of and for the year ended September 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the District of Columbia Water and Sewer Authority, and District of Columbia Housing Financing Agency, both discretely presented component units of the District, were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and that are described in Appendix A to this report. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less



severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in finding 2010-02 in Appendix A to this report.

The District's responses to the findings identified in our audit are described in the accompanying Appendix. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayor, the Council, the Office of the Inspector General, District management, the U.S. Government Accountability Office, the U.S. Congress, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

January 27, 2011

## **Appendix A – Significant Deficiencies in Internal Control Over Financial Reporting**

### *Finding 2010-01 – Weaknesses in the District’s General Information Technology Controls*

#### *Background:*

General Information Technology Controls (GITCs) provide the foundation for a well-controlled technology environment that supports the consistent processing and reporting of operational and financial data in accordance with management’s directives. Our audit included an assessment of selected GITCs in four (4) key control areas: Access to Programs and Data, Program Changes, Program Development, and Computer Operations. During our assessment, we identified pervasive GITC-related findings. Our findings included the following:

#### **Access to Programs and Data**

##### *Conditions:*

1. Failure to consistently restrict privileged and general user access to key financial applications in accordance with employee job responsibilities and/or segregation of duties considerations.
2. Inconsistent performance and/or documentation of user access administration activities, including the approval of new user access and access changes, periodic review of user access rights, and timely removal of user access upon employee termination.
3. Use of generic accounts to perform system administration and/or end user functions within key applications without adequate monitoring controls over such activities.

#### **Program Changes**

##### *Conditions:*

1. Failure to institute well-designed program change and/or system development life cycle policies that establish procedural and documentation requirements for authorizing, developing, testing, and approving changes to key financial applications and related infrastructure software<sup>1</sup> in the production environment.
2. Inconsistent adherence to established program change management procedures including instances in which changes made to the system were not approved, tested or documented appropriately per the established procedures.
3. Failure to consistently restrict developer access to the production environments of key financial applications in accordance with segregation of duties considerations or, if infeasible, implement independent monitoring controls to help ensure changes applied to the production environment are authorized.

Table 1 below summarizes the key financial applications that were impacted by the findings noted above.

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<sup>1</sup> Infrastructure changes refer to software changes and updates applied to underlying operating systems and databases supporting the key financial applications.

**Table 1:** Summary of applications impacted by the findings related to the Access to Programs and Data and Program Change control areas

Application	Access to Program and Data	Program Changes
PeopleSoft	X	X
TACIS	X	X
PASS	X	
ACEDS	X	X
DOCS	X	X
DUTAS	X	X
BARTS		X
Meditech	X	
TAS	X	

*Criteria:*

1. The Federal Information Security Management Act (FISMA), passed as part of the Electronic Government Act of 2002, mandates that Federal entities maintain IT security programs in accordance with National Institute of Standards and Technology (NIST). The following NIST criteria were leveraged:
  - a) NIST Special Publications (SP) 800-12, An Introduction to Computer Security
  - b) NIST SP 800-53, Revision 3, Recommended Security Controls for Federal Information Systems and Organizations, August 2009
  - c) NIST SP 800-64, Security Considerations in the System Development Life Cycle, October 2008
  - d) NIST SP 800-14, Generally Accepted Principles and Practices for Securing Information Technology, September 1996
2. The U.S. Government Accountability Office’s (GAO’s) Evaluating Internal Controls in Computer Based Systems (Black Book)

*Cause/Effect:*

The findings highlighted above include weaknesses in both the design and consistent operation of policies and procedures considered relevant to the Access to Programs and Data and Program Change areas. We noted a segmented approach in the design and implementation of relevant GITCs, including the lack of a concentrated effort to formalize underlying GITC processes and controls, and the lack of an effective monitoring function. The existence of these findings increases the risk that unauthorized changes applied to key financial applications and the data they process adversely affect application processing and data integrity and, as a result, may materially impact the financial statements. Additionally, the existence of these findings impacts the reliability of key application reports and the ability to rely upon automated, configurable controls embedded within key financial applications.

*Recommendations:*

1. *Related to Access to Programs and Data controls, we recommend that management:*

1. Assess and update or, as applicable, develop and document access management policies and procedures for production applications and underlying infrastructure systems. These policies and procedures should address requirements for clearly documenting user access requests and supervisory authorizations, periodic reviews of the appropriateness of user access by Agency business management, timely communication of employee separations/transfers, and disablement/removal of the related user access.
2. Develop and implement controls that establish organizational and logical segregation between program development roles, production administration roles and business end user roles among different individuals or, independently performed monitoring of the activities of users provided with conflicting system access.
3. Restrict the use of generic IDs or, if such access is required, implement independent monitoring of the activities performed using generic ID.
4. Formally communicate policies and procedures per the recommendations above to control owners and performers. Further, management should institute a formalized process to monitor adherence to policies and procedures related to key controls and, as performance deviations are identified, follow up as appropriate.

2. *Related to Program Change controls, we recommend that management:*

1. Assess and update or, as applicable, develop and document program change control policies and procedures for production applications and underlying infrastructure systems including, but not limited to, requirements for the documentation of: properly detailed change requests, authorization of the change prior to initiation of the work, preparation of test plans and results, and formal approval of the change prior to migration to production.
2. Formally communicate policies and procedures per the recommendations above to control owners and performers. Further, management should institute a formalized process to monitor adherence to policies and procedures related to key controls and, as performance deviations are identified, follow up as appropriate.
3. Develop and implement controls that establish organizational and logical segregation between program development roles and change migration roles among different individuals or, independent monitoring of the activities of users provided with conflicting system access.

*Management's Response:*

The District concurs with the auditor's findings with respect to general information technology controls and will develop and implement the necessary corrective actions to address the deficiencies noted and enhance operational efficiency.



**Access to Programs and Data**

The District concurs with this finding and will implement the necessary measures to adequately restrict user access to programs and data based on job functions and the need for adequate separation of incompatible duties. In addition, the District will develop (or revise) and implement policies and procedures for: (a) restricting user access; (b) routinely monitoring application access privileges; (c) approving new user access (or access changes); and (d) timely removing user access upon employee separation/termination. Such policies and procedures will also include specific guidance on the use of generic accounts to perform system administration functions (e.g., instances in which such accounts are to be used and how the use of generic accounts is to be monitored).

**Program Changes**

The District concurs with this finding and will review existing policies regarding authorizing, developing, testing, and approving changes to financial applications and related infrastructure software. To the extent that current policies are not adequate, the District will revise them accordingly. In addition, we will periodically perform internal reviews of program change management practices to ensure that changes made in the financial systems are properly approved, tested, and documented. This will include monitoring whether system developers are being limited to the production environments of financial applications.

*Finding 2010-02 – Weaknesses in the District’s Procurement and Disbursement Controls*

*Background:*

The District expends over \$8 billion per year in non-personnel related expenditures. In order to be as efficient and effective as possible, the District has established very robust policies and procedures at the Office of Contracts and Procurement, as well as at those agencies that have independent procurement authority to procure goods and services and to make payments for those goods and services. Further, these policies and procedures serve to ensure the District’s compliance with various laws and regulations governing procurement and payment, such as the Procurement Practices Act and the Quick Payment Act.

*Condition:*

We selected a sample of 25 sole source procurements executed by the District in fiscal year 2010 and noted the following:

Lack of supporting documentation:

- For six (6) contracts, the Determination and Findings (D&F) were not available for review.
- For ten (10) contracts, the screen prints showing that a search was performed to determine whether the vendor was debarred or suspended from doing business with the District were not available for review.
- For three (3) contracts, the use of the sole source method of procurement was not appropriate.

Inadequate approvals:

- For three (3) contracts, the D&F was not approved by the Contracting Officer.
- For two (2) contracts, the Contracting Officer delegation authority was not available for review.
- For one (1) contract, the Contracting Officer was able to approve a purchase requisition above his delegation of authority.
- For one (1) contract, the D&F was not approved by the Agency Director and/or Department Head.
- For four (4) contracts, the Council and Office of the Attorney General (OAG) approval was not available for review.
- For two (2) contracts, the purchase requisition was not approved by the Contracting Officer.
- For one (1) contract, the OAG approval was not available for review.
- In one (1) instance, the contract was misclassified as a sole source contract.

We also selected a sample of 25 emergency procurements executed during fiscal year 2010 and noted the following:

Lack of supporting documentation:

- There was no evidence to support the classification as an emergency procurement for ten (10) procurements.
- There is no evidence of competition or a sole source determination for three (3) emergency procurement contracts.

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- The screen prints to provide evidence that a search to determine whether the vendor was debarred or suspended from doing business with the District was not available for review for seven (7) contracts.
- For one (1) contract, the D&F was not available for review.

### Inadequate approvals:

- The delegation of authority for the contracting officer was not available for three (3) procurements.
- The contracting officer approved a requisition above his the delegation of authority for one (1) contract.
- The Council and OAG approval was not available for review for one (1) contract.

### Non-compliance with emergency criteria requirement:

- The period of performance exceeded the 120 days requirement for an emergency procurement for three (3) contracts inspected.

We selected seven (7) large construction contracts and determined that the District was unable to provide the supporting documentation for three (3) of the construction contracts as follows:

- The Solicitation and Evaluation documents were not available for review for two (2) contracts.
- The Determination and Finding for price reasonableness and Contractor responsibility, the Council approval and OAG legal review for when the contract was awarded in 2005, were not available for review for one (1) contract.
- The Excluded parties' printouts were not available for review for one contract.

We also selected 37 small purchases over \$5,000 and identified the following exceptions:

- Small purchases quotations were not available for review for four (4) purchases.
- The BPA (Blanket Purchase Agreement) relating to repetitive services was not available for review for five (5) purchases.
- The purchase requisition was not available for review for one (1) purchase.

We also selected 31 large procurements over \$100,000 other than construction contracts and identified the following exceptions:

- Two (2) contracts were not available for review.
- There was no evidence of competition for one (1) procurement.
- There was no evidence that the District performed a search to determine whether the vendor was debarred or suspended from conducting business with the District for two (2) procurements.
- The supporting documents provided for one (1) contract related to a FY2009 contract that had expired and not the active contract.
- The authorization for DC participation in a cooperative agreement with the contractor and the Commonwealth of Virginia was not available for review for one (1) procurement.

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In our testing of procurement and disbursement transactions at the District of Columbia Public Schools (DCPS), we observed the following:

- One (1) of 92 procurement transactions tested where DCPS was not in compliance with the District of Columbia's Laws regarding sole source procurements. Specifically, one file for a procurement totaling \$4,004 did not contain a copy of the signed contract or proper approval from the contracting officer on the letter of determination and findings.
- Eight (8) transactions, totaling \$259,370, of 68 transactions tested, totaling \$11,503,960, were paid through direct voucher were also related to prior period expenditures that were not properly accrued in the prior year.
- Two (2) transactions, totaling \$12,093, of 68 total transactions tested, totaling \$11,503,960, were paid through direct voucher but were not appropriately listed on the approved direct voucher list.
- Twelve (12) payments, totaling \$343,839, of 160 files tested did not have proper vendor invoices to support the payment made.

In addition, although we were able to substantiate the accuracy and existence of the expenditure, we noted for 8 of the 160 transactions tested, DCPS did not follow its existing internal policies and procedures related to the processing of the transaction. Specifically:

- Eight (8) direct voucher payments totaling \$524,009 where there was insufficient detail documentation to support DCPS' commitment to various services provided by the vendor, or the support provided was not consistent with the documentation provided; and
- Of 160 disbursements tested, we noted 11 transactions totaling \$1,470,290 where the transaction was posted to the incorrect comptroller object code in DCPS' general ledger.

With regard to our testing of compliance with the District of Columbia Quick Payment Act, we determined that:

- Seventy (70) of 683 non-DCPS payments selected for testing were not paid timely in accordance with the Quick Payment Act; and
- Seven (9) of 169 DPCS payments selected for testing were not paid timely in accordance with the Quick Payment Act. In addition, we noted an additional 27 payments for which payment was made more than 30 days after the CFO Office received the invoice due to delays in receiving the appropriate documents (i.e., receiving report, etc.) to perform the required three way match.

### *Criteria:*

The Procurement Practices Act indicates the following:

**27 DCMR chapter 17**, states that: *“In each instance where the sole source procurement procedures are used, the contracting officer shall prepare a written determination and findings (“D&F”) justifying the procurement which specifically demonstrates that procurement by competitive sealed bids or competitive sealed proposals is not required.”*

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**27 DCMR chapter 17**, states that: *“Each sole source D&F for a procurement in an amount greater than twenty-five thousand dollars (\$ 25,000) shall be reviewed by the Director before solicitation and shall be approved by the Director before contract execution.”*

**DC Code 1-204.51**, states that: *“prior to the award of a multiyear contract or a contract in excess of \$1,000,000 during a 12-month period, the Mayor or executive independent agency or instrumentality shall submit the proposed contract to the Council for review and approval.”*

**DC Code 2-301.05(G)** states that *“All contracts over a million dollar must go to the Office of the Attorney General (OAG) for a legal sufficiency review.”*

**DCMR chapter 17** states that *“An "emergency condition" is a situation (such as a flood, epidemic, riot, equipment failure, or other reason set forth in a proclamation issued by the Mayor) which creates an immediate threat to the public health, welfare, or safety. The emergency procurement of services shall be limited to a period of not more than one hundred twenty (120) days. If a long-term requirement for the supplies, services, or construction is anticipated, the contracting officer shall initiate a separate non-emergency procurement action at the same time that the emergency procurement is made. The contracting officer shall attempt to solicit offers or proposals from as many potential contractors as possible under the emergency condition. An emergency procurement shall not be made on a sole source basis unless the emergency D&F includes justification for the sole source procurement. When an emergency procurement is proposed, the contracting officer shall prepare a written determination and findings (D&F) that sets forth the justification for the emergency procurement.”*

The District’s Quick Payment Act indicates the following:

*“If a contract specifies the date on which payment is due, the required payment date is the date specified in the contract. If a contract does not specify a payment date, the required payment date will be one of the following:*

- a) Meat and meat food products - the seventh (7th) day after the date of delivery of the meat or meat product;*
- (b) Perishable agricultural commodities - the tenth (10th) day after the date of delivery of the perishable agricultural commodity; or*
- (c) All other goods and services - the thirtieth (30th) day after the receipt of a proper invoice by the designated payment officer.”*

*Cause/Effect:*

District agencies are not adhering to the established policies and procedures governing creation and maintenance of procurement documentation and the payment of vendor obligations, which may cause noncompliance with the Procurement Practices Act and the Quick Payment Act.

*Recommendation:*

We recommend that the District conduct mandatory training sessions for all personnel involved in the procurement of and payment for goods and services to reemphasize the critical importance of adhering to the existing procurement and disbursement policies and procedures. Further, we

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recommend that the District conduct an “internal audit” of compliance with the Procurement Practices Act and the Quick Payment Act during fiscal year 2011. This internal audit should be conducted after the internal training sessions are held. During this internal audit, the District should select a sample of fiscal year 2011 sole source and emergency procurements as well as vendor disbursements. By conducting the audit after the training, the District may be able to determine the effectiveness of the training by comparing compliance results from procurements and disbursements before and after the training.

### *Management’s Response:*

The District concurs with the facts of this finding and will implement the necessary control procedures to: (a) ensure that purchases are authorized by the appropriate managers and officials before they are made; and (b) ensure that approvals of purchases are adequately documented and such documentation is retained in the District’s files for quick retrieval, as needed. The District will also periodically review on an on-going basis purchases/disbursements to monitor compliance with applicable laws and regulations (e.g., Procurement Practices Act and the Quick Payment Act).

*Finding 2010-03 – Weaknesses in Monitoring Financial Reporting and Non-Routine Transactions in Stand-Alone Reports*

*Background:*

The District's annual financial statement process is complex and highly decentralized. District agencies are required to prepare financial closing packages and submit those packages to the District's Office of Financial Operations and Systems (OFOS) for review and approval. OFOS uses these closing packages to prepare the basic financial statements and the notes thereon. While testing the closing packages and financial statements submitted by various District agencies, we observed the following:

- *Unemployment Compensation Fund* – The District's Unemployment Compensation Trust Fund is a major fund in the District's Comprehensive Annual Financial Report (CAFR), and its management prepares a separate set of financial statements. The original draft of those financial statements submitted to both OFOS and the auditors were substantially incomplete and required significant, material adjustments to both the financial statements and the notes.
- *University of the District of Columbia* - The University of the District of Columbia is presented as a discretely presented component unit in the District's CAFR, and its management prepares a separate set of financial statements. The original draft of those financial statements submitted to both OFOS and the auditors were substantially incomplete and required significant, material adjustments and revisions to Management's Discussion and Analysis, the financial statements and the notes.
- *Convention and Sports Authority* - The District's Convention and Sports Authority is presented as a discretely presented component unit in the District's CAFR, and its management prepares a separate set of financial statements. The original draft of those financial statements submitted to both OFOS and the auditors did not properly account for and disclose the merger of the old Convention Center Authority and the Sports and Entertainment Commission and required significant, material adjustments to both the financial statements and the notes.
- *United Medical Center Intangible Assets* – On July 9, 2010, the District established the Not-for-Profit Hospital Corporation (NFPHC), a discretely presented component unit, to account for and maintain the assets upon which the District foreclosed to satisfy an outstanding debt obligation of the former United Medical Center. Under U.S. generally accepted accounting principles, the NFPHC must record the fair value of both the tangible and intangible assets that existed at July 9, 2010. NFPHC did not originally account for the intangible assets acquired, such as the fair value of its bed licenses, until requested by the auditor.
- *Oversight of Actuarial Advisors* – The District's Office of Risk Management (ORM) engages an actuary to provide a valuation of the liability for disability compensation. Further, the District's Department of Human Resources (DHR) engages an actuary to provide a valuation of the liability for other post employment benefits (OPEB) for

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District retirees. Neither ORM nor DHR adequately documented the rationale behind the actuarial assumptions established between the District and the engaged actuary.

### *Criteria:*

*Government Auditing Standards*, Appendix I, section A1.08 d., states that management at a State and Local government entity is responsible for “*establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported;*”

### *Cause/Effect:*

District component units do not appear to consider properly the accounting and financial reporting for non-routine transactions in order to develop and maintain documentation to support the amounts and disclosures in the CAFR. Further, these component units and agencies do not have adequate policies and procedures surrounding the year-end financial reporting closing process to develop and support the amounts and disclosures in their stand-alone financial statements.

### *Recommendation:*

We recommend that all District entities that prepare stand alone financial statements should prepare interim financial statements that are submitted to OFOS for review and approval.

### *Management's Response:*

The District concurs with this finding. The Office of the Chief Financial Officer, Office of Financial Operations and Systems (OFOS) will revise its interim closing practices to require more financial analysis and reporting of the component units during the fiscal year (at least quarterly). OFOS will review the interim component unit financial data received from each entity for accuracy and reasonableness and will work with each component unit to resolve reporting issues as they arise during the fiscal year. These measures should reduce the level of effort needed at year-end by the component units to produce accurate, reliable financial statements. In addition, the need for significant audit adjustments should also be minimized as a result of these measures. OFOS will continue the practice of reviewing the annual financial statements of component units for reasonableness and accuracy but will use the interim information received from component units to perform a more meaningful review and analysis.



*Finding 2010-04 – Weaknesses in the Financial Reporting Process at the Office of Tax and Revenue*

*Background:*

The District's Office of Tax and Revenue (OTR) had over \$4.95 billion in tax revenues in FY 2010. During our testwork at OTR we observed the following:

- There was insufficient monitoring of internal controls by the Returns Processing Administration (RPA) at its lockbox service provider. The service provider processes approximately \$1.9 billion in lockbox transactions on behalf of the District, yet OTR has not ensured that the service provider has been through an in-depth audit of its control objectives and activities, which include controls over information systems, security of taxpayer data, and other related processes. Specifically, we noted:
  - The service provider received a SAS 70 Type I report (Report on Controls Placed in Operation) in the current year versus a SAS 70 Type II report (Report on controls placed in operation and evaluation of Tests of Operating Effectiveness) in prior years;
  - OTR management did not review the SAS 70 report received, and was not aware of the change of the report type;
  - OTR has not performed a site visit to the lockbox manager or its subservice organizations, since March 2008; and
  - OTR was unable to provide supporting documentation or evidence of review of monthly and weekly performance reports provided by the service provider.
- Multiple auditors who prepare audit assessment change documents within the Compliance Division have access rights to make audit assessment adjustments within the Integrated Tax System (ITS). Procedurally, these auditors are not allowed to enter assessment adjustments that they have prepared; however, they have the system access to do so.
- The District continues to maintain insufficient control procedures over the reconciliation of tax withholdings to taxpayer submitted data. OTR has begun to develop policies and procedures to perform these reconciliations, but these corrective actions were partially implemented during FY 2010. Further corrective actions are needed in order to implement fully the policies and procedures.
- Nine (9) of 25 real property tax exemption applications selected for testing at the Real Property Tax Administration were not properly signed by an assessment specialist as being complete.
- Fifteen (15) of 27 SOAR to ITS monthly reconciliations selected for testing included significant reconciling items which were not corrected or input into ITS.
- Management has not performed adequate verification and validation procedures surrounding the methodologies used for setting the allowance for uncollectible accounts for various types of tax receivables. The current methodology was established in 2004; however, no documentation is maintained that demonstrates management's updated review of the estimates.

*Criteria:*

*Government Auditing Standards*, Appendix I, section A1.08 d., states that management at a State and Local government entity is responsible for “*establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported;*”

*Cause/Effect:*

OTR is not adhering to its existing policies and procedures governing review of lockbox operations, reconciliation of tax withholdings, maintenance of Homestead Tax Credit documentation, and granting of real property tax exemption. Further, OTR has not designed an appropriate policy requiring incompatible duties to be segregated to prevent a single employee from being able to prepare, review and approve SOAR cash receipt vouchers nor has management restricted access appropriately to prevent Compliance Division personnel from having inappropriate access. These deficiencies increase the risk that inappropriate refunds may be issued.

*Recommendation:*

We recommend that OTR adhere to its existing policies and procedures regarding review of lockbox operations, reconciliation of tax withholdings, and maintenance of Homestead Tax Credit documentation. OTR should also consider specific training in these areas to reinforce those procedures. We also recommend that OTR establish a policy requiring that the incompatible preparation, review and approval duties be segregated when preparing a SOAR cash receipt voucher. Finally, we recommend that OTR establish a policy requiring that management’s review of the estimation methodology for the reserve for uncollectible taxes be documented annually.

We further recommend that the Office of Integrity and Oversight conduct a periodic review of OTR’s implementation of changes as a result of these audit observations.

*Management’s Response:*

The District’s Office of Tax and Revenue (OTR) continues to place a strong emphasis on its internal controls, including risk and control self-identification and self-assessment. OTR leadership and teammates will continue to work closely with the Chief Risk Officer and the Director of the Office of Integrity and Oversight to design, institutionalize, and monitor effective controls.

*Finding 2010-05 – Weaknesses in the Personnel Management and Employee Compensation Process*

*Background:*

The District employs approximately 31 thousand employees and disburses over \$2.6 billion in compensation annually. Various payroll rules and regulations are administered by the District's Department of Human Resources, and the payroll disbursements are administered by the Office of Pay and Retirement Services.

During our testwork over payroll expenditures, we observed the following:

- One (1) of 319 employees tested received overtime pay even though the employee was considered to be exempt under the Fair Labor and Standards Act of 1938 (FLSA) and was not eligible for overtime. This resulted in an overpayment to the employee for 390 hours, totaling \$31,073 for FY 2010.
- Eight (8) of 165 employee personnel files tested did not contain the required supporting documentation (Form SF-52, signed offer letter, and signed I-9 verification form with a copy of the employees' identification) in accordance with District policy. Specifically, we noted 5 files did not contain signed offer letters.
- One (1) of 40 terminated employees tested received pay subsequent to termination from District employment. Specifically, the employee received a car allowance during employment, was terminated in March 2010, but continued to receive a car allowance subsequent to termination, resulting in an overpayment to the employee of approximately \$3,300.
- Fifteen (15) of 63 transactions were tested in which an employee's life insurance and/or retirement payroll deduction did not agree to the approved rate. Specifically, the deduction withheld from the employee's pay was less than the approved rate for the benefit elected. This resulted in total overpayments to employees in the amount of \$252.
- One (1) of 63 transactions was tested in which the employee elected benefit coverage but the appropriate benefit deduction was not withheld from the employee's paycheck.
- Seven (7) of 43 employees tested whose personnel files did not contain the required supporting documentation (Form SF-52, signed offer letter, signed I-9 verification form with a copy of the employees' identification, and transcripts (if applicable)) in accordance with DCPS policy. Specifically, we noted:
  - One (1) file which was missing the signed SF-52, signed offer letter, I-9 and copy of identification and copy of official transcript indicating the employee met the requisite educational requirements;
  - Two (2) files which were missing the signed SF-52 and I-9 and copy of identification;
  - Two (2) files which were missing the signed offer letter; and
  - Two (2) files which were missing the official transcript indicating educational requirements.
- Two (2) of 40 transactions were tested in which the employee received retirement benefits before becoming eligible for the benefit under the District's policy.

## Appendix A

- Four (4) of 10 retroactive pay transactions were tested in which the District miscalculated the amount due to the employee which resulted in 3 overpayments to individual employees totaling \$67,572, \$488, and \$696, respectively, and one underpayment totaling \$11,181.
- Twenty two (22) of 165 transactions tested were tested in which the hours paid were reclassified from one fund/index code to another. All 22 reclassifications were approved in PeopleSoft in accordance with DCPS' policies and procedures. However, DCPS was unable to provide supporting documentation for 13 of the reclassifications. Further, for the remaining 9 reclassifications, there was no evidence that the supervisor that approved the original timesheet had reviewed the employees' timesheets prior to approving the reclassification.

### *Criteria:*

According to the Yellow Book, Appendix I, section A1.08 d., management at a State and Local government entity is responsible for “*establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported;*”

### *Cause/Effect:*

District employees are not adhering to existing policies and procedures, which increases the risk that amounts may be incorrectly paid to employees.

### *Recommendation:*

We recommend that the District conduct a comprehensive “refresher” training course or courses for all employees involved in the payroll process. Further, we recommend that the District conduct periodic internal reviews of a sample of transactions to monitor compliance with existing policies and procedures.

### *Management's Response:*

The District concurs with facts of this finding and will take the necessary measures to improve controls over personnel management and compensation. We will review current practices regarding the retention of supporting documentation for personnel actions and other payroll-related transactions. To the extent that current practices are determined to be inadequate, the District will revise existing policies and procedures accordingly. As recommended by the auditors, the District will perform periodic reviews of sampled payroll transactions to monitor compliance with policies and procedures. Moreover, as deemed appropriate, the District will provide additional training to staff that perform payroll-related functions to improve efficiency, and reduce the risk of errors.



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**Independent Auditors' Report on Compliance with  
Requirements That Could Have a Direct and Material Effect  
On Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

To the Mayor and Council of the Government of the District of Columbia:

**Compliance**

We have audited the District of Columbia's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct or material effect on each of the District's major Federal programs for the year ended September 30, 2010. The District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs (schedule). Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

The District's basic financial statements include the operations of the District of Columbia Water and Sewer Authority (WASA) and the District of Columbia Housing Finance Agency (HFA), which are not included in the schedule for the year ended September 30, 2010. Our audit, described below, did not include the operations of WASA and HFA, because these component units engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

As described in items 2010-90 to 2010-100 in the accompanying schedule of findings and questioned costs, the District did not comply with the following requirements that are applicable to its student financial assistance program cluster: activities allowed or unallowed, cash management, eligibility, period of availability, reporting, special tests and provisions – verification, special tests and provisions – disbursements to or on behalf of students, special tests and provisions – return of Title IV funds, special tests and provisions – student status changes, special tests and provisions – student loan repayments, and special tests and provisions – institutional eligibility. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.



Also, as identified in Table I and described more fully in the accompanying schedule of findings and questioned costs, the District did not comply with certain requirements that are applicable to certain of its major programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

**TABLE I – MATERIAL NONCOMPLIANCE**

<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Agriculture/ Health and Human Services	10.551, 10.561/ 93.775, 93.777, 93.778	Supplemental Nutrition Assistance Program/  Medicaid Cluster	Special Tests and Provisions – ADP Systems/  Special Tests and Provisions – ADP Risk Analysis and System Security Review	2010-10
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Allowable Costs/Cost Principles	2010-14, 2010-15
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Procurement	2010-17
Housing and Urban Development	14.218, 14.253	Community Development Block Grant	Allowability	2010-19
Housing and Urban Development	14.239	Home Investment Partnerships Program	Allowable Costs/Cost Principles	2010-22
Housing and Urban Development	14.239	Home Investment Partnerships Program	Program Income	2010-24
Housing and Urban Development	14.241	Housing Opportunities for Persons with AIDS	Level of Effort, Earmarking	2010-28
Labor	17.258, 17.259, 17.260	Workforce Investment Act	Eligibility	2010-34
Labor	17.258, 17.259, 17.260	Workforce Investment Act	Procurement	2010-35



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Education	84.010, 84.389	Title I	Allowable Cost/Cost Principles	2010-38
Education	84.010, 84.389	Title I	Level of Effort, Supplement not Supplant – DCPS	2010-40
Education	84.010, 84.389	Title I	Special Tests and Provisions – Comparability – DCPS	2010-42
Education	84.010, 84.389	Title I	Special Tests and Provisions – Comparability – OSSE	2010-43
Education	84.126, 84.390	Vocational Rehabilitation	Eligibility	2010-46
Education	84.367	Improving Teacher Quality	Level of Effort, Supplement not Supplant	2010-48
Health and Human Services	93.563	Child Support Enforcement	Special Tests and Provisions – Establishment of Paternity and Support Obligations	2010-53
Health and Human Services	93.563	Child Support Enforcement	Special Tests and Provisions – Enforcement of Support Obligations	2010-54
Health and Human Services	93.563	Child Support Enforcement	Special Tests and Provisions – Provision of Child Support Services for Interstate Cases – State Programs	2010-55
Health and Human Services	93.600, 93.708	Head Start	Eligibility	2010-62
Health and Human Services	93.658/ 93.659	Foster Care/ Adoption Assistance	Allowable Costs/Cost Principles	2010-66
Health and Human Services	93.658	Foster Care	Eligibility	2010-68



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services	93.658	Foster Care	Subrecipient Monitoring	2010-69
Health and Human Services	93.767	Children's Health Insurance Program	Eligibility	2010-74
Health and Human Services	93.914	HIV Emergency Relief Grant	Allowable Costs/Cost Principles	2010-77
Health and Human Services	93.914	HIV Emergency Relief Grant	Level of Effort/Earmarking	2010-78
Health and Human Services	93.914	HIV Emergency Relief Grant	Procurement	2010-79
Health and Human Services	93.917	HIV Care Formula Grant	Allowable Costs/Cost Principles	2010-81, 2010-82
Health and Human Services	93.917	HIV Care Formula Grant	Level of Effort, Earmarking	2010-85
Health and Human Services	93.917	HIV Care Formula Grant	Procurement	2010-86
Homeland Security	97.067	Homeland Security Emergency Management Grant	Procurement	2010-88
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Activities Allowed or Unallowed	2010-90
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Cash Management	2010-91
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Eligibility	2010-92
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Period of Availability	2010-93
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Reporting	2010-94





<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions - Verification	2010-95
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students	2010-96
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Return of Title IV Funds	2010-97
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Student Status Changes	2010-98
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Student Loan Repayments	2010-99
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Institutional Eligibility	2010-100

In our opinion, because of the effects of the noncompliance described in the second preceding paragraph, the District did not comply, in all material respects, with the requirements referred to above that could have a direct and material effect on its student financial assistance program cluster.

Also, in our opinion, except for the noncompliance described in the Table I (except for findings 2010-90 to 2010-100 previously discussed), the District complied, in all material respects, with the compliance requirements referred to above that could have a direct or material effect on each of its major Federal programs for the year ended September 30, 2010.

As identified in Table II, the results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described more fully in the accompanying schedule of findings and questioned costs.

**TABLE II – OTHER REPORTABLE INSTANCES OF NONCOMPLIANCE**

<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Agriculture	10.551, 10.561	Supplemental Nutrition Assistance Program	Reporting	2010-09



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Agriculture	10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster	Special Tests and Provisions – Verification of Free and Reduced Price Applications – DCPS	2010-13
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Cash Management	2010-16
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Reporting	2010-18
Housing and Urban Development	14.218, 14.253	Community Development Block Grant	Earmarking	2010-20
Housing and Urban Development	14.218, 14.253	Community Development Block Grant	Reporting	2010-21
Housing and Urban Development	14.239	HOME Investment Partnerships Program	Special Tests and Provisions – Drawdowns of HOME Funds	2010-25
Housing and Urban Development	14.239	HOME Investment Partnerships Program	Special Tests and Provisions – Housing Quality Standards	2010-26
Housing and Urban Development	14.241	Housing Opportunities for Persons with AIDS	Cash Management	2010-27
Housing and Urban Development	14.241	Housing Opportunities for Persons with AIDS	Reporting	2010-29
Labor	17.225	Unemployment Insurance	Allowable Costs/Cost Principles	2010-30



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Labor	17.225	Unemployment Insurance	Eligibility	2010-31
Labor	17.258, 17.259, 17.260	Workforce Investment Act	Reporting	2010-36
Transportation	20.205	Highway Planning and Construction	Davis-Bacon Act	2010-37
Education	84.010, 84.389	Title I	Cash Management – OSSE	2010-39
Education	84.010, 84.389	Title I	Subrecipient Monitoring – OSSE	2010-41
Education	84.027, 84.173, 84.391, 84.392	Special Education	Subrecipient Monitoring	2010-45
Education	84.367	Improving Teacher Quality	Allowable Costs/Cost Principles – DCPS	2010-47
Education	84.367	Improving Teacher Quality	Subrecipient Monitoring – OSSE	2010-49
Health and Human Services	93.558, 93.714	Temporary Assistance for Needy Families	Reporting	2010-51
Health and Human Services	93.558, 93.714	Temporary Assistance for Needy Families	Special Tests and Provisions – Child Support Non-Cooperation	2010-52
Health and Human Services	93.568	Low Income Housing Energy Assistance Program	Eligibility	2010-56
Health and Human Services	93.568	Low Income Housing Energy Assistance Program	Subrecipient Monitoring	2010-57
Health and Human Services	93.569, 93.710	Community Services Block Grant	Allowable Costs/Cost Principles	2010-58
Health and Human Services	93.569, 93.710	Community Services Block Grant	Cash Management	2010-59



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services	93.569, 93.710	Community Services Block Grant	Reporting	2010-60
Health and Human Services	93.600, 93.708	Head Start	Reporting	2010-64
Health and Human Services	93.658	Foster Care	Special Tests and Provisions – R2 – Presentation on the SEFA and Data Collection Form	2010-70
Health and Human Services	93.659	Adoption Assistance	Eligibility	2010-72
Health and Human Services	93.659	Adoption Assistance	Special Tests and Provisions – R2 – Presentation on the SEFA and Data Collection Form	2010-73
Health and Human Services	93.775, 93.777, 93.778	Medicaid	Cash Management	2010-76
Health and Human Services	93.917	HIV Care Formula Grant	Cash Management	2010-83

### **Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District’s internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. As identified in Table III, we consider the deficiencies in internal control over compliance, which are described more fully in the accompanying schedule of findings and questioned costs, to be material weaknesses.

**TABLE III – MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE**

<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Agriculture	10.551, 10.561	Supplemental Nutrition Assistance Program/	Preparation of Schedule of Expenditures of Federal Awards	2010-06
Agriculture/ Health and Human Services	10.551, 10.561/ 93.775, 93.777, 93.778	Supplemental Nutrition Assistance Program/  Medicaid Cluster	Special Tests and Provisions – ADP Systems/  Special Tests and Provisions – ADP Risk Analysis and System Security Review	2010-10
Agriculture	10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster	Program Income – DCPS	2010-12
Agriculture	10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster	Special Tests and Provisions – Verification of Free and Reduced Price Applications – DCPS	2010-13
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Allowable Costs/Cost Principles	2010-14, 2010-15
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Procurement	2010-08, 2010-17



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Housing and Urban Development	14.218, 14.253	Community Development Block Grant	Allowable Costs/Cost Principles	2010-19
Housing and Urban Development	14.239	Home Investment Partnerships Program	Allowable Costs/Cost Principles	2010-22
Housing and Urban Development	14.239	Home Investment Partnerships Program	Matching, Earmarking	2010-23
Housing and Urban Development	14.239	Home Investment Partnerships Program	Program Income	2010-24
Housing and Urban Development	14.241	Housing Opportunities for Persons with AIDS	Level of Effort, Earmarking	2010-28
Labor	17.258, 17.259, 17.260	Workforce Investment Act	Eligibility	2010-34
Labor	17.258, 17.259, 17.260	Workforce Investment Act	Procurement	2010-08, 2010-35
Education	84.010, 84.389	Title I	Allowable Cost/Cost Principles – DCPS	2010-38
Education	84.010, 84.389	Title I	Level of Effort, Supplement not Supplant – DCPS	2010-40
Education	84.010, 84.389	Title I	Special Tests and Provisions – Comparability – DCPS	2010-42
Education	84.010, 84.389	Title I	Special Tests and Provisions – Comparability – OSSE	2010-43
Education	84.027, 84.173, 84.391, 84.392	Special Education Cluster	Allowable Costs/Cost Principles	2010-44
Education	84.126, 84.390	Vocational Rehabilitation	Eligibility	2010-46



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Education	84.367	Improving Teacher Quality	Level of Effort, Supplement not Supplant	2010-48
Health and Human Services	93.558, 93.714	Temporary Assistance for Needy Families	Eligibility	2010-50
Health and Human Services	93.563	Child Support Enforcement	Special Tests and Provisions – Establishment of Paternity and Support Obligations	2010-53
Health and Human Services	93.563	Child Support Enforcement	Special Tests and Provisions – Enforcement of Support Obligations	2010-54
Health and Human Services	93.563	Child Support Enforcement	Special Tests and Provisions – Provision of Child Support Services for Interstate Cases – State Programs	2010-55
Health and Human Services	93.600, 93.708	Head Start	Allowable Costs/Cost Principles	2010-61
Health and Human Services	93.600, 93.708	Head Start	Eligibility	2010-62
Health and Human Services	93.600, 93.708	Head Start	Earmarking	2010-63
Health and Human Services	93.600, 93.708	Head Start	Reporting	2010-65
Health and Human Services	93.658/ 93.659	Foster Care/ Adoption Assistance	Allowable Costs/Cost Principles	2010-66
Health and Human Services	93.658	Foster Care	Eligibility	2010-68
Health and Human Services	93.658	Foster Care	Subrecipient Monitoring	2010-69



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services	93.767	Children's Health Insurance Program	Eligibility	2010-74
Health and Human Services	93.914	HIV Emergency Relief Grant	Allowable Costs/Cost Principles	2010-77
Health and Human Services	93.914	HIV Emergency Relief Grant	Level of Effort/Earmarking	2010-78
Health and Human Services	93.914	HIV Emergency Relief Grant	Procurement	2010-08, 2010-79
Health and Human Services	93.917	HIV Care Formula Grant	Allowable Costs/Cost Principles	2010-81, 2010-82
Health and Human Services	93.917	HIV Care Formula Grant	Level of Effort, Earmarking	2010-85
Health and Human Services	93.917	HIV Care Formula Grant	Procurement	2010-08, 2010-86
Homeland Security	97.067	Homeland Security Emergency Management Grant	Procurement	2010-08, 2010-88
Homeland Security	97.067	Homeland Security Emergency Management Grant	Subrecipient Monitoring	2010-89
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Activities Allowed or Unallowed	2010-90
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Cash Management	2010-91
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Eligibility	2010-92
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Period of Availability	2010-93
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Reporting	2010-94





<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions - Verification	2010-95
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students	2010-96
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Return of Title IV Funds	2010-97
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Student Status Changes	2010-98
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Student Loan Repayments	2010-99
Education	84.007, 84.032, 84.033, 84.063, 93.925	Student Financial Assistance Program Cluster	Special Tests and Provisions – Institutional Eligibility	2010-100

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance. As described in Table IV, we consider the deficiencies in internal control over compliance, which are described more fully in the accompanying schedule of findings and questioned costs, to be significant deficiencies.

**TABLE IV – SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE**

<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Agriculture	10.551, 10.561	Supplemental Nutrition Assistance Program	Reporting	2010-09



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Cash Management	2010-07, 2010-16
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Reporting	2010-18
Housing and Urban Development	14.218, 14.253	Community Development Block Grant	Earmarking	2010-20
Housing and Urban Development	14.218, 14.253	Community Development Block Grant	Reporting	2010-21
Housing and Urban Development	14.239	HOME Investment Partnerships Program	Special Tests and Provisions – Drawdowns of HOME Funds	2010-25
Housing and Urban Development	14.239	HOME Investment Partnerships Program	Special Tests and Provisions – Housing Quality Standards	2010-26
Housing and Urban Development	14.241	Housing Opportunities for Persons with AIDS	Cash Management	2010-07, 2010-27
Housing and Urban Development	14.241	Housing Opportunities for Persons with AIDS	Reporting	2010-29
Labor	17.225	Unemployment Insurance	Allowable Costs/Cost Principles	2010-30
Labor	17.225	Unemployment Insurance	Eligibility	2010-31
Labor	17.225	Unemployment Insurance	Reporting	2010-32
Labor	17.225	Unemployment Insurance	Special Tests and Provisions – UI Benefit Payments	2010-33



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Labor	17.258, 17.259, 17.260	Workforce Investment Act	Reporting	2010-36
Transportation	20.205	Highway Planning and Construction	Davis-Bacon Act	2010-37
Education	84.010, 84.389	Title I	Cash Management – OSSE	2010-07, 2010-39
Education	84.010, 84.389	Title I	Subrecipient Monitoring – OSSE	2010-41
Education	84.027, 84.173, 84.391, 84.392	Special Education	Subrecipient Monitoring	2010-45
Education	84.367	Improving Teacher Quality	Allowable Costs/Cost Principles – DCPS	2010-47
Education	84.367	Improving Teacher Quality	Subrecipient Monitoring – OSSE	2010-49
Health and Human Services	93.558, 93.714	Temporary Assistance for Needy Families	Reporting	2010-51
Health and Human Services	93.558, 93.714	Temporary Assistance for Needy Families	Special Tests and Provision – Child Support Non-Cooperation	2010-52
Health and Human Services	93.568	Low Income Housing Energy Assistance Program	Eligibility	2010-56
Health and Human Services	93.568	Low Income Housing Energy Assistance Program	Subrecipient Monitoring	2010-57
Health and Human Services	93.569, 93.710	Community Services Block Grant	Allowable Costs/Cost Principles	2010-58
Health and Human Services	93.569, 93.710	Community Services Block Grant	Cash Management	2010-07, 2010-59
Health and Human Services	93.569, 93.710	Community Services Block Grant	Reporting	2010-60
Health and Human Services	93.600, 93.708	Head Start	Reporting	2010-64



<b>Federal Awarding Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Health and Human Services	93.658/ 93.659	Foster Care/ Adoption Assistance	Cash Management	2010-07, 2010-67
Health and Human Services	93.658	Foster Care	Special Tests and Provisions – R2 – Presentation on the SEFA and Data Collection Form	2010-70
Health and Human Services	93.659	Adoption Assistance	Allowable Costs/Cost Principles	2010-71
Health and Human Services	93.659	Adoption Assistance	Eligibility	2010-72
Health and Human Services	93.659	Adoption Assistance	Special Tests and Provisions – R2 – Presentation on the SEFA and Data Collection Form	2010-73
Health and Human Services	93.775, 93.777, 93.778	Medicaid	Allowable Costs/Cost Principles	2010-75
Health and Human Services	93.775, 93.777, 93.778	Medicaid	Cash Management	2010-76
Health and Human Services	93.914	HIV Emergency Relief Grant	Reporting	2010-80
Health and Human Services	93.917	HIV Care Formula Grant	Cash Management	2010-07, 2010-83
Health and Human Services	93.917	HIV Care Formula Grant	Eligibility	2010-84
Health and Human Services	93.917	HIV Care Formula Grant	Reporting	2010-87

The District’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District’s responses, and accordingly, we express no opinion on the responses.



### **Schedule of Expenditures of Federal Awards**

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards for the year ended September 30, 2010 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the fiscal 2010 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fiscal 2010 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the fiscal 2010 basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor and Council of the Government of the District of Columbia, management, others within the entity, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

June 30, 2011

# **Government of the District of Columbia**

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Schedule of Expenditures  
of Federal Awards  
and  
Notes to the Schedule of Expenditures  
of Federal Awards  
Year Ended September 30, 2010

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

***For the Year Ended September 30, 2010***

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Homeland Security</b>		
REGIONAL CATASTROPHIC PREPAREDNESS GRANT PROGRAM	97.111	1,850,876
NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS)	97.107	686,130
BUFFER ZONE PROTECTION PLAN (BZPP)	97.078	14,592
HOMELAND SECURITY RESEARCH TESTING, EVALUATION & DEMONSTRATION OF TECHNOLOGIES RELATED TO NUCLEAR DETECTION	97.077	5,444
RAIL AND TRANSIT SECURITY GRANT PROGRAM	97.075	9,002,623
HOMELAND SECURITY GRANT PROGRAM	97.067	67,922,678
SCHOLARS AND FELLOWS, AND EDUCATIONAL PROGRAMS	97.062	64,806
ASSISTANCE TO FIREFIGHTERS GRANT	97.044	1,295,983
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	2,111,872
DISASTER GRANTS- PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	8,671,631
DISASTER GRANTS- PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	18,564
<b>SUBTOTAL - PUBLIC ASSISTANCE GRANTS</b>		<b>8,690,195</b>
BOATING SAFETY FINANCIAL ASSISTANCE	97.012	977,512
NON-PROFIT SECURITY PROGRAM	97.008	617,739
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.001	(4,950)
<b>Total U.S. Department of Homeland Security</b>		<b>93,235,500</b>
<b>Social Security Administration</b>		
SOCIAL SECURITY_DISABILITY INSURANCE	96.001	<b>8,480,005</b>
<b>Corporation for National and Community Service</b>		
SENIOR COMPANION PROGRAM	94.016	305,491
TRAINING AND TECHNICAL ASSISTANCE	94.009	104,210
PROGRAM DEVELOPMENT AND INNOVATION GRANTS	94.007	710,334
PROGRAM DEVELOPMENT AND INNOVATION GRANTS	94.007	48,783
<b>SUBTOTAL - PROGRAM DEVELOPMENT AND INNOVATION GRANTS</b>		<b>759,117</b>
AMERICORPS	94.006	2,331,821
ARRA - AMERICORPS	94.006	135,017
<b>SUBTOTAL - AMERICORPS</b>		<b>2,466,838</b>

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

**For the Year Ended September 30, 2010**

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
LEARN AND SERVE AMERICA_SCHOOL AND COMMUNITY BASED PROGRAMS	94.004	467,154
<b>Total Corporation for National and Comm Service</b>		<b>4,102,811</b>
 <b>U.S. Department of Health and Human Services</b>		
AFDC/TANF RECOUPMENT	93.TAN	83,899
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	7,562,121
PREVENTIVE HEALTH & HEALTH SERVICES BLOCK GRANT	93.991	875,196
PREVENTIVE HEALTH SVCS_SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	93.977	1,341,710
BLOCK GRANTS FOR PRVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	5,527,580
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	1,252,478
ASSISTANCE PROGRAMS FOR CHRONIC DIDEASE PREVENTION & CONTROL	93.945	310,231
HIV/AIDS VIRUS SYNDROME SURVEILLANCE	93.944	1,696,853
HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	93.940	8,735,267
COOP AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAM TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	93.938	268,836
COOP AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAM TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	93.938	20,600
<b>SUBTOTAL - COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAM TO PREVENT THE SPREAD OF HIV &amp; OTHER IMPORTANT HEALTH PROBLEMS</b>		<b>289,436</b>
HEALTHY START INITIATIVE	93.926	3,483,819
SCHOLASHIPS FOR HEALTH PROFESSIONS STUDENTS FROM DISADVANTAGED BACKGROUNDS	93.925	173,612
HIV CARE FORMULA GRANTS	93.917	16,572,820
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914	32,191,359
NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	93.889	2,000,104
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	356,882
MEDICAID TRANSFORMATION GRANTS	93.793	6,330,265
MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION	93.791	6,178,689
CTRS FOR MEDICARE & MEDICAID RESEARCH, DEMONSTRATIONS AND EVALUATIONS	93.779	120,767
MEDICAL ASSISTANCE PROGRAM	93.778	1,277,681,159
MEDICAL ASSISTANCE PROGRAM	93.778	15,267,885
MEDICAL ASSISTANCE PROGRAM	93.778	18,760,398



**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

***For the Year Ended September 30, 2010***

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>		<b>Total Federal Expenditures</b>
MEDICAL ASSISTANCE PROGRAM	93.778	4,815,021	
MEDICAL ASSISTANCE PROGRAM	93.778	4,411,273	
ARRA - MEDICAL ASSISTANCE PROGRAMS	93.778	<u>155,256,404</u>	
<b>SUBTOTAL - MEDICAL ASSISTANCE PROGRAMS</b>			1,476,192,140
STATE SURVEY AND CERTIFICATION OF HEALTH CARE PROVIDERS & SUPPLIERS			
TITLE (XVIII) MEDICARE	93.777	697,760	
STATE MEDICAID FRAUD CONTROL UNITS	93.775	<u>1,752,073</u>	
<b>SUBTOTAL - STATE SURVEY AND CERTIFICATION AND MEDICAID FRAUD CONTROL UNITS</b>			2,449,832
CLUSTER			
MEDICAID INFRASTRUCTURE GRANTS TO SUPPORT THE COMPETITIVE EMPLOYMENT OF PEOPLE WITH DISABILITIES (2000U)	93.768		645,851
CHILDREN'S HEALTH INSURANCE PROGRAM	93.767		11,115,961
ARRA - COMMUNITIES PUTTING PREVENTION TO WORK: CHRONIC DISEASE SELF-MANAGEMENT PROGRAM	93.725		20,770
ARRA - PREVENTION-COMMUNITIES PUTTING PREVENTION TO WORK FUNDING OPPROTUNITIES ANNOUNCEMENT (FOA)	93.724		24,920
ARRA - PREVENTION AND WELLNESS STATE, TERRITORIES & PACIFIC ISLANDS	93.723		8,300
ARRA - STATE GRANTS TO PROMOTE HEALTH INFORMATION TECHNOLOGY	93.719		280,066
ARRA - PREVENTING HEALTHCARE-ASSOCIATED INFECTIONS	93.717		28,779
ARRA - STRENGTHENING COMMUNITIES FUND	93.711		143,705
FAMILY VIOLENCE PREVENTION & SERVICES/GRANT FOR BATTERED WOMEN'S SHELTERS_ GRANTS TO STATES & INDIAN TRIBES	93.671		607,181
ARRA - FOSTER CARE_ TITLE IV-E	93.658	1,176,638	
FOSTER CARE_ TITLE IV-E	93.658	<u>30,566,265</u>	
<b>SUBTOTAL - FOSTER CARE_ TITLE IV-E</b>			31,742,903
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	93.674		1,101,674
CHILD ABUSE & NEGLECT STATE GRANTS	93.669		85,423
SOCIAL SERVICES BLOCK GRANT	93.667		6,862,359
ARRA - ADOPTION ASSISTANCE	93.659	1,350,597	
ADOPTION ASSISTANCE	93.659	<u>22,974,726</u>	
<b>SUBTOTAL - ADOPTION ASSISTANCE</b>			24,325,323
CHILD WELFARE SERVICES_ STATE GRANTS	93.645		324,541
DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	93.630		219,932
ARRA - HEAD START	93.708	852,381	

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

***For the Year Ended September 30, 2010***

<b><i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i></b>	<b><i>Federal CFDA Number</i></b>	<b><i>Total Federal Expenditures</i></b>
ARRA - HEADSTART CONSOLIDATED	93.708	127,478
HEAD START	93.600	66,777
HEAD START	93.600	3,265
HEAD START	93.600	6,735,059
HEAD START - PASS-THROUGH FUNDING	93.600	3,974,457
<b>SUBTOTAL - HEAD START CLUSTER</b>		<b>11,759,416</b>
GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAM	93.597	55,000
REFUGEE & ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	93.576	36,510
ARRA-CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.713	858,540
CHILD CARE & DEVELOPMENT BLOCK GRANT	93.575	8,798,041
<b>SUBTOTAL - CHILD CARE DEVELOPMENT CLUSTER</b>		<b>9,656,581</b>
COMMUNITY SERVICE BLOCK GRANT	93.569	11,258,024
ARRA - COMMUNITY SERVICE BLOCK GRANT	93.710	10,697,811
<b>SUBTOTAL - COMMUNITY SERVICE BLOCK GRANT</b>		<b>21,955,835</b>
LOW INCOME HOME ENERGY ASSISTANCE	93.568	15,405,454
REFUGEE & ENTRANT ASSISTANCE_STATE ADMINISTERED	93.566	1,288,448
CHILD SUPPORT ENFORCEMENT RESEARCH	93.564	38,328
PATERNITY AND CHILD ENFORCEMENT PROGRAM	93.563	17,621,894
ARRA - PATERNITY AND CHILD ENFORCEMENT PROGRAM	93.563	882,862
<b>SUBTOTAL - PARTERNITY AND CHILD ENFORCEMENT PROGRAM</b>		<b>18,504,755</b>
ARRA - EMERGENCY CONTINGENCY FUND FOR TANF STATE PROGRAM	93.714	1,648,338
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	109,484,702
<b>SUBTOTAL - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES</b>		<b>111,133,040</b>
FAMILY PRESERVATION	93.556	858,025
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART G_PREVENTION OF ABUSE, NEGLECT, & EXPLOITATION OF OLDER INDIVIDUALS	93.552	25,000
ARRA - STATE PRIMARY CARE OFFICES	93.414	7,428
ARRA - SCHOLARSHIPS FOR DISADVANTAGED STUDENTS	93.407	90,103
CANCER RESEARCH MANPOWER	93.398	221,681
CANCER CENTERS SUPPORT GRANTS	93.397	73,671
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	569,849
CENTERS FOR DISEASE CONTROL & PREVENTION: INVEST & TECHNICAL ASSISTANCE	93.283	3,127,596

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

***For the Year Ended September 30, 2010***

<b><i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i></b>	<b><i>Federal CFDA Number</i></b>	<b><i>Total Federal Expenditures</i></b>
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES-ACCESS TO RECOVERY	93.275	6,480,915
ARRA - IMMUNIZATION	93.712	74,536
IMMUNIZATION GRANTS	93.268	<u>1,670,263</u>
<b>SUBTOTAL - IMMUNIZATION PROGRAM</b>		<b>1,744,799</b>
UNIVERSAL NEWBORN HEARING SCREENING	93.251	138,812
SUBSTANCE ABUSE MENTAL HEALTH SERVICES (SAMHS)_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	531,164
SUBSTANCE ABUSE MENTAL HEALTH SERVICES (SAMHS)_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	<u>900,810</u>
<b>SUBTOTAL - SAMHS PROJECTS OF REGIONAL &amp; NAT'L SIGNIFICANCE</b>		<b>1,431,974</b>
TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM	93.234	84,401
PROJECTS_STATE & LOCAL CHILDHOOD LEAD POISONING PREVENTION & SURVEILLANCE OF BLOOD LEAD LEVELS IN CHILDREN	93.197	526,198
PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	93.150	298,642
INJURY PREVENTION & CONTROL RESEARCH & STATE COMMUNITY BASED PROGRAM	93.136	75,028
COOP AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES	93.130	139,390
PROJECT GRANTS & COOP AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.116	653,359
MATERNAL & CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	548,136
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	5,000
EMERGENCY SYSTEM FOR ADV REGISTRATION OF VOLUNTEER HEALTH PROFESSIONALS	93.089	60,000
HEALTHY MARRIAGE PROMOTION & RESPONSIBLE FATHERHOOD GRANTS	93.086	1,779,731
DC LIFESPAN RESPITE PROGRAM	93.072	57,689
ARRA - LIFESPAN RESPITE CARE PROGRAM	93.072	<u>333,094</u>
<b>SUBTOTAL - LIFESPAN RESPITE CARE PROGRAM</b>		<b>390,783</b>
MEDICARE ENROLLMENT ASSISTANCE PROGRAM	93.071	28,174
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	7,609,730
SPECIAL PROGRAMS FOR THE AGING_TITLE IV & TITLE II DISCRETIONARY PROJECTS	93.048	105,910
SPECIAL PROGRAMS FOR THE AGING_TITLE IV & TITLE II DISCRETIONARY PROJECTS	93.048	<u>68,091</u>
<b>SUB -SPECIAL PROG FOR THE AGING_TITLE IV &amp; TITLE II DISCRETIONARY PROJECTS</b>		<b>174,001</b>
ARRA - TITLE III - FRAIL & ELDERLY	93.705	160,000
NUTRITION SERVICES INCENTIVE PROGRAM	93.053	637,436
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES	93.045	3,341,526

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

**For the Year Ended September 30, 2010**

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044	1,846,809
<b>SUBTOTAL - TITLE III CLUSTER</b>		5,825,771
SPECIAL PROGRAMS FOR THE AGING_TITLE VII, CHAPTER 2_LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	93.042	882,058
STATE & TERRITORIAL & TECHNICAL ASSISTANCE CAPACITY DEVELOPMENT MINORITY HIV/AIDS DEMONSTRATION PROGRAM	93.006	114,974
HCFA - NURSING HOME & ICF-MR CERTIFICATION	93.796	2,282,822
<b>Total U.S. Dept. of Health and Human Services</b>		<b>1,877,504,166</b>
<b>U.S. Department of Education</b>		
ARRA - INDEPENDENT LIVING SVCS FOR OLDER INDIVIDUALS WHO ARE BLIND	84.399	2,826
ARRA - INDEPENDENT LIVING STATE GRANTS	84.398	70,421
ARRA - STATES FISCAL STABILIZATION FUND - GOVERNMENT SERVICES	84.397	16,266,626
ARRA - STATES FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS	84.394	72,283,896
ARRA - (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	855,900
<b>SUBTOTAL - STATES FISCAL STABILIZATION</b>		89,406,422
ARRA - EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.387	48,444
COLLEGE ACCESS CHALLENGE GRANT PROGRAM	84.378	499,447
SCHOOL IMPROVEMENT GRANTS	84.377	1,126,948
STATEWIDE DATA SYSTEMS	84.372	1,211,967
GRANTS FOR STATE ASSESSMENTS & RELATED ACTIVITIES	84.369	3,455,606
GRANTS FOR ENHANCED ASSESSMENT INSTRUMENTS	84.368	469,541
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	12,587,128
MATHEMATICS & SCIENCE PARTNERSHIP	84.366	805,511
ENGLISH LANGUAGE ACQUISITION	84.365	788,046
READING FIRST- TITLE I, PART B, NCLB	84.357	211,722
TRANSITION TO TEACHING	84.350	(1,260)
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	84.334	183,068
GRANTS FOR STATES FOR WORKPLACE & COMMUNITY TRANSITION TRAINING FOR INCARCERATED INDIVIDUALS	84.331	123,872
ADVANCED PLACEMENT PROGRAM	84.330	106,168
SPECIAL EDUCATION-PERSONNEL DEVELOPMENT TO IMPROVE SVCS & RESULTS		

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

***For the Year Ended September 30, 2010***

<b><i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i></b>	<b><i>Federal CFDA Number</i></b>		<b><i>Total Federal Expenditures</i></b>
FOR CHILDREN WITH DISABILITIES	84.325		162,084
ARRA - EDUCATION TECHNOLOGY STATE GRANT, RECOVERY ACT	84.386	66,116	
EDUCATIONAL TECHNOLOGY STATE GRANTS	84.318	<u>1,274,539</u>	
<b>SUBTOTAL - EDUCATION TECHNOLOGY CLUSTER</b>			1,340,655
21ST CENTURY COMM LEARNING CTRS-AFTER SCHOOL	84.287		7,264,273
CHARTER SCHOOLS	84.282		2,034,261
REHABILITATION TRAINING_STATE VOCATIONAL REHAB UNIT IN-SERVICE TRAINING	84.265		17,267
ASSISTIVE TECHNOLOGY	84.224		316,060
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215		450,149
TITLE 1 EVEN START	84.213		331,270
EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.196		115,225
SUPPORTED EMPLOYMENT SVCS_INDIV WITH THE MOST SIGNIFICANT DISABILITIES	84.187		419,532
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES_STATE GRANTS	84.186	649,945	
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES_STATE GRANTS	84.186	<u>188,585</u>	
<b>SUBTOTAL - SAFE &amp; DRUG FREE SCHOOLS &amp; COMMUNITIES_STATE GRANTS</b>			838,530
BYRD HONORS SCHOLARSHIPS	84.185		69,000
ARRA - SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	84.393	82,033	
SPECIAL EDUCATION_GRANTS FOR INFANTS_FAMILIES	84.181	<u>2,299,723</u>	
<b>SUBTOTAL - SPECIAL EDUCATION CLUSTER</b>			2,381,756
REHABILITATION SERVICES_INDEPENDENT LIVING SERVICES_OLDER INDIVIDUALS WHO ARE BLIND	84.177		219,005
INDEPENDENT LIVING_STATE GRANTS	84.169		313,552
REHABILITATION SERVICES_CLIENT ASSISTANCE PROGRAM	84.161		117,571
ARRA - REHABILITATION SVCS- VOCATIONAL REHABILITATION GRANTS TO STATES	84.390	323,480	
REHABILITATION SERVICES_VOCATIONAL REHABILITATION GRANTS TO STATES	84.126	<u>12,696,064</u>	
<b>SUBTOTAL - VOCATIONAL REHABILITATION CLUSTER</b>			13,019,544
LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP	84.069		472,582
FEDERAL PELL GRANT PROGRAM	84.063		4,884,978
CAREER & TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048		3,278,538
TRIO_UPWARD BOUND	84.047	305,377	
TRIO_TALENT SEARCH	84.044	518,838	
TRIO_STUDENT SUPPORT SERVICES	84.042	<u>556,524</u>	

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by Federal Grantor**

**For the Year Ended September 30, 2010**

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>SUBTOTAL - TRIO CLUSTER</b>		1,380,739
IMPACT AID	84.041	1,110,209
FEDERAL WORK-STUDY PROGRAM	84.033	161,539
ARRA - JOB LOCATOR DEVELOPMENT	84.033	55,813
<b>SUBTOTAL - JOB LOCATOR DEVELOPMENT</b>		217,352
HIGHER EDUCATION_INSTITUTIONAL AID	84.031	4,088,099
ARRA - SPECIAL EDUCATION - PRESCHOOL GRANTS	84.392	223,793
ARRA - SPECIAL EDUCATION GRANTS TO STATES	84.391	14,871,149
SPECIAL EDUACATION - PRESCHOOL GRANTS	84.173	374,168
SPECIAL EDUACATION - GRANT TO STATES	84.027	15,881,922
<b>SUBTOTAL - SPECIAL EDUCATION CLUSTER</b>		31,351,031
TITLE I STATE AGENCY PROGRAM FOR NEGLECTED & DELINQUENT CHILDREN	84.013	160,436
ADULT EDUCATION - BASIC GRANTS TO STATES	84.002	1,327,209
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (SEOG)	84.007	619,577
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (LEA)	84.010	48,162,395
ARRA - TITLE I GRANTS TO LOCAL EDUCATUIONAL AGENCIES	84.389	22,881,684
<b>SUBTOTAL - TITLE I GRANTS TO LOCAL EDUCATIONAL CLUSTER</b>		71,044,080
MISC. - NATIONAL ASSESSMENT OF EDUC PROG. (NAEP)	84.NAEP	64,051
<b>Total U.S. Department of Education</b>		<b>260,504,491</b>
 <b>Federal Emergency Management Agency</b>		
STATE AND LOCAL ASSISTANCE	83.534	<b>2,393</b>
 <b>U.S. Department of Energy</b>		
ARRA - ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT (EECBG)	81.128	571,402
ARRA - ENERGY EFFICIENT APPLIANCE REBATE PROGRAM (EEARP)	81.127	1,925
ARRA - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, R & D ANALYSIS	81.122	862
ARRA - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, R & D ANALYSIS	81.122	63,859
<b>SUBTOTAL - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, R &amp; D ANALYSIS</b>		64,721
WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	81.042	860,324
ARRA - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	81.042	3,949,085

**Government of the District of Columbia  
Schedule of Expenditures of  
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*For the Year Ended September 30, 2010*

<i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Total Federal Expenditures</i>
<b>SUBTOTAL - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS</b>		4,809,409
STATE ENERGY PROGRAM	81.041	133,840
ARRA - STATE ENERGY PROGRAM	81.041	8,961,130
<b>SUBTOTAL - STATE ENERGY PROGRAM</b>		9,094,970
NATIONAL ENERGY INFORMATION CENTER	81.039	996
<b>Total U.S. Department of Energy</b>		<b>14,543,424</b>
 <b>Environmental Protection Agency</b>		
STATE AND TRIBAL RESPONSE PROGRAM	66.817	254,603
SUPERFUND STATE AND TRIBE CORE PROGRAM COOP AGREEMENTS	66.809	47,530
SUPERFUND STATE AND TRIBE CORE PROGRAM COOP AGREEMENTS	66.809	149,261
<b>SUBTOTAL - SUPERFUND &amp; TRIBE CORE PROGRAM COOP AGREEMENTS</b>		196,791
ARRA - LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION	66.805	48,203
UNDERGROUND STORAGE TANK PREVENTION, DETECTION & COMPLIANCE PROGRAM	66.804	606,214
HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT	66.801	242,881
TSCA TITLE IV STATE LEAD GRANTS CERT OF LEAD-BASED PAINT PROFESSIONALS	66.707	402,914
ENVIRONMENTAL INFO EXCHANGE NETWORK GRANT PROGRAM & RELATED ASSIST	66.608	227,569
PERFORMANCE PARTNERSHIP GRANTS	66.605	247,393
CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS	66.468	168
CHESAPEAKE BAY PROGRAM	66.466	866,805
NONPOINT SOURCE IMPLEMENTATION GRANTS	66.460	1,088,332
WATER QUALITY MANAGEMENT PLANNING	66.454	100,000
ARRA - WATER QUALITY MANAGEMENT PLANNING	66.454	109,925
<b>SUBTOTAL - WATER QUALITY MANAGEMENT PLANNING</b>		209,925
WATER POLLUTION CONTROL STATE, INTERSTATE, TRIBAL PROGRAM SUPPORT	66.419	1,438,876
CONSTRUCTION GRANTS FOR WASTEWATER TREATMENT WORKS	66.418	2,579
ARRA - CONSTRUCTION GRANTS FOR WASTEWATER TREATMENT WORKS	66.418	5,171,869
<b>SUBTOTAL - CONSTRUCTION GRANTS FOR WASTEWATER TREATMENT WORKS</b>		5,174,448
CLEAN SCHOOL BUS USA	66.036	222,515
SURVEYS, STUDIES, INVESTIGATIONS ACTIVITIES RELATING TO THE CLEAN AIR ACT	66.034	188,929
STATE INDOOR RADON GRANTS	66.032	110,000

**Government of the District of Columbia  
Schedule of Expenditures of  
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**For the Year Ended September 30, 2010**

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001	1,087,076
ARRA - AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001	256,187
<b>SUBTOTAL - AIR POLLUTION CONTROL PROGRAM SUPPORT</b>		<u>1,343,264</u>
<b>Total Environmental Protection Agency</b>		<u><b>12,869,830</b></u>
 <b>National Science Foundation</b>		
EDUCATION AND HUMAN RESOURCES	47.076	406,583
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	35,004
ENGINEERING GRANTS	47.041	58,167
<b>Total National Science Foundation</b>		<u><b>499,755</b></u>
 <b>National Endowment for the Humanities</b>		
GRANTS TO STATES	45.310	1,020,888
PROMOTION OF THE HUMANITIES_DIVISION OF PRESERVATION & ACCESS	45.149	2,477
PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	45.025	737,743
ARRA - PROMOTION OF THE ARTS_PATNERSHIP AGREEMENTS	45.025	290,000
<b>SUBTOTAL - PROMOTION OF THE ARTS PARTNERSHIP AGREEMENTS</b>		<u>1,027,743</u>
PROMOTION OF THE ARTS_GRANTS TO ORGANIZATIONS AND INDIVIDUALS	45.024	20,000
<b>Total National Endowment for the Humanities</b>		<u><b>2,071,108</b></u>
 <b>National Aeronautics and Space Administration</b>		
SCIENCE	43.001	<u><b>7,310</b></u>
 <b>General Services Administration</b>		
PUBLIC BUILDINGS SERVICE	39.012	<u><b>70,625</b></u>
 <b>Equal Employment Opportunity Commission</b>		
EMPLOYMENT DISCRIMINATION_TITLE VII OF THE CIVIL RIGHTS ACT OF 1964	30.001	<u><b>159,250</b></u>
 <b>U.S. Department of the Treasury</b>		
LOW-INCOME TAXPAYER CLINICS	21.008	90,295



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***For the Year Ended September 30, 2010***

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
ARRA - RAGLTC- GRANTS IN LIEU OF TAX CREDITS SEC	21.GRDC15	5,171,629
<b>Total U.S. Department of the Treasury</b>		<b>5,261,924</b>
<b>U.S. Department of Transportation</b>		
PIPELINE SAFETY PROGRAM BASE GRANTS	20.700	156,554
STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT GRANTS	20.610	4,028
STATE AND COMMUNITY HIGHWAY SAFETY	20.600	2,596,289
<b>SUBTOTAL - HIGHWAY SAFETY CLUSTER</b>		<b>2,600,317</b>
CAPITAL ASSIST PRGM FOR ELDERLY PERSONS AND PERSONS WITH DISABILITIES	20.513	30,119
METROPOLITAN TRANSPORTATION PLANNING	20.505	220,193
NATIONAL MOTOR CARRIER SAFETY	20.218	405,238
NATIONAL MOTOR CARRIER SAFETY	20.218	116,055
<b>SUBTOTAL - NATIONAL MOTOR CARRIER SAFETY</b>		<b>521,293</b>
MOTOR CARRIER SAFETY	20.217	37,634
HIGHWAY PLANNING AND CONSTRUCTION	20.205	162,796,622
ARRA - HIGHWAY PLANNING AND CONSTRUCTION	20.205	49,408,142
<b>SUBTOTAL - HIGHWAY PLANNING &amp; CONSTRUCTION</b>		<b>212,204,764</b>
<b>Total U.S. Department of Transportation</b>		<b>215,770,875</b>
<b>U.S. Department of Labor</b>		
CONSULTATION AGREEMENTS	17.504	375,570
TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	17.273	93,264
WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	17.271	41,596
REINTEGRATION OF EX-OFFENDERS	17.270	34,680
WORK INCENTIVE GRANTS	17.266	87,510
WIA PILOTS, DEMONSTRATIONS, AND RESEARCH PROJECTS	17.261	637,519
WIA DISLOCATED WORKERS	17.260	4,671,716
ARRA - WIA DISLOCATED WORKERS	17.260	2,362,253
WIA YOUTH ACTIVITIES	17.259	3,252,143
ARRA - WIA YOUTH ACTIVITIES+A398	17.259	3,360,848
WIA ADULT PROGRAM	17.258	2,432,735

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***For the Year Ended September 30, 2010***

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
ARRA - WIA ADULT PROGRAM	17.258	378,171
<b>SUBTOTAL - WIA CLUSTER</b>		16,457,866
SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	17.235	678,101
ARRA - SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	17.235	107,848
<b>SUBTOTAL - SENIOR COMMUNITY SERVICE</b>		785,949
UNEMPLOYMENT INSURANCE	17.225	465,004,475
ARRA - UNEMPLOYMENT INSURANCE	17.225	32,029,674
<b>SUBTOTAL - UNEMPLOYMENT INSURANCE</b>		497,034,149
LOCAL VETERANS EMPLOYMENT REPRESENTATIVE	17.804	321,556
DISABLED VETERANS OUTREACH PROGRAM	17.801	284,432
EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	17.207	2,280,574
ARRA - EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	17.207	437,289
<b>SUBTOTAL - EMPLOYMENT SERVICE CLUSTER</b>		3,323,852
COMPENSATION AND WORKING CONDITIONS	17.005	78,052
LABOR FORCE STATISTICS	17.002	621,473
<b>Total U.S. Department of Labor</b>		<b>519,571,480</b>
 <b>U.S. Department of Justice</b>		
GANG INTELLIGENCE INITIATIVE	16.753	259,074
FORENSIC DNA BACKLOG REDUCTION PROGRAM	16.741	348,907
JUVENILE MENTORING PROGRAM	16.726	172,760
PUBLIC SAFETY PARTNERSHIP & COMMUNITY POLICING GRANTS	16.710	84,338
ARRA - PUBLIC SAFETY PARTNERSHIP & COMMUNITY POLICING GRANTS	16.710	2,545,688
<b>SUBTOTAL - PUBLIC SAFETY PARTNERSHIP &amp; COMMUNITY POLICING GRANTS</b>		2,630,026
PROJECT SAFE NEIGHBORHOODS	16.609	158,389
STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	16.606	187,280
COMMUNITY CAPACITY DEVELOPMENT OFFICE	16.595	(4,685)
RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	16.593	10,731
GRANTS TO ENCOURAGE ARREST POLICIES & ENFORCEMENT OF PROTECT ORDERS	16.590	296,722
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588	893,882
ARRA - VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588	820,118

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<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>SUBTOTAL - STOP VIOLENCE AGAINST WOMEN</b>		1,714,000
DISTRICT VICTIMS ASSISTANCE ACADEMY	16.582	37,700
CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	16.582	(4,725)
<b>SUBTOTAL - DC VICTIMS ASSISTANCE ACADEMY</b>		32,975
ED BYRNE MEMORIAL STATE & LOCAL LAW ENFORCEMENT ASSISTANCE GRANTS	16.580	1,284,497
EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	16.579	1,999,047
EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	16.579	4,750,911
<b>SUBTOTAL - EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM</b>		6,749,958
CRIME VICTIM ASSISTANCE PROGRAM	16.575	1,154,497
ARRA - CRIME VICTIM ASSISTANCE PROGRAM	16.575	520,844
<b>SUBTOTAL - CRIME VICTIM ASSISTANCE PROGRAM</b>		1,675,341
NAT'L INSTITUTE OF JUSTICE RESEARCH, EVALUATION & DEVELOPMENT PROJECT	16.560	52,220
STATE JUSTICE STATISTICS PROG FOR STATICAL ANALYSIS CENTERS	16.550	155,150
STATE JUSTICE STATISTICS PROG FOR STATICAL ANALYSIS CENTERS	16.550	32,537
<b>SUBTOTAL - STATE JUSTICE STATISTICS PROG FOR STATICAL ANALYSIS CENTERS</b>		187,686
JUVENILE JUSTICEAND DELINQUENCY PREVENTION_ALLOCATION TO STATES	16.540	1,039,989
JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT PROGRAM	16.523	494,404
SERVICES FOR TRAFFICKING VICTIMS	16.320	17,357
PRISON REENTRY INITIATIVE	16.202	218,897
CHILDREN AND YOUTH EXPOSED	16.020	66,452
LAW ENFORCEMENT ASSIST_NARCOTICS &DANGEROUS DRUGS LAB ANALYSIS	16.001	155,288
LAW ENFORCEMENT ASSIST_NARCOTICS &DANGEROUS DRUGS LAB ANALYSIS	16.001	645,237
<b>SUB - LAW ENFORCEMENT ASSIST_NARCOTICS &amp;DANGEROUS DRUGS ANALYSIS</b>		800,525
MISC. FEDERAL PROGRAM/MOU	16.UNK	252,919
<b>Total U.S. Department of Justice</b>		<b>18,646,425</b>
<b>U.S. Department of the Interior</b>		
HISTORIC PRESERVATION FUND GRANTS-IN-AID	15.904	503,490
NATIONAL SPATIAL DATA INFRASTRUCTURE COOPERATIVE AGREEMENTS PROGRAM	15.809	50,000
US GEOLOGICAL SURVEY_RESEARCH AND DATA COLLECTION	15.808	40,000
ASSISTANCE TO WATER RESOURCES RESEARCH INSTITUTES	15.805	121,689

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<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
STATE WILDLIFE GRANTS	15.634	145,810
SPORTFISHING AND BOATING SAFETY ACT	15.622	85,280
SPORT FISH RESTORATION PROGRAM	15.605	960,176
<b>Total U.S. Department of the Interior</b>		<b>1,906,445</b>
 <b>U.S. Department of Housing and Urban Development</b>		
ARRA - LEAD HAZARD REDUCTION DEMONSTRATION GRANT PROGRAM	14.909	677,402
FAIR HOUSING ASSISTANCE PROGRAM_STATE AND LOCAL	14.401	169,831
ARRA - HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM TECHNICAL ASSISTANCE	14.262	3,923,529
ARRA - TAX CREDIT ASSISTANCE PROGRAM ARRA	14.258	8,920,539
ARRA - NEIGHBORHOOD STABILIZATION PROGRAM	14.256	70,136
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	14.241	13,109,240
HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)	14.239	13,009,473
SHELTER PLUS CARE	14.238	398,069
SHELTER PLUS CARE	14.238	3,248,659
<b>SUBTOTAL - SHELTER PLUS CARE</b>		<b>3,646,728</b>
SUPPORTIVE HOUSING PROGRAM	14.235	191,821
EMERGENCY SHELTER GRANT PROGRAM	14.231	1,442,612
COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM & NON ENTITLEMENT GRANTS IN HAWAII	14.228	135,348
ARRA - COMMUNITY DEVELOPMENT BLOCK GRANT ARRA ENTITLEMENT	14.253	1,061,376
COMMUNITY DEVELOPMENT BLOCK GRANTS /ENTITLEMENT GRANTS (CDBG)	14.218	30,159,129
COMMUNITY DEVELOPMENT BLOCK GRANTS /ENTITLEMENT GRANTS (CDBG)	14.218	1,785,575
<b>SUBTOTAL - COMMUNITY DEVELOPMENT BLOCK GRANT CLUSTER</b>		<b>33,006,080</b>
<b>Total U.S. Dept. of Housing and Urban Development</b>		<b>78,302,740</b>
 <b>U.S. Department of Defense</b>		
COMMUNITY ECONOMIC ADJUSTMENT ASSISTANCE FOR ESTABLISHMENT, EXPANSION, REALIGNMENT, OR CLOSURE OF A MILITARY INSTALLATION	12.607	1,285,839
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	17,965
NATIONAL GUARD CHALLENGE PROGRAM	12.404	755,685
NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	12.401	1,607,373

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<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>		<b>Total Federal Expenditures</b>
STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES	12.113		474,834
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS	12.002	204,991	
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS	12.002	136,378	
<b>SUBTOTAL - PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS</b>			<b>341,369</b>
<b>Total U.S. Department of Defense</b>			<b>4,483,065</b>
<b>U.S. Department of Commerce</b>			
ARRA - BROADLAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)	11.557	148,970	
ARRA - BROADLAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)	11.557	470,840	
<b>SUBTOTAL - BROADLAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)</b>			<b>619,810</b>
PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS GRANT PROGRAM	11.555		1,641,144
ATLANTIC COASTAL FISHERIES COOPERATIVE MANAGEMENT ACT	11.474		18,857
CHESAPEAKE BAY STUDIES	11.457		127,070
<b>Total U.S. Department of Commerce</b>			<b>2,406,881</b>
<b>U.S. Department of Agriculture</b>			
ARRA - RECOVERY ACT OF 2009: WILDLAND FIRE MANGEMENT	10.688		50,699
COOPERATIVE FORESTRY ASSISTANCE	10.664		155,886
CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	10.579	2,425	
CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	10.579	56,960	
<b>SUBTOTAL - CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY</b>			<b>59,385</b>
SENIOR FARMERS MARKET NUTRITION PROGRAM	10.576		130,000
TEAM NUTRITION GRANTS	10.574		76,740
WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	10.572		298,021
EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COST)	10.568	178,476	
ARRA - EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COST)	10.568	59,778	
<b>SUBTOTAL - EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COST)</b>			<b>238,254</b>
COMMODITY SUPPLEMENTAL FOOD PROGRAM	10.565		451,265
STATE ADMINISTRATIVE MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	11,368,187	
ARRA -STATE ADMIN MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	676,706	
STATE ADMINISTRATIVE MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	2,274,221	

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<b><i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i></b>	<b><i>Federal CFDA Number</i></b>	<b><i>Total Federal Expenditures</i></b>
STATE ADMINISTRATIVE MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	<u>949,726</u>
<b>SUBTOTAL - STATE ADMN MATCHING GRANT_ FOR THE SUPPLEMENTAL NUTRITION</b>		15,268,840
STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	10.560	446,453
CHILD AND ADULT CARE FOOD PRGRAM	10.558	5,732,355
SPECIAL SUPPLEMENTAL NUTRITION PROG FOR WOMEN, INFANTS & CHILDREN (WIC)	10.557	15,740,513
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	2,787,288
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	37,715
NATIONAL SCHOOL LUNCH PROGRAM	10.555	19,307,568
SCHOOL BREAKFAST PROGRAM	10.553	<u>5,619,022</u>
<b>SUBTOTAL - NATIONAL SCHOOL LUNCH, BREAKFAST CLUSTER</b>		27,751,593
SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	10.170	34,839
COOPERATIVE EXTENSION SERVICE	10.500	40,355
PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT	10.203	1,896,516
GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS	10.200	35,801
SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	10.170	<u>193,039</u>
<b>Total U.S. Department of Agriculture</b>		<u><u>68,600,556</u></u>
<b>U.S. Department of Veterans Affairs</b>		
VETERANS AFFAIRS MEDICAL CENTER	64.009	<u>333,441</u>
<b>Total U.S. Department of Veterans Affairs</b>		<u><u>333,441</u></u>
<b>Total SEFA</b>		<u><u>3,189,334,496</u></u>

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Schedule of Expenditures of  
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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>Department of Health Care Finance</b>		
SPECIAL PROGRAMS FOR THE AGING_TITLE IV & TITLE II DISCRETIONARY PROJECTS	93.048	105,910
MEDICARE ENROLLMENT ASSISTANCE PROGRAM	93.071	28,174
CHILDREN'S HEALTH INSURANCE PROGRAM	93.767	11,115,961
MEDICAID INFRASTRUCTURE GRANTS TO SUPPORT THE COMPETITIVE EMPLOYMENT OF PEOPLE WITH DISABILITIES (2000U)	93.768	645,851
MEDICAL ASSISTANCE PROGRAM	93.778	1,277,681,159
ARRA - MEDICAL ASSISTANCE PROGRAMS	93.778	155,256,404
MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION	93.791	6,178,689
MEDICAID TRANSFORMATION GRANTS	93.793	6,330,265
ARRA - STATE GRANTS TO PROMOTE HEALTH INFORMATION TECHNOLOGY	93.719	280,066
<b>Total Department of Health Care Finance</b>		<b>1,457,622,478</b>
<b>Department of Employment Services</b>		
LABOR FORCE STATISTICS	17.002	621,473
EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	17.207	2,280,574
ARRA - EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	17.207	437,289
UNEMPLOYMENT INSURANCE	17.225	465,004,475
ARRA - UNEMPLOYMENT INSURANCE	17.225	32,029,674
SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	17.235	678,101
ARRA - SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	17.235	107,848
WIA ADULT PROGRAM	17.258	2,432,735
ARRA - WIA ADULT PROGRAM	17.258	378,171
WIA YOUTH ACTIVITIES	17.259	3,252,143
ARRA - WIA YOUTH ACTIVITIES	17.259	3,360,848
WIA DISLOCATED WORKERS	17.260	4,671,716
ARRA - WIA DISLOCATED WORKERS	17.260	2,362,253
WORK INCENTIVE GRANTS	17.266	87,510
WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	17.271	41,596

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	17.273	93,264
CONSULTATION AGREEMENT	17.504	375,570
DISABLED VETERANS OUTREACH PROGRAM	17.801	284,432
LOCAL VETERANS EMPLOYMENT REPRESENTATIVE	17.804	321,556
<b>Total Department of Employment Services</b>		<b>518,821,229</b>
<b>State Superintendent of Education (OSSE)</b>		
ARRA - EDUCATION TECHNOLOGY STATE GRANT, RECOVERY ACT	84.386	66,116
ARRA - EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.387	48,444
ARRA - TITLE ONE GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.389	22,881,684
ARRA - SPECIAL EDUCATION GRANTS TO STATES	84.391	14,871,149
ARRA - SPECIAL EDUCATION - PRESCHOOL GRANTS	84.392	223,793
ARRA - SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	84.393	82,033
ARRA - STATES FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS	84.394	72,283,896
ARRA - STATES FISCAL STABILIZATION FUND - GOVERNMENT SERVICES	84.397	16,266,626
ARRA-CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.713	858,540
CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	10.579	56,960
SCHOOL BREAKFAST PROGRAM	10.553	5,619,022
NATIONAL SCHOOL LUNCH PROGRAM	10.555	19,307,568
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	37,715
CHILD AND ADULT CARE FOOD PROGRAM	10.558	5,732,355
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	2,787,288
STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	10.560	446,453
EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COST)	10.568	178,476
ARRA - EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COST)	10.568	59,778
TEAM NUTRITION GRANTS	10.574	76,740
CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	10.579	2,425
ADULT EDUCATION - BASIC GRANTS TO STATES	84.002	1,327,209
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (LEA)	84.010	48,162,395
TITLE I STATE AGENCY PROGRAM FOR NEGLECTED & DELINQUENT CHILDREN	84.013	160,436



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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
SPECIAL EDUCATION - GRANT TO STATES	84.027	15,881,922
CAREER & TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	3,278,538
LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP	84.069	472,582
SPECIAL EDUCATION - PRESCHOOL INCENTIVE	84.173	374,168
SPECIAL EDUCATION_GRANTS FOR INFANTS_FAMILIES	84.181	2,299,723
BYRD HONORS SCHOLARSHIP	84.185	69,000
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES_STATE GRANTS	84.186	649,945
EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.196	115,225
EVEN START_STATE EDUCATIONAL AGENCY	84.213	331,270
CHARTER SCHOOLS	84.282	2,034,261
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	84.287	7,264,273
EDUCATIONAL TECHNOLOGY STATE GRANTS	84.318	1,274,539
ADVANCED PLACEMENT PROGRAM	84.330	106,168
GRANTS FOR STATES FOR WORKPLACE & COMMUNITY TRANSITION TRAINING FOR INCARCERATED INDIVIDUALS	84.331	123,872
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	84.334	183,068
READING FIRST- TITLE I, PART B, NCLB	84.357	211,722
ENGLISH LANGUAGE ACQUISITION	84.365	788,046
MATHEMATICS & SCIENCE PARTNERSHIP	84.366	805,511
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	12,587,128
GRANTS FOR ENHANCED ASSESSMENT INSTRUMENTS	84.368	469,541
GRANTS FOR STATE ASSESSMENTS & RELATED ACTIVITIES	84.369	3,455,606
STATEWIDE DATA SYSTEMS	84.372	1,211,967
SCHOOL IMPROVEMENT GRANTS	84.377	1,126,948
COLLEGE ACCESS CHALLENGE GRANT PROGRAM	84.378	499,447
CHILD CARE & DEVELOPMENT BLOCK GRANT	93.575	8,798,041
HEAD START	93.600	66,777
COOP AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAM TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	93.938	268,836
MISC. - NATIONAL ASSESSMENT OF EDUC PROG. (NAEP)	84.NAEP	64,051
<b>Total State Superintendent of Education (OSSE)</b>		<b>276,349,277</b>

**Government of the District of Columbia  
Schedule of Expenditures of  
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*For the Year Ended September 30, 2010*

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>Department of Transportation</b>		
COOPERATIVE FORESTRY ASSISTANCE	10.664	155,886
ARRA - RECOVERY ACT OF 2009: WILDLAND FIRE MANGEMENT	10.688	50,699
HIGHWAY PLANNING AND CONSTRUCTION	20.205	162,796,622
ARRA - HIGHWAY PLANNING AND CONSTRUCTION	20.205	49,408,142
METROPOLITAN TRANSPROTATION PLANNING	20.505	220,193
CAPITAL ASSIST PRGM FOR ELDERLY PERSONS AND PERSONS WITH DISABILITIES	20.513	30,119
STATE AND COMMUNITY HIGHWAY SAFETY	20.600	2,596,289
<b>Total Department of Transportation</b>		<b>215,257,951</b>
<b>Department of Human Services</b>		
VETERANS AFFAIRS MEDICAL CENTER	64.009	333,441
STATE ADMINISTRATIVE MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	11,368,187
ARRA -STATE ADMIN MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	676,706
FAMILY VIOLENCE PREVENTION & SERVICES/GRANT FOR BATTERED WOMEN'S SHELTERS_ GRANTS TO STATES & INDIAN TRIBES	93.671	607,181
HEALTHY MARRIAGE PROMOTION & RESPONSIBLE FATHERHOOD GRANTS	93.086	1,779,731
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	109,484,702
REFUGEE & ENTRANT ASSISTANCE_ STATE ADMINISTERED	93.566	1,288,448
COMMUNITY SERVICE BLOCK GRANT	93.569	11,258,024
ARRA - COMMUNITY SERVICE BLOCK GRANT	93.710	10,697,811
SOCIAL SERVICES BLOCK GRANT	93.667	6,862,359
ARRA - EMERGENCY CONTINGENCY FUND FOR TANF STATE PROGRAM	93.714	1,648,338
MEDICAL ASSISTANCE PROGRAM	93.778	15,267,885
AFDC/TANF RECOUPMENT	93.TAN	83,899
<b>Total Department of Human Services</b>		<b>171,356,711</b>
<b>Department of Health</b>		
SPECIAL SUPPLEMENTAL NUTRITION PROG FOR WOMEN, INFANTS & CHILDREN (WIC)	10.557	15,740,513

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
STATE ADMINISTRATIVE MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	2,274,221
COMMODITY SUPPLEMENTAL FOOD PROGRAM	10.565	451,265
WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	10.572	298,021
SENIOR FARMERS MARKET NUTRITION PROGRAM	10.576	130,000
SHELTER PLUS CARE	14.238	398,069
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	14.241	13,109,240
COMPENSATION AND WORKING CONDITIONS	17.005	78,052
SUPERFUND STATE AND TRIBE CORE PROGRAM COOP AGREEMENTS	66.809	47,530
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES_STATE GRANTS	84.186	188,585
HCFA - NURSING HOME & ICF-MR CERTIFICATION	93.796	2,282,822
STATE & TERRITORIAL & TECHNICAL ASSISTANCE CAPACITY DEVELOPMENT MINORITY HIV/AIDS DEMONSTRATION PROGRAM	93.006	114,974
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	7,609,730
EMERGENCY SYSTEM FOR ADV REGISTRATION OF VOLUNTEER HEALTH PROFESSIONALS	93.089	60,000
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	5,000
MATERNAL & CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	548,136
PROJECT GRANTS & COOP AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.116	653,359
COOP AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES	93.130	139,390
INJURY PREVENTION & CONTROL RESEARCH & STATE COMMUNITY BASED PROGRAM	93.136	75,028
TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM	93.234	84,401
SUBSTANCE ABUSE MENTAL HEALTH SERVICES (SAMHS)_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	531,164
UNIVERSAL NEWBORN HEARING SCREENING	93.251	138,812
IMMUNIZATION PROGRAM	93.268	1,670,263
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES-ACCESS TO RECOVERY	93.275	6,480,915
CENTERS FOR DISEASE CONTROL & PREVENTION: INVEST & TECHNICAL ASSISTANCE	93.283	3,127,596
ARRA - STATE PRIMARY CARE OFFICES	93.414	7,428
REFUGEE & ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	93.576	36,510
ARRA - IMMUNIZATION	93.712	74,536
ARRA - PREVENTING HEALTHCARE-ASSOCIATED INFECTIONS	93.717	28,779
ARRA - PREVENTION AND WELLNESS STATE, TERRITORIES & PACIFIC ISLANDS	93.723	8,300

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<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
ARRA - PREVENTION-COMMUNITIES PUTTING PREVENTION TO WORK FUNDING OPPROTUNITIES ANNOUNCEMENT (FOA)	93.724	24,920
STATE SURVEY AND CERTIFICATION OF HEALTH CARE PROVIDERS & SUPPLIERS TITLE (XVIII) MEDICARE	93.777	697,760
MEDICAL ASSISTANCE PROGRAM	93.778	18,760,398
NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	93.889	2,000,104
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914	32,191,359
HIV CARE FORMULA GRANTS	93.917	16,572,820
HEALTHY START INITIATIVE	93.926	3,483,819
HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	93.940	8,735,267
HIV/AIDS VIRUS SYNDROME SURVEILLANCE	93.944	1,696,853
ASSISTANCE PROGRAMS FOR CHRONIC DIDEASE PREVENTION & CONTROL	93.945	310,231
BLOCK GRANTS FOR PRVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	5,527,580
PREVENTIVE HEALTH SVCS_SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	93.977	1,341,710
PREVENTIVE HEALTH & HEALTH SERVICES BLOCK GRANT	93.991	875,196
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANTTO THE STATES	93.994	7,562,121
<b>Total Department of Health</b>		<b>156,172,778</b>
<b>Homeland Security / Emergency Management</b>		
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.001	(4,950)
HOMELAND SECURITY GRANT PROGRAM	97.067	67,922,678
REGIONAL CATASTROPHIC PREPAREDNESS GRANT PROGRAM	97.111	1,850,876
PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS GRANT PROGRAM	11.555	1,641,144
STATE AND LOCAL ASSISTANCE	83.534	2,393
NON-PROFIT SECURITY PROGRAM	97.008	617,739
DISASTER GRANTS- PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	8,671,631
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	2,111,872
RAIL AND TRANSIT SECURITY GRANT PROGRAM	97.075	9,002,623
BUFFER ZONE PROTECTION PLAN (BZPP)	97.078	14,592
<b>Total Homeland Security / Emergency Management</b>		<b>91,830,597</b>

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>Department of Housing and Comm. Development</b>		
COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM & NON ENTITLEMENT GRANTS IN HAWAII	14.228	135,348
ARRA - COMMUNITY DEVELOPMENT BLOCK GRANT ARRA ENTITLEMENT	14.253	1,061,376
ARRA - NEIGHBOURHOOD STABILIZATION PROGRAM	14.256	70,136
ARRA - TAX CREDIT ASSISTANCE PROGRAM ARRA	14.258	8,920,539
ARRA - HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM TECHNICAL ASSISTANCE	14.262	3,923,529
ARRA - LEAD HAZARD REDUCTION DEMONSTRATION GRANT PROGRAM	14.909	677,402
COMMUNITY DEVELOPMENT BLOCK GRANTS /ENTITLEMENT GRANTS (CDBG)	14.218	30,159,129
EMERGENCY SHELTER GRANT PROGRAM	14.231	1,442,612
SHELTER PLUS CARE	14.238	3,248,659
HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)	14.239	13,009,473
ARRA - RAGLTC- GRANTS IN LIEU OF TAX CREDITS SEC	21.GRDC15	5,171,629
<b>Total Department of Housing and Community Development</b>		<b>67,819,833</b>
<b>Child and Family Services</b>		
ARRA - FOSTER CARE_TITLE IV-E	93.658	1,176,638
ARRA - ADOPTION ASSISTANCE	93.659	1,350,597
FAMILY PRESERVATION	93.556	858,025
CHILD WELFARE_SERVICES_STATE GRANTS	93.645	324,541
FOSTER CARE_TITLE IV-E	93.658	30,566,265
ADOPTION ASSISTANCE	93.659	22,974,726
CHILD ABUSE AND NEGLECT STATE GRANTS	93.669	85,423
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	93.674	1,101,674
<b>Total Child and Family Services</b>		<b>58,437,889</b>
<b>District Department of the Environment</b>		
CHESAPEAKE BAY STUDIES	11.457	127,070
ATLANTIC COASTAL FISHERIES COOPERATIVE MANAGEMENT ACT	11.474	18,857
STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES	12.113	474,834

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
SPORT FISH RESTORATION PROGRAM	15.605	960,176
STATE WILDLIFE GRANTS	15.634	145,810
AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001	1,087,076
ARRA - AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001	256,187
STATE INDOOR RADON GRANTS	66.032	110,000
SURVEYS, STUDIES, INVESTIGATIONS ACTIVITIES RELATING TO THE CLEAN AIR ACT	66.034	188,929
CLEAN SCHOOL BUS USA	66.036	222,515
CONSTRUCTION GRANTS FOR WASTEWATER TREATMENT WORKS	66.418	2,579
ARRA - CONSTRUCTION GRANTS FOR WASTEWATER TREATMENT WORKS	66.418	5,171,869
WATER POLLUTION CONTROL STATE, INTERSTATE, TRIBAL RPROGRAM SUPPORT	66.419	1,438,876
WATER QUALITY MANAGEMENT PLANNING PROGRAM	66.454	100,000
ARRA - WATER QUALITY MANAGEMENT PLANNING PROGRAM	66.454	109,925
NONPOINT SOURCE IMPLEMENTATION GRANTS	66.460	1,088,332
CHESAPEAKE BAY PROGRAM	66.466	866,805
CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS	66.468	168
PERFORMANCE PARTNERSHIP GRANTS	66.605	247,393
ENVIRONMENTAL INFO EXCHANGE NETWORK GRANT PROGRAM & RELATED ASSIST	66.608	227,569
TSCA TITLE IV STATE LEAD GRANTS CERT OF LEAD-BASED PAINT PROFESSIONALS	66.707	402,914
HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT	66.801	242,881
UNDERGROUND STORAGE TANK PREVENTION, DETECTION & COMPLIANCE PROGRAM	66.804	606,214
ARRA - LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION	66.805	48,203
SUPERFUND STATE AND TRIBE CORE PROGRAM COOP AGREEMENTS	66.809	149,261
STATE AND TRIBAL RESPOSNE PROGRAM	66.817	254,603
NATIONAL ENERGY INFORMATION CENTER	81.039	996
STATE ENERGY PROGRAM	81.041	133,840
ARRA - STATE ENERGY PROGRAM	81.041	8,961,130
WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	81.042	860,324
ARRA - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	81.042	3,949,085
ARRA - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, R & D ANALYSIS	81.122	862
ARRA - ENERGY EFFICIENT APPLIANCE REBATE PROGRAM (EEARP)	81.127	1,925

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
ARRA - ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT (EECBG)	81.128	571,402
PROJECTS_STATE & LOCAL CHILDHOOD LEAD POISONING PREVENTION & SURVEILLANCE OF BLOOD LEAD LEVELS IN CHILDREN	93.197	526,198
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM	93.568	15,405,454
<b>Total District Department of the Environment</b>		<b>44,960,263</b>
<b>Department of Disability Services</b>		
REHABILITATION SERVICES_VOCATIONAL REHABILITATION GRANTS TO STATES	84.126	12,696,064
REHABILITATION SERVICES_CLIENT ASSISTANCE PROGRAM	84.161	117,571
INDEPENDENT LIVING_STATE GRANTS	84.169	313,552
REHABILITATION SERVICES_INDEPENDENT LIVING SERVICES_OLDER INDIVIDUALS WHO ARE BLIND	84.177	219,005
SUPPORTED EMPLOYMENT SVCS_INDIV WITH THE MOST SIGNIFICANT DISABILITIES	84.187	419,532
ASSISTIVE TECHNOLOGY	84.224	316,060
REHABILITATION TRAINING_STATE VOCATIONAL REHAB UNIT IN-SERVICE TRAINING	84.265	17,267
ARRA - REHABILITATION SVCS- VOCATIONAL REHABILITATION GRANTS TO STATES	84.390	323,480
ARRA - INDEPENDENT LIVING STATE GRANTS	84.398	70,421
ARRA - INDEPENDENT LIVING SVCS FOR OLDER INDIVIDUALS WHO ARE BLIND	84.399	2,826
MEDICAL ASSISTANCE PROGRAM	93.778	4,815,021
SOCIAL SECURITY_DISABILITY INSURANCE	96.001	8,480,005
<b>Total Department of Disability Services</b>		<b>27,790,804</b>
<b>Office of the Attorney General</b>		
PATERNITY AND CHILD ENFORCEMENT PROGRAM	93.563	17,621,894
CHILD SUPPORT ENFORCEMENT RESEARCH	93.564	38,328
GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAM	93.597	55,000
<b>Total Office of the Attorney General</b>		<b>17,715,221</b>
<b>University of the District of Columbia</b>		
SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	10.170	193,039
GRANTS FOR AGRICULTURAL RESEARCH, SPECIAL RESEARCH GRANTS	10.200	35,801

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT	10.203	1,896,516
COOPERATIVE EXTENSION SERVICE	10.500	40,355
SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	10.170	34,839
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	17,965
ASSISTANCE TO WATER RESOURCES RESEARCH INSTITUTES	15.805	121,689
LOW-INCOME TAXPAYER CLINICS	21.008	90,295
SACIENCE	43.001	7,310
ENGINEERING GRANTS	47.041	58,167
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	35,004
EDUCATION AND HUMAN RESOURCES	47.076	406,583
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (SEOG)	84.007	619,577
HIGHER EDUCATION_INSTITUTIONAL AID	84.031	4,088,099
FEDERAL WORK-STUDY PROGRAM	84.033	161,539
ARRA - FEDERAL WORK-STUDY PROGRAM	84.033	55,813
TRIO_STUDENT SUPPORT SERVICES	84.042	556,524
TRIO_TALENT SEARCH	84.044	518,838
TRIO_UPWARD BOUND	84.047	305,377
FEDERAL PELL GRANT PROGRAM	84.063	4,884,978
SPECIAL EDUCATION-PERSONNEL DEVELOPMENT TO IMPROVE SVCS & RESULTS FOR CHILDREN WITH DISABILITIES	84.325	162,084
TRANSITION TO TEACHING PROGRAM	84.350	(1,260)
ARRA - (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	855,900
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	569,849
CANCER CENTERS SUPPORT GRANTS	93.397	73,671
CANCER RESEARCH MANPOWER	93.398	221,681
ARRA - SCHOLARSHIPS FOR DISADVANTAGED STUDENTS	93.407	90,103
HEAD START	93.600	3,265
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	356,882
SCHOLASHIPS FOR HEALTH PROFESSIONS STUDENTS FROM DISADVANTAGED BACKGROUNDS	93.925	173,612
PROGRAM DEVELOPMENT AND INNOVATION GRANTS	94.007	710,334



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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
SENOIR COMPANION PROGRAM	94.016	305,491
SCHOLARS AND FELLOWS, AND EDUCATIONAL PROGRAMS	97.062	64,806
<b>Total University of the District of Columbia</b>		<b>17,714,725</b>
 <b>Office of Justice Grants Administration</b>		
PRISON REENTRY INITIATIVE	16.202	218,897
JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT PROGRAM	16.523	494,404
JUVENILE JUSTICE AND DELINQUENCY PREVENTION _ALLOCATION TO STATES	16.540	1,039,989
STATE JUSTICE STATISTICS PROG FOR STATICAL ANALYSIS CENTERS	16.550	155,150
EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	16.579	1,999,047
ARRA - EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	16.579	4,750,911
ED BYRNE MEMORIAL STATE & LOCAL LAW ENFORCEMENT ASSISTANCE GRANTS	16.580	1,284,497
RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	16.593	10,731
REINTEGRATION OF EX-OFFENDERS	17.270	34,680
<b>Total Office of Justice Grants Administration</b>		<b>9,988,307</b>
 <b>District of Columbia Public Schools</b>		
IMPACT AID	84.041	1,110,209
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215	450,149
HEAD START	93.600	6,735,059
HEAD START - PASS-THROUGH FUNDING	93.600	3,974,457
ARRA - HEADSTART CONSOLIDATED	93.708	127,478
ARRA - HEAD START	93.708	852,381
COOP AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAM TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	93.938	20,600
<b>Total District of Columbia Public Schools</b>		<b>13,270,333</b>
 <b>Office on Aging</b>		
SPECIAL PROGRAMS FOR THE AGING _TITLE VII, CHAPTER 2 _LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	93.042	882,058
SPECIAL PROGRAMS FOR THE AGING _TITLE III, PART B _GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044	1,846,809

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SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES	93.045	3,341,526
ARRA - TITLE III - FRAIL & ELDERLY	93.705	160,000
SPECIAL PROGRAMS FOR THE AGING_TITLE IV & TITLE II DISCRETIONARY PROJECTS	93.048	68,091
NUTRITION SERVICES INCENTIVE PROGRAM	93.053	637,436
DC LIFESPAN RESPITE PROGRAM	93.072	57,689
ARRA - DC LIFESPAN RESPITE PROGRAM	93.072	333,094
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART G_PREVENTION OF ABUSE, NEGLECT, & EXPLOITATION OF OLDER INDIVIDUALS	93.552	25,000
ARRA - COMMUNITIES PUTTING PREVENTION TO WORK: CHRONIC DISEASE SELF- MANAGEMENT PROGRAM	93.725	20,770
CTRS FOR MEDICARE & MEDICAID RESEARCH, DEMONSTRATIONS AND EVALUATIONS	93.779	120,767
<b>Total Office on Aging</b>		<b>7,493,240</b>
 <b>Department of Mental Health</b>		
SUPPORTIVE HOUSING PROGRAM	14.235	191,821
PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	93.150	298,642
SUBSTANCE ABUSE MENTAL HEALTH SERVICES (SAMHS)_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	900,810
MEDICAL ASSISTANCE PROGRAM	93.778	4,411,273
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	1,252,478
<b>Total Department of Mental Health</b>		<b>7,055,025</b>
 <b>Metropolitan Police Department</b>		
SERVICES FOR TRAFFICKING VICTIMS	16.320	17,357
NAT'L INSTITUTE OF JUSTICE RESEARCH, EVALUATION & DEVELOPMENT PROJECT	16.560	52,220
CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	16.582	37,700
COMMUNITY CAPACITY DEVELOPMENT OFFICE	16.595	(4,685)
PUBLIC SAFETY PARTNERSHIP & COMMUNITY POLICING GRANTS	16.710	84,338
ARRA - PUBLIC SAFETY PARTNERSHIP & COMMUNITY POLICING GRANTS	16.710	2,545,688
JUVENILE MENTORING PROGRAM	16.726	172,760
FORENSIC DNA CAPACITY ENHANCEMENT PROGRAM	16.741	348,907
GANG INTELLIGENCE INITIATIVE	16.753	259,074

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NATIONAL MOTOR CARRIER SAFETY	20.218	405,238
STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT GRANTS	20.610	4,028
BOATING SAFETY FINANCIAL ASSISTANCE	97.012	977,512
HOMELAND SECURITY RESEARCH TESTING, EVALUATION & DEMONSTRATION OF TECHNOLOGIES RELATED TO NUCLEAR DETECTION	97.077	5,444
MISC. FEDERAL PROGRAM/MOU	16.UNK	252,919
CHILDREN AND YOUTH EXPOSED	16.020	66,452
LAW ENFORCEMENT ASSIST_NARCOTICS & DANGEROUS DRUGS LAB ANALYSIS	16.001	155,288
PROJECT SAFE NEIGHBORHOODS	16.609	158,389
LAW ENFORCEMENT ASSIST_NARCOTICS & DANGEROUS DRUGS LAB ANALYSIS	16.001	645,237
<b>Total Metropolitan Police Department</b>		<b>6,183,866</b>
<b>Office of Victim Services</b>		
CRIME VICTIM ASSISTANCE PROGRAM	16.575	1,154,497
ARRA - CRIME VICTIM ASSISTANCE PROGRAM	16.575	520,844
CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	16.582	(4,725)
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588	893,882
ARRA - VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588	820,118
GRANTS TO ENCOURAGE ARREST POLICIES & ENFORCEMENT OF PROTECT ORDERS	16.590	296,722
<b>Total Office of Victim Services</b>		<b>3,681,338</b>
<b>Deputy Mayor for Economic Development</b>		
COMMUNITY ECONOMIC ADJUSTMENT ASSISTANCE FOR ESTABLISHMENT, EXPANSION, REALIGNMENT, OR CLOSURE OF A MILITARY INSTALLATION	12.607	1,285,839
COMMUNITY DEVELOPMENT BLOCK GRANTS / ENTITLEMENT GRANTS (CDBG)	14.218	1,785,575
SPORTFISHING AND BOATING SAFETY ACT	15.622	85,280
<b>Total Deputy Mayor for Economic Development</b>		<b>3,156,695</b>
<b>Serve DC</b>		
LEARN AND SERVE AMERICA_SCHOOL AND COMMUNITY BASED PROGRAMS	94.004	467,154
AMERICORPS	94.006	2,331,821

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Federal Awards by District Agency**

*For the Year Ended September 30, 2010*

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
ARRA - AMERICORPS	94.006	135,017
PROGRAM DEVELOPMENT AND INNOVATION GRANTS	94.007	48,783
TRAINING AND TECHNICAL ASSISTANCE	94.009	104,210
<b>Total Serve DC</b>		<b>3,086,986</b>
<b>Office of the Inspector General</b>		
ARRA - PATERNITY AND CHILD ENFORCEMENT PROGRAM	93.563	882,862
STATE MEDICAID FRAUD CONTROL UNITS	93.775	1,752,073
<b>Total Office of the Inspector General</b>		<b>2,634,935</b>
<b>DC National Guard</b>		
NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	12.401	1,607,373
NATIONAL GUARD CHALLENGE PROGRAM	12.404	755,685
<b>Total DC National Guard</b>		<b>2,363,058</b>
<b>Fire and Emergency Medical Services</b>		
ASSISTANCE TO FIREFIGHTERS GRANT	97.044	1,295,983
NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS)	97.107	686,130
<b>Total Fire and Emergency Medical Services</b>		<b>1,982,113</b>
<b>DC Public Library</b>		
ARRA - BROADLAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)	11.557	148,970
PROMOTION OF THE ARTS_ GRANTS TO ORGANIZATIONS AND INDIVIDUALS	45.024	20,000
PROMOTION OF THE HUMANITIES_ DIVISION OF PRESERVATION & ACCESS	45.149	2,477
GRANTS TO STATES	45.310	1,020,888
<b>Total DC Public Library</b>		<b>1,192,335</b>
<b>Commission on Arts &amp; Humanities</b>		
PROMOTION OF THE ARTS_ PARTNERSHIP AGREEMENTS	45.025	737,743
ARRA - PROMOTION OF THE ARTS_ PARTNERSHIP AGREEMENTS	45.025	290,000

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by District Agency**

*For the Year Ended September 30, 2010*

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>Total Commission on Arts &amp; Humanities</b>		<b>1,027,743</b>
<b>Office of the Chief Financial Officer</b>		
STATE ADMINISTRATIVE MATCHING GRANTS_ FOR THE SUPPLEMENTAL NUTRITION	10.561	949,726
<b>Total Office of the Chief Financial Officer</b>		<b>949,726</b>
<b>Department of Youth Rehabilitation Services</b>		
WIA PILOTS, DEMONSTRATIONS, AND RESEARCH PROJECTS	17.261	637,519
<b>Total Department of Youth Rehabilitation Services</b>		<b>637,519</b>
<b>Office of Municipal Planning</b>		
HISTORIC PRESERVATION FUND GRANTS-IN-AID	15.904	503,490
PUBLIC BUILDINGS SERVICE	39.012	70,625
<b>Total Office of Municipal Planning</b>		<b>574,115</b>
<b>Office of the Chief Technology Officer</b>		
ARRA - BROADLAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)	11.557	470,840
US GEOLOGICAL SURVEY_ RESEARCH AND DATA COLLECTION	15.808	40,000
NATIONAL SPATIAL DATA INFRASTRUCTURE COOPERATIVE AGREEMENTS PROGRAM	15.809	50,000
<b>Total Office of the Chief Technology Officer</b>		<b>560,840</b>
<b>Department of Small &amp; Local Business Development</b>		
PROCUREMENT TECHNICAL ASSITANCE FOR BUSINESS FIRMS	12.002	204,991
PROCUREMENT TECHNICAL ASSITANCE FOR BUSINESS FIRMS	12.002	136,378
<b>Total Department of Small &amp; Local Business Development</b>		<b>341,369</b>
<b>Office of Human Rights</b>		
FAIR HOUSING ASSISTANCE PROGRAM_ STATE AND LOCAL	14.401	169,831
EMPLOYMENT DISCRIMINATION_ TITLE VII OF THE CIVIL RIGHTS ACT OF 1964	30.001	159,250
<b>Total Office of Human Rights</b>		<b>329,081</b>

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by District Agency**

*For the Year Ended September 30, 2010*

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>Public Service Commission</b>		
PIPELINE SAFETY PROGRAM BASE GRANTS	20.700	156,554
ARRA - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, R & D ANALYSIS	81.122	63,859
<b>Total Public Service Commission</b>		<b>220,413</b>
<b>Office of Disability Rights</b>		
DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	93.630	219,932
<b>Total Office of Disability Rights</b>		<b>219,932</b>
<b>Department of Corrections</b>		
STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	16.606	187,280
<b>Total Department of Corrections</b>		<b>187,280</b>
<b>Department of Motor Vehicles</b>		
MOTOR CARRIER SAFETY	20.217	37,634
NATIONAL MOTOR CARRIER SAFETY	20.218	116,055
<b>Total Department of Motor Vehicles</b>		<b>153,689</b>
<b>Office of Partnership and Grants Services</b>		
ARRA - STRENGTHENING COMMUNITIES FUND	93.711	143,705
<b>Total Office of Partnership and Grants Services</b>		<b>143,705</b>
<b>Criminal Justice Coordinating Council</b>		
STATE JUSTICE STATISTICS PROG FOR STATICAL ANALYSIS CENTERS	16.550	32,537
<b>Total Criminal Justice Coordinating Council</b>		<b>32,537</b>
<b>Total Inaugural Expenses</b>		
DISASTER GRANTS- PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	18,564
<b>Total Inaugural Expenses</b>		<b>18,564</b>

**Government of the District of Columbia  
Schedule of Expenditures of  
Federal Awards by District Agency**

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*For the Year Ended September 30, 2010*

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<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<hr/>		
<b>Total SEFA</b>		<b>3,189,334,496</b>

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**Note 1. Summary of Significant Accounting Policies**

**Reporting Entity**

The Schedules of Expenditures of Federal Awards (the Schedules) include the activity of all federal award programs administered by the Government of the District of Columbia (District), except for the District of Columbia Housing Finance Agency (HFA) and the District of Columbia Water & Sewer Authority (WASA), for the fiscal year ended September 30, 2010. HFA and WASA contract for separate audits in compliance with Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The federal awards for these two entities are excluded from the Schedules.

Federal award programs include direct expenditures, monies passed through to nonstate agencies (i.e., payments to subrecipients), nonmonetary assistance, and loan programs.

**Basis of Presentation**

The Schedules present total federal awards expended for each individual federal program in accordance with OMB Circular A-133. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (Catalog). Federal award program titles not presented in the Catalog are identified by Federal awarding agency's two digit prefix (or 99) followed by (contract number or UNKOWN).

**Basis of Accounting**

The expenditures for each of the federal award programs are presented in the Schedules on a modified accrual basis. The modified accrual basis of accounting incorporates an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor. Thus, those Federal programs presenting negative amounts on the Schedules are the result of prior year estimates being overstated and/or reimbursements due back to the grantor.

**Matching Costs**

Matching costs, the nonfederal share of certain programs costs, are not included in the Schedules.



**Government of the District of Columbia  
Notes to Schedules of Expenditures of Federal Awards  
Year Ended September 30, 2010**

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**Note 2. Relationship to Federal Financial Reports**

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedules, which are prepared on the basis explained in Note 1.

**Note 3. Federally Funded Loan Programs**

**Home Investment Partnerships Program (CFDA #14.239)**

The amount in the accompanying schedules is \$13,009,473. The outstanding loans cumulative balance as of September 30, 2010, is \$63,608,357.

Beginning Balance	\$52,955,608
Add: New Loans	<u>11,496,032</u>
	64,451,640
Less: Principal Payments	<u>(843,283)</u>
Ending Balance	<u>\$63,608,357</u>

**Family Federal Education Loan Program (CFDA #84.032)**

The District, through the University of the District of Columbia (UDC), participates in the Federal Family Education Loans Program (FFELP), which includes the Federal Stafford Loan Program and the Federal Parents' Loan for Undergraduate Students Program. In FY 2010, new loans made to students enrolled at the University of the District of Columbia under the Family Federal Education Loan Programs (FFEL) CFDA #84.032 totals \$9,889,920. This amount is not included in the Schedules. The Cluster total amount for Student Financial Assistance made to students enrolled at the University of the District of Columbia is \$15,785,439 during the year ended September 30, 2010.

**Note 4. Rebates from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

During fiscal year 2010, the District received cash rebates from infant formula manufacturers totaling \$4,553,062 on sales of formula to participants in the WIC program (CFDA #10.557), which are netted against total expenditures included in the Schedules. Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs.

**Note 5. Non-Cash Awards**

Most federal awards are in the form of cash awards; however, a number of federal programs involve non-cash transactions. These programs may include food stamps, food commodities, and donated property and also loans and loans guarantees. OMB Circular A-133 states that the value of federal awards expended in the form of non-cash assistance should be reported either on the face of the schedule or disclosed in the notes to the schedule.

**Food Stamps Program – EBT Redemption**

The food stamp program recorded the gross up of the amount of food stamps totaling \$195,048,463 that were used by the District citizens for FY 2010. The Food Stamp Program is a program that is funded by the U.S. Department of Agriculture (USDA) under CFDA #10.551, and these expenditures are not charged against the District's budget or included in the SEFA.

**H1N1 Vaccines**

In fiscal year 2010, the total number of vaccines shipped to the District per CDC account was 200,100; and they are valued at \$8.35/unit. The total value of Federal Assistance from the H1N1 vaccine totals \$1,670,835. The H1N1 vaccine was purchased by the U.S. Department of Health and Human Services (HHS) with public health preparedness grants money under CFDA #93.069.

**Commodities – Food Nutrition Service**

The total non-cash award value for food commodities (e.g. milk, cheese, etc.) provided to the District of Columbia Public Schools during fiscal year 2010 is \$623,673. This non-cash award is a program that is funded by the U.S. Department of Agriculture (USDA) under CFDA #10.579, and these amounts are not included in the SEFA.

**Note 6. Unemployment Insurance**

State unemployment tax revenues and government, tribal, and non-profit reimbursements in lieu of State taxes (State UI funds) must be deposited to the Unemployment Trust Fund in the U.S. Treasury, and are primarily used to pay benefits under the federally-approved State unemployment law. Consequently, State UI funds as well as Federal funds are included in the total expenditures of CFDA #17.225 in the accompanying Schedules.

**Government of the District of Columbia  
Notes to Schedules of Expenditures of Federal Awards  
Year Ended September 30, 2010**

The composition of CFDA #17.225 in fiscal year 2010 is as follows:

State UI Benefits	\$242,243,555
Federal UI Benefits	9,233,434
Federal Extended UI Benefits	198,445,443
Federal UI Administrative Expenditures	<u>16,058,318</u>
Subtotal	\$465,980,750
Additional Federal Unemployment Compensation	
ARRA – Federal UI	<u>\$31,053,398</u>
Total	<u>\$497,034,148</u>

**Note 7. Head Start**

In fiscal year 2010 the D.C. Public Schools received additional Head Start funds passed through from the United Planning Organization as a delegate to provide services under the Head Start program. These pass through funds are included under CFDA# 93.600.

<b>Grant</b>	<b>CFDA #</b>	<b>Expense Reported</b>
Head Start & Early Head Start	93.600	\$ 3,974,457
Head Start & Early Head Start COLA & Quality Improvement Grant- ARRA	93.708	<u>127,478</u>
Total		<u>\$ 4,101,935</u>

**Note 8. Federal Emergency Management Agency (CFDA #83.534)  
Snow Removal Event**

During fiscal year 2010, the District received federal reimbursements for expenditures incurred by the District responding to the snow events of December 2009 and February 2010. These expenditures are not included in the SEFA. The D.C. Department of Public Works reimbursement totals \$797,554 (\$438,562 for December 2009, and \$358,992 for February 2010).

**Note 9. Subrecipients**

Of the federal expenditures presented in the Schedules, the District provided federal awards to major program subrecipients as follows. It is not practicable to determine amounts passed to subrecipients of nonmajor programs.

**Government of the District of Columbia  
Notes to Schedules of Expenditures of Federal Awards  
Year Ended September 30, 2010**

Program Title	Federal CFDA #	Amount Provided to Subrecipients
Homeland Security Grant Program	97.067	\$65,453,880
Title I Grants to Local Education Agency LEA	84.010	45,486,124
HIV Emergency Relief Project Grants	93.914	28,021,848
National School Lunch Program	10.555	19,137,592
Community Development Block Grants (CDBG)	14.218	14,385,875
Special Education Grants to States	84.027	13,303,078
Housing Opportunities for Person with AIDS	14.241	12,833,968
Improving Teacher Quality State Grants	84.367	10,970,149
ARRA – Tax Credit Assistance Program	14.258	8,920,539
Home Investment Partnership Program (HOME)	14.239	7,289,347
Child Care and Development Block Grant	93.575	6,798,751
School Breakfast Program	10.553	5,485,954
Child and Adult Care Food Program	10.558	5,242,644
Community Development Block Grants (CDBG)	14.218	4,733,147
Twenty-First Century Community Learning Ctr.	84.287	4,244,181
Title II HIV Care Grants	93.917	4,212,459
Summer Food Service Program for Children	10.559	2,956,425
Home Investment Partnership Program (HOME)	14.239	2,688,298
Community Development Block Grants (CDBG)	14.218	2,366,124
Low Income Home Energy Assistance Program	93.568	1,216,478
ARRA – Multi Family Rehab Acquisition	14.253	1,016,518
Home Investment Partnership Program (HOME)	14.239	450,000
Special Education – Preschool Grants	84.173	291,977
Highway Planning and Construction	20.205	262,832
ARRA – Community Development Block Grant	14.253	44,858
Special Supplemental Nutrition Program	10.557	<u>35,525</u>
Total		<u>\$267,848,571</u>

**Note 10. Intra-District Funding and Expenditures**

The Public Education Reform Act of 2007 gave the Office of the State Superintendent of Education (OSSE) the authority to serve as the State Educational Agency (SEA) and perform the functions of a SEA for the District under applicable federal law, including grant-making and federal accountability requirements for elementary and secondary education. Accordingly, OSSE is the SEA charged by federal law and regulations to administer grant awards from the Federal government and DCPS is the Local Educational Agency (LEA) receiving funds for use and expenditure in its schools and programs.

Therefore, in the accompanying Schedule of Expenditures of Federal Awards, by District Agency, expenditures incurred have presented at the DCPS LEA

**Government of the District of Columbia  
Notes to Schedules of Expenditures of Federal Awards  
Year Ended September 30, 2010**

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level for major program awards. It is not practicable to determine these expenditures for nonmajor programs.

# **Government of the District of Columbia**

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Schedule of Findings  
And Questioned Costs  
Year Ended September 30, 2010

**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

**1 Summary of Auditors' Results**

*Basic Financial Statements*

- a) An unqualified opinion was issued on the basic financial statements of the Government of the District of Columbia (the District) as of and for the year ended September 30, 2010.
- b) The audit disclosed no material weaknesses and five significant deficiencies in internal control over financial reporting in connection with the basic financial statements of the District as of and for the year ended September 30, 2010.
- c) The audit disclosed an instance of noncompliance that is material to the basic financial statements of the District as of and for the year ended September 30, 2010.

*Single Audit*

- d) The audit of Federal financial assistance disclosed material weaknesses and significant deficiencies that were reported in connection with major Federal programs of the District for the year ended September 30, 2010.
- e) The type of report issued on compliance for each major program is as follows:

<b>Major Program/Cluster</b>	<b>CFDA Number</b>	<b>Type of Report Issued</b>
Supplemental Nutrition Assistance Program	10.551, 10.561	Qualified
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559	Unqualified
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Qualified
Community Development Block Grants/Entitlement Grants	14.218, 14.253	Qualified
HOME Investment Partnership Program	14.239	Qualified
Housing Opportunities for Persons with AIDS	14.241	Qualified
Unemployment Insurance	17.225	Unqualified
Workforce Investment Act Cluster	17.258, 17.259, 17.260	Qualified
Highway Planning and Construction	20.205	Unqualified
Title I Grants to Local Educational Agencies	84.010, 84.389	Qualified
Special Education Cluster	84.027, 84.173, 84.391, 84.392	Unqualified
Vocational Rehabilitation Grants to States	84.126, 84.390	Qualified
Improving Teacher Quality State Grants	84.367	Qualified
States Fiscal Stabilization Fund	84.394, 84.397	Unqualified
Temporary Assistance for Needy Families	93.558, 93.714	Unqualified
Child Support Enforcement	93.563	Qualified
Low-Income Home Energy Assistance Program	93.568	Unqualified
Community Services Block Grant	93.569, 93.710	Unqualified
Head Start	93.600, 93.708	Qualified

**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

<b>Major Program/Cluster</b>	<b>CFDA Number</b>	<b>Type of Report Issued</b>
Foster Care – Title IV-E	93.658	Qualified
Adoption Assistance	93.659	Qualified
Children’s Health Insurance Program	93.767	Qualified
Medical Assistance Program	93.775, 93.777, 93.778	Qualified
HIV Emergency Relief Project Grants	93.914	Qualified
HIV Care Formula Grants	93.917	Qualified
Homeland Security Grant Programs	97.067	Unqualified
Student Financial Assistance Cluster	84.007, 84.032, 84.033, 84.063, 93.925	Adverse

- f) There were audit findings that are required to be reported under Section 510(a) of OMB Circular A-133 for the year ended September 30, 2010.
- g) The major Federal programs of the District for the year ended September 30, 2010 were as follows:

<b>Major Program/Cluster</b>	<b>CFDA Number</b>
Supplemental Nutrition Assistance Program	10.551, 10.561
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Community Development Block Grants/Entitlement Grants	14.218, 14.253
HOME Investment Partnership Program	14.239
Housing Opportunities for Persons with AIDS	14.241
Unemployment Insurance	17.225
Workforce Investment Act Cluster	17.258, 17.259, 17.260
Highway Planning and Construction	20.205
Title I Grants to Local Educational Agencies	84.010, 84.389
Special Education Cluster	84.027, 84.173, 84.391, 84.392
Vocational Rehabilitation Grants to States	84.126, 84.390
Improving Teacher Quality State Grants	84.367
States Fiscal Stabilization Fund	84.394, 84.397
Temporary Assistance for Needy Families	93.558, 93.714
Child Support Enforcement	93.563
Low-Income Home Energy Assistance Program	93.568
Community Services Block Grant	93.569, 93.710
Head Start	93.600, 93.708
Foster Care – Title IV-E	93.658
Adoption Assistance	93.659
Children’s Health Insurance Program	93.767
Medical Assistance Program	93.775, 93.777, 93.778
HIV Emergency Relief Project Grants	93.914
HIV Care Formula Grants	93.917
Homeland Security Grant Programs	97.067
Student Financial Assistance Cluster	84.007, 84.032, 84.033, 84.063, 93.925



**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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- h) The dollar threshold used to distinguish between type A and type B programs was \$10,192,095 for Federal awards for the year ended September 30, 2010.
- i) The District did not qualify as a low-risk auditee for the year ended September 30, 2010.

## **2 Findings Related to the Basic Financial Statements Reported in Accordance with Government Auditing Standards**

### *Finding 2010-01 – Weaknesses in the District’s General Information Technology Controls*

#### *Background:*

General Information Technology Controls (GITCs) provide the foundation for a well-controlled technology environment that supports the consistent processing and reporting of operational and financial data in accordance with management’s directives. Our audit included an assessment of selected GITCs in four (4) key control areas: Access to Programs and Data, Program Changes, Program Development, and Computer Operations. During our assessment, we identified pervasive GITC-related findings. Our findings included the following:

#### **Access to Programs and Data**

##### *Conditions:*

1. Failure to consistently restrict privileged and general user access to key financial applications in accordance with employee job responsibilities and/or segregation of duties considerations.
2. Inconsistent performance and/or documentation of user access administration activities, including the approval of new user access and access changes, periodic review of user access rights, and timely removal of user access upon employee termination.
3. Use of generic accounts to perform system administration and/or end user functions within key applications without adequate monitoring controls over such activities.

#### **Program Changes**

##### *Conditions:*

1. Failure to institute well-designed program change and/or system development life cycle policies that establish procedural and documentation requirements for authorizing, developing, testing, and approving changes to key financial applications and related infrastructure software<sup>1</sup> in the production environment.
2. Inconsistent adherence to established program change management procedures including instances in which changes made to the system were not approved, tested, or documented appropriately per the established procedures.
3. Failure to consistently restrict developer access to the production environments of key financial applications in accordance with segregation of duties considerations or, if infeasible, implement independent monitoring controls to help ensure changes applied to the production environment are authorized.

Table 1 below summarizes the key financial applications that were impacted by the findings noted above.

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<sup>1</sup> Infrastructure changes refer to software changes and updates applied to underlying operating systems and databases supporting the key financial applications.

**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

**Table 1:** Summary of applications impacted by the findings related to the Access to Programs and Data and Program Change control areas

Application	Access to Program and Data	Program Changes
PeopleSoft	X	X
TACIS	X	X
PASS	X	
ACEDS	X	X
DOCS	X	X
DUTAS	X	X
BARTS		X
Meditech	X	
TAS	X	

*Criteria:*

1. The Federal Information Security Management Act (FISMA), passed as part of the Electronic Government Act of 2002, mandates that Federal entities maintain IT security programs in accordance with National Institute of Standards and Technology (NIST). The following NIST criteria were leveraged:
  - a) NIST Special Publications (SP) 800-12, An Introduction to Computer Security
  - b) NIST SP 800-53, Revision 3, Recommended Security Controls for Federal Information Systems and Organizations, August 2009
  - c) NIST SP 800-64, Security Considerations in the System Development Life Cycle, October 2008
  - d) NIST SP 800-14, Generally Accepted Principles and Practices for Securing Information Technology, September 1996
2. The U.S. Government Accountability Office's (GAO's) Evaluating Internal Controls in Computer Based Systems (Black Book)

*Cause/Effect:*

The findings highlighted above include weaknesses in both the design and consistent operation of policies and procedures considered relevant to the Access to Programs and Data and Program Change areas. We noted a segmented approach in the design and implementation of relevant GITCs, including the lack of a concentrated effort to formalize underlying GITC processes and controls, and the lack of an effective monitoring function. The existence of these findings increases the risk that unauthorized changes applied to key financial applications and the data they process adversely affect application processing and data integrity and, as a result, may materially impact the financial statements. Additionally, the existence of these findings impacts the reliability of key application reports and the ability to rely upon automated, configurable controls embedded within key financial applications.

*Recommendations:*

1. *Related to Access to Programs and Data controls, we recommend that management:*
  1. Assess and update or, as applicable, develop and document access management policies and procedures for production applications and underlying infrastructure systems. These policies and procedures should address requirements for clearly documenting user access requests and supervisory authorizations, periodic reviews of the appropriateness of user access by agency business management, timely communication of employee separations/transfers, and disablement/removal of the related user access.

2. Develop and implement controls that establish organizational and logical segregation between program development roles, production administration roles and business end user roles among different individuals, or independently performed monitoring of the activities of users provided with conflicting system access.
  3. Restrict the use of generic IDs or, if such access is required, implement independent monitoring of the activities performed using generic IDs.
  4. Formally communicate policies and procedures per the recommendations above to control owners and performers. Further, management should institute a formalized process to monitor adherence to policies and procedures related to key controls and, as performance deviations are identified, follow up as appropriate.
2. *Related to Program Change controls, we recommend that management:*
1. Assess and update or, as applicable, develop and document program change control policies and procedures for production applications and underlying infrastructure systems including, but not limited to, requirements for the documentation of properly detailed change requests, authorization of the change prior to initiation of the work, preparation of test plans and results, and formal approval of the change prior to migration to production.
  2. Formally communicate policies and procedures per the recommendations above to control owners and performers. Further, management should institute a formalized process to monitor adherence to policies and procedures related to key controls and, as performance deviations are identified, follow up as appropriate.
  3. Develop and implement controls that establish organizational and logical segregation between program development roles and change migration roles among different individuals or independent monitoring of the activities of users provided with conflicting system access.

*Management's Response:*

The District concurs with the auditor's findings with respect to general information technology controls and will develop and implement the necessary corrective actions to address the deficiencies noted and enhance operational efficiency.

**Access to Programs and Data**

The District concurs with this finding and will implement the necessary measures to adequately restrict user access to programs and data based on job functions and the need for adequate separation of incompatible duties. In addition, the District will develop (or revise) and implement policies and procedures for (a) restricting user access; (b) routinely monitoring application access privileges; (c) approving new user access (or access changes); and (d) timely removing user access upon employee separation/termination. Such policies and procedures will also include specific guidance on the use of generic accounts to perform system administration functions (e.g., instances in which such accounts are to be used and how the use of generic accounts is to be monitored).

**Program Changes**

The District concurs with this finding and will review existing policies regarding authorizing, developing, testing, and approving changes to financial applications and related infrastructure software. To the extent that current policies are not adequate, the District will revise them accordingly. In addition, we will periodically perform internal reviews of program change management practices to ensure that changes made in the financial systems are properly approved, tested, and documented. This will include monitoring whether system developers are being limited to the production environments of financial applications.

**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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*Finding 2010-02 – Weaknesses in the District’s Procurement and Disbursement Controls*

*Background:*

The District expends over \$8 billion per year in nonpersonnel-related expenditures. In order to be as efficient and effective as possible, the District has established very robust policies and procedures at the Office of Contracts and Procurement, as well as at those agencies that have independent procurement authority to procure goods and services and to make payments for those goods and services. Further, these policies and procedures serve to ensure the District’s compliance with various laws and regulations governing procurement and payment, such as the Procurement Practices Act and the Quick Payment Act.

*Condition:*

We selected a sample of 25 sole source procurements executed by the District in FY2010 and noted the following:

Lack of supporting documentation:

- For six (6) contracts, the Determination and Findings (D&F) were not available for review.
- For ten (10) contracts, the screen prints showing that a search was performed to determine whether the vendor was debarred or suspended from doing business with the District were not available for review.
- For three (3) contracts, the use of the sole source method of procurement was not appropriate.

Inadequate approvals:

- For three (3) contracts, the D&F was not approved by the Contracting Officer.
- For two (2) contracts, the Contracting Officer delegation authority was not available for review.
- For one (1) contract, the Contracting Officer was able to approve a purchase requisition above his delegation of authority.
- For one (1) contract, the D&F was not approved by the agency Director and/or Department Head.
- For four (4) contracts, the Council and Office of the Attorney General (OAG) approval was not available for review.
- For two (2) contracts, the purchase requisition was not approved by the Contracting Officer.
- For one (1) contract, the OAG approval was not available for review.
- In one (1) instance, the contract was misclassified as a sole source contract.

We also selected a sample of 25 emergency procurements executed during FY2010 and noted the following:

Lack of supporting documentation:

- There was no evidence to support the classification as an emergency procurement for ten (10) procurements.
- There is no evidence of competition or a sole source determination for three (3) emergency procurement contracts.
- The screen prints to provide evidence that a search to determine whether the vendor was debarred or suspended from doing business with the District was not available for review for seven (7) contracts.
- For one (1) contract, the D&F was not available for review.

Inadequate approvals:

- The delegation of authority for the Contracting Officer was not available for three (3) procurements.
- The Contracting Officer approved a requisition above his delegation of authority for one (1) contract.

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- The Council and OAG approval was not available for review for one (1) contract.

Noncompliance with emergency criteria requirement:

- The period of performance exceeded the 120-days requirement for an emergency procurement for three (3) contracts inspected.

We selected seven (7) large construction contracts and determined that the District was unable to provide the supporting documentation for three (3) of the construction contracts as follows:

- The Solicitation and Evaluation documents were not available for review for two (2) contracts.
- The D&F for price reasonableness and Contractor responsibility, the Council approval, and OAG legal review for when the contract was awarded in 2005 were not available for review for one (1) contract.
- The Excluded parties' printouts were not available for review for one contract.

We also selected 37 small purchases over \$5,000 and identified the following exceptions:

- Small purchases quotations were not available for review for four (4) purchases.
- The BPA (Blanket Purchase Agreement) relating to repetitive services was not available for review for five (5) purchases.
- The purchase requisition was not available for review for one (1) purchase.

We also selected 31 large procurements over \$100,000 other than construction contracts and identified the following exceptions:

- Two (2) contracts were not available for review.
- There was no evidence of competition for one (1) procurement.
- There was no evidence that the District performed a search to determine whether the vendor was debarred or suspended from conducting business with the District for two (2) procurements.
- The supporting documents provided for one (1) contract related to a FY2009 contract that had expired and not the active contract.
- The authorization for DC participation in a cooperative agreement with the contractor and the Commonwealth of Virginia was not available for review for one (1) procurement.

In our testing of procurement and disbursement transactions at the District of Columbia Public Schools (DCPS), we observed the following:

- One (1) of 92 procurement transactions tested showed DCPS was not in compliance with the District of Columbia's laws regarding sole source procurements. Specifically, one file for a procurement totaling \$4,004 did not contain a copy of the signed contract or proper approval from the Contracting Officer on the D&F.
- Eight (8) transactions, totaling \$259,370, of 68 transactions tested, totaling \$11,503,960, paid through direct voucher were also related to prior period expenditures that were not properly accrued in the prior year.
- Two (2) transactions, totaling \$12,093, of 68 total transactions tested, totaling \$11,503,960, were paid through direct voucher but were not appropriately listed on the approved direct voucher list.
- Twelve (12) payments, totaling \$343,839, of 160 files tested did not have proper vendor invoices to support the payment made.

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In addition, although we were able to substantiate the accuracy and existence of the expenditure, we noted for 8 of the 160 transactions tested, DCPS did not follow its existing internal policies and procedures related to the processing of the transaction. Specifically:

- Eight (8) direct voucher payments totaling \$524,009 indicated there was insufficient detail documentation to support DCPS' commitment to various services provided by the vendor or the support provided was not consistent with the documentation provided.
- Of 160 disbursements tested, we noted 11 transactions totaling \$1,470,290 where the transaction was posted to the incorrect comptroller object code in DCPS' general ledger.

With regard to our testing of compliance with the District of Columbia Quick Payment Act, we determined that:

- Seventy (70) of 683 non-DCPS payments selected for testing were not paid timely in accordance with the Quick Payment Act.
- Seven (7) of 169 DCPS payments selected for testing were not paid timely in accordance with the Quick Payment Act. In addition, we noted an additional 27 payments for which payment was made more than 30 days after the CFO Office received the invoice due to delays in receiving the appropriate documents (i.e., receiving report, etc.) to perform the required three-way match.

*Criteria:*

The Procurement Practices Act indicates the following:

**27 DCMR chapter 17**, states, *“In each instance where the sole source procurement procedures are used, the Contracting Officer shall prepare a written determination and findings (“D&F”) justifying the procurement which specifically demonstrates that procurement by competitive sealed bids or competitive sealed proposals is not required.”*

**27 DCMR chapter 17**, states, *“Each sole source D&F for a procurement in an amount greater than twenty-five thousand dollars (\$ 25,000) shall be reviewed by the Director before solicitation and shall be approved by the Director before contract execution.”*

**DC Code 1-204.51**, states, *“Prior to the award of a multiyear contract or a contract in excess of \$1,000,000 during a 12-month period, the Mayor or executive independent agency or instrumentality shall submit the proposed contract to the Council for review and approval.”*

**DC Code 2-301.05(G)** states, *“All contracts over a million dollar must go to the Office of the Attorney General (OAG) for a legal sufficiency review.”*

**DCMR chapter 17** states, *“An “emergency condition” is a situation (such as a flood, epidemic, riot, equipment failure, or other reason set forth in a proclamation issued by the Mayor) which creates an immediate threat to the public health, welfare, or safety. The emergency procurement of services shall be limited to a period of not more than one hundred twenty (120) days. If a long-term requirement for the supplies, services, or construction is anticipated, the Contracting Officer shall initiate a separate non-emergency procurement action at the same time that the emergency procurement is made. The Contracting Officer shall attempt to solicit offers or proposals from as many potential contractors as possible under the emergency condition. An emergency procurement shall not be made on a sole source basis unless the emergency D&F includes justification for the sole source procurement. When an emergency procurement is proposed, the Contracting Officer shall prepare a written determination and findings (D&F) that sets forth the justification for the emergency procurement.”*

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The District's Quick Payment Act indicates the following:

*“If a contract specifies the date on which payment is due, the required payment date is the date specified in the contract. If a contract does not specify a payment date, the required payment date will be one of the following:*

- (a) Meat and meat food products – the seventh (7th) day after the date of delivery of the meat or meat product;*
- (b) Perishable agricultural commodities – the tenth (10th) day after the date of delivery of the perishable agricultural commodity; or*
- (c) All other goods and services – the thirtieth (30th) day after the receipt of a proper invoice by the designated payment officer.”*

*Cause/Effect:*

District agencies are not adhering to the established policies and procedures governing creation and maintenance of procurement documentation and the payment of vendor obligations, which may cause noncompliance with the Procurement Practices Act and the Quick Payment Act.

*Recommendation:*

We recommend that the District conduct mandatory training sessions for all personnel involved in the procurement of and payment for goods and services to reemphasize the critical importance of adhering to the existing procurement and disbursement policies and procedures. Further, we recommend that the District conduct an “internal audit” of compliance with the Procurement Practices Act and the Quick Payment Act during FY2011. This internal audit should be conducted after the internal training sessions are held. During this internal audit, the District should select a sample of FY2011 sole source and emergency procurements as well as vendor disbursements. By conducting the audit after the training, the District may be able to determine the effectiveness of the training by comparing compliance results from procurements and disbursements before and after the training.

*Management's Response:*

The District concurs with the facts of this finding and will implement the necessary control procedures to (a) ensure that purchases are authorized by the appropriate managers and officials before they are made and (b) ensure that approvals of purchases are adequately documented and such documentation is retained in the District's files for quick retrieval, as needed. The District will also periodically review on an ongoing basis purchases/disbursements to monitor compliance with applicable laws and regulations (e.g., Procurement Practices Act and the Quick Payment Act).

*Finding 2010-03 – Weaknesses in Monitoring Financial Reporting and Nonroutine Transactions in Stand-Alone Reports*

*Background:*

The District's annual financial statement process is complex and highly decentralized. District agencies are required to prepare financial closing packages and submit those packages to the District's Office of Financial Operations and Systems (OFOS) for review and approval. OFOS uses these closing packages to prepare the basic financial statements and the notes thereon. While testing the closing packages and financial statements submitted by various District agencies, we observed the following:

- *Unemployment Compensation Fund* – The District's Unemployment Compensation Trust Fund is a major fund in the District's Comprehensive Annual Financial Report (CAFR), and its management prepares a separate set of financial statements. The original draft of those financial



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statements submitted to both OFOS and the auditors were substantially incomplete and required significant, material adjustments to both the financial statements and the notes.

- *University of the District of Columbia* – The University of the District of Columbia is presented as a discretely presented component unit in the District’s CAFR, and its management prepares a separate set of financial statements. The original draft of those financial statements submitted to both OFOS and the auditors were substantially incomplete and required significant, material adjustments and revisions to Management’s Discussion and Analysis, the financial statements, and the notes.
- *Convention and Sports Authority* – The District’s Convention and Sports Authority is presented as a discretely presented component unit in the District’s CAFR, and its management prepares a separate set of financial statements. The original draft of those financial statements submitted to both OFOS and the auditors did not properly account for and disclose the merger of the old Convention Center Authority and the Sports and Entertainment Commission and required significant, material adjustments to both the financial statements and the notes.
- *United Medical Center Intangible Assets* – On July 9, 2010, the District established the Not-for-Profit Hospital Corporation (NFPHC), a discretely presented component unit, to account for and maintain the assets upon which the District foreclosed to satisfy an outstanding debt obligation of the former United Medical Center. Under U.S. generally accepted accounting principles, the NFPHC must record the fair value of both the tangible and intangible assets that existed at July 9, 2010. NFPHC did not originally account for the intangible assets acquired, such as the fair value of its bed licenses, until requested by the auditor.
- *Oversight of Actuarial Advisors* – The District’s Office of Risk Management (ORM) engages an actuary to provide a valuation of the liability for disability compensation. Further, the District’s Department of Human Resources (DHR) engages an actuary to provide a valuation of the liability for other postemployment benefits (OPEB) for District retirees. Neither ORM nor DHR adequately documented the rationale behind the actuarial assumptions established between the District and the engaged actuary.

*Criteria:*

*Government Auditing Standards*, Appendix I, section A1.08 d., states that management at a State and Local government entity is responsible for “*establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported;...*”

*Cause/Effect:*

District component units do not appear to consider properly the accounting and financial reporting for nonroutine transactions in order to develop and maintain documentation to support the amounts and disclosures in the CAFR. Further, these component units and agencies do not have adequate policies and procedures surrounding the year-end financial reporting closing process to develop and support the amounts and disclosures in their stand-alone financial statements.

*Recommendation:*

We recommend that all District entities that prepare stand-alone financial statements should prepare interim financial statements that are submitted to OFOS for review and approval.

*Management’s Response:*

The District concurs with this finding. The Office of the Chief Financial Officer, Office of Financial Operations and Systems (OFOS), will revise its interim closing practices to require more financial analysis and reporting of the component units during the fiscal year (at least quarterly). OFOS will review

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the interim component unit financial data received from each entity for accuracy and reasonableness and will work with each component unit to resolve reporting issues as they arise during the fiscal year. These measures should reduce the level of effort needed at year-end by the component units to produce accurate, reliable financial statements. In addition, the need for significant audit adjustments should also be minimized as a result of these measures. OFOS will continue the practice of reviewing the annual financial statements of component units for reasonableness and accuracy but will use the interim information received from component units to perform a more meaningful review and analysis.

*Finding 2010-04 – Weaknesses in the Financial Reporting Process at the Office of Tax and Revenue*

*Background:*

The District's Office of Tax and Revenue (OTR) had over \$4.95 billion in tax revenue in FY2010. During our testwork at OTR, we observed the following:

- There was insufficient monitoring of internal controls by the Returns Processing Administration (RPA) at its lockbox service provider. The service provider processes approximately \$1.9 billion in lockbox transactions on behalf of the District, yet OTR has not ensured that the service provider has been through an in-depth audit of its control objectives and activities, which include controls over information systems, security of taxpayer data, and other related processes. Specifically, we noted:
  - The service provider received a SAS 70 Type I report (Report on Controls Placed in Operation) in the current year versus a SAS 70 Type II report (Report on controls placed in operation and evaluation of Tests of Operating Effectiveness) in prior years.
  - OTR management did not review the SAS 70 report received, and was not aware of the change of the report type.
  - OTR has not performed a site visit to the lockbox manager or its subservice organizations, since March 2008.
  - OTR was unable to provide supporting documentation or evidence of review of monthly and weekly performance reports provided by the service provider.
- Multiple auditors who prepare audit assessment change documents within the Compliance Division have access rights to make audit assessment adjustments within the Integrated Tax System (ITS). Procedurally, these auditors are not allowed to enter assessment adjustments that they have prepared; however, they have the system access to do so.
- The District continues to maintain insufficient control procedures over the reconciliation of tax withholdings to taxpayer submitted data. OTR has begun to develop policies and procedures to perform these reconciliations, but these corrective actions were partially implemented during FY2010. Further corrective actions are needed in order to implement fully the policies and procedures.
- Nine (9) of 25 real property tax exemption applications selected for testing at the Real Property Tax Administration were not properly signed by an assessment specialist as being complete.
- Fifteen (15) of 27 SOAR to ITS monthly reconciliations selected for testing included significant reconciling items that were not corrected or input into ITS.
- Management has not performed adequate verification and validation procedures surrounding the methodologies used for setting the allowance for uncollectible accounts for various types of tax receivables. The current methodology was established in 2004; however, no documentation is maintained that demonstrates management's updated review of the estimates.

*Criteria:*

*Government Auditing Standards*, Appendix I, section A1.08 d., states that management at a State and Local government entity is responsible for “*establishing and maintaining effective internal control to help*

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*ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported;...*

*Cause/Effect:*

OTR is not adhering to its existing policies and procedures governing review of lockbox operations, reconciliation of tax withholdings, maintenance of Homestead Tax Credit documentation, and granting of real property tax exemption. Further, OTR management has not appropriately restricted access to prevent Compliance Division personnel from having inappropriate access. These deficiencies increase the risk that inappropriate refunds may be issued.

*Recommendation:*

We recommend that OTR adhere to its existing policies and procedures regarding review of lockbox operations, reconciliation of tax withholdings, and maintenance of Homestead Tax Credit documentation. OTR should also consider specific training in these areas to reinforce those procedures. Finally, we recommend that OTR establish a policy requiring that management's review of the estimation methodology for the reserve for uncollectible taxes be documented annually.

We further recommend that the Office of Integrity and Oversight conduct a periodic review of OTR's implementation of changes as a result of these audit observations.

*Management's Response:*

The District's Office of Tax and Revenue (OTR) continues to place a strong emphasis on its internal controls, including risk and control self-identification and self-assessment. OTR leadership and teammates will continue to work closely with the Chief Risk Officer and the Director of the Office of Integrity and Oversight to design, institutionalize, and monitor effective controls.

*Finding 2010-05 – Weaknesses in the Personnel Management and Employee Compensation Process*

*Background:*

The District employs approximately 31 thousand employees and disburses over \$2.6 billion in compensation annually. Various payroll rules and regulations are administered by the District's Department of Human Resources, and the payroll disbursements are administered by the Office of Pay and Retirement Services.

During our testwork over payroll expenditures, we observed the following:

- One (1) of 319 employees tested received overtime pay even though the employee was considered to be exempt under the Fair Labor and Standards Act of 1938 (FSLA) and was not eligible for overtime. This resulted in an overpayment to the employee for 390 hours, totaling \$31,073 for FY2010.
- Eight (8) of 165 employee personnel files tested did not contain the required supporting documentation (Form SF-52, signed offer letter, and signed I-9 verification form with a copy of the employees' identification) in accordance with District policy. Specifically, we noted five (5) files did not contain signed offer letters.
- One (1) of 40 terminated employees tested received pay subsequent to termination from District employment. Specifically, the employee received a car allowance during employment, was terminated in March 2010, but continued to receive a car allowance subsequent to termination, resulting in an overpayment to the employee of approximately \$3,300.

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- Fifteen (15) of 63 transactions were tested in which an employee's life insurance and/or retirement payroll deduction did not agree to the approved rate. Specifically, the deduction withheld from the employee's pay was less than the approved rate for the benefit elected. This resulted in total overpayments to employees in the amount of \$252.
- One (1) of 63 transactions was tested in which the employee elected benefit coverage but the appropriate benefit deduction was not withheld from the employee's paycheck.
- Seven (7) of 43 employees tested whose personnel files did not contain the required supporting documentation (Form SF-52, signed offer letter, signed I-9 verification form with a copy of the employees' identification, and transcripts (if applicable)) in accordance with DCPS policy. Specifically, we noted:
  - One (1) file was missing the signed SF-52, signed offer letter, I-9 with copy of identification, and copy of official transcript indicating the employee met the requisite educational requirements.
  - Two (2) files were missing the signed SF-52 and I-9 with copy of identification.
  - Two (2) files were missing the signed offer letter.
  - Two (2) files were missing the official transcript indicating educational requirements.
- Two (2) of 40 transactions were tested in which the employee received retirement benefits before becoming eligible for the benefit under the District's policy.
- Four (4) of 10 retroactive pay transactions were tested in which the District miscalculated the amount due to the employee, which resulted in three (3) overpayments to individual employees totaling \$67,572, \$488, and \$696, and one underpayment totaling \$11,181.
- Twenty-two (22) of 165 transactions tested indicated the hours paid were reclassified from one fund/index code to another. All 22 reclassifications were approved in PeopleSoft in accordance with DCPS' policies and procedures. However, DCPS was unable to provide supporting documentation for 13 of the reclassifications. Further, for the remaining 9 reclassifications, there was no evidence that the supervisor that approved the original time sheet had reviewed the employees' time sheets prior to approving the reclassification.

*Criteria:*

According to the Yellow Book, Appendix I, section A1.08 d., management at a State and Local government entity is responsible for "*establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported;...*"

*Cause/Effect:*

District employees are not adhering to existing policies and procedures, which increases the risk that amounts may be incorrectly paid to employees.

*Recommendation:*

We recommend that the District conduct a comprehensive "refresher" training course or courses for all employees involved in the payroll process. Further, we recommend that the District conduct periodic internal reviews of a sample of transactions to monitor compliance with existing policies and procedures.

*Management's Response:*

The District concurs with facts of this finding and will take the necessary measures to improve controls over personnel management and compensation. We will review current practices regarding the retention of supporting documentation for personnel actions and other payroll-related transactions. To the extent that current practices are determined to be inadequate, the District will revise existing policies and procedures accordingly. As recommended by the auditors, the District will perform periodic reviews of

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sampled payroll transactions to monitor compliance with policies and procedures. Moreover, as deemed appropriate, the District will provide additional training to staff that perform payroll-related functions to improve efficiency and reduce the risk of errors.

**3 Findings and Questioned Costs Related to Federal Awards:**

<b><i>Finding Number</i></b>	<b>2010-06</b>
<b><i>Federal Program</i></b>	<b>Supplemental Nutrition Assistance Program (10.551, 10.561),</b>
<b><i>Federal Award Number</i></b>	<b>IDC400402 (10/1/08 – 9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>Office of the Chief Financial Officer</b>
<b><i>Compliance Requirement</i></b>	<b>Preparation of Schedule of Expenditures of Federal Awards</b>

*Criteria*

OMB Circular A-133, section 310 (b) indicates:

Schedule of expenditures of Federal awards (SEFA). The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- 1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- 2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- 3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- 4) Include notes that describe the significant accounting policies used in preparing the schedule.
- 5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- 6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of noncash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end. While not required, it is preferable to present this information in the schedule.

*Condition*

The SEFA that was provided by the District's Office of the Chief Financial Officer (OCFO) required significant adjustments to be presented in accordance with OMB Circular A-133, section 310(b). Based on review of the SEFA initially presented, we had the following observations:

- The value of certain noncash awards (food stamps electronic benefits payments, school food service commodities, vaccines, loan guarantees, etc.) were not presented on the SEFA or in the notes.

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- Other required SEFA footnote disclosures (Unemployment Insurance, Federally Funded Loan Programs, etc.) were incomplete or inaccurate.
- Certain CFDA numbers or program titles were invalid or incomplete.
- Numerous adjustments were required between Federal programs as a result of auditor inquiry.
- Certain locally funded programs were presented incorrectly as Federal programs and subsequently removed from the SEFA.

*Cause*

The District has not developed specific policies and procedures to delineate responsibilities among program management, the agency fiscal officer, OFOS, and the Office of Integrity and Oversight for the preparation and review of the SEFA.

*Effect*

The SEFA may not be fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

*Recommendation*

We recommend that the District develop policies and procedures to delineate responsibilities among the parties outlined above. Further, we recommend that key District grants management personnel, including both Mayoral personnel and OCFO personnel, be trained on the requirements of OMB Circular A-133.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

The OCFO concurs with the auditor's recommendation to review and strengthen the District-wide policies and procedures relating to the generation and reporting of the SEFA. The process for generating the SEFA for A-133 single audit is under review and will be improved and strengthened as follows:

- Office of Financial Operations and Systems (OFOS) will continue to provide Office of Integrity and Oversight (OIO) with the SEFA information as recorded in the District Financial System prior to the start of the single audit process.
- OFOS will ensure that each award has correct program title and CFDA number as stated on the Catalog of Federal Domestic Assistance.
- Missing CFDA numbers on the SEFA will be extracted and researched by OFOS; OFOS will provide OIO with such reports on a quarterly basis and upon request from OIO.

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- OIO will perform a reconciliation of District agencies' SEFA to information reported in the District Financial System.
- OIO will notify affected program or District agency to make appropriate changes.
- The noncash awards are programs funded by the Federal Government Department, and these amounts are valued by the Federal agency that provides the services. The values of certain noncash awards, such as school food service commodities and vaccines, are valued by the Federal awarding agency. The values are presented in notes to the SEFA.

OCFO also strongly believes that these changes in the District SEFA process, FY2011 going forward, will assure the production and completion of a reliable SEFA document for delivery to the independent auditors for their determination and selection of Federal programs to be audited in accordance with OMB Circular A-133.



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<b><i>Finding Number</i></b>	<b>2010-07</b>
<b><i>Federal Program</i></b>	<b>Various</b>
<b><i>Federal Agency</i></b>	<b>Various</b>
<b><i>District Department</i></b>	<b>Office of Finance and Treasury (OFT)</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

U. S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implements the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred.

§ 205.14 “The Federal Program Agency incurs interest liability if a State pays out its own funds for Federal assistance program purposes with valid obligational authority under Federal law, Federal regulation, or Federal-State agreement. A Federal interest liability will accrue from the day a State pays out its own funds for Federal assistance program purposes to the day Federal funds are credited to a State bank account.”

§ 205.29 “A State must maintain records supporting interest calculations, clearance patterns, Interest Calculation Costs, and other functions directly pertinent to the implementation and administration of this subpart A for audit purposes.”

*Condition*

While performing District-wide CMIA compliance testwork, we identified that:

- OFT requires District agencies to utilize one combined CMIA template for both personnel and nonpersonnel service expenditures. Under the District’s Treasury-State agreement, personnel and nonpersonnel services have differing funding techniques that require separate analysis. The use of one combined CMIA report does not allow for the analysis of differing clearance patterns as outlined in the Treasury-State agreement.
- The calculation of interest liability due to or from the Federal government is not being properly prepared. Specifically, the CMIA template provided to the agencies should calculate the number of days used as a part of the interest liability as the difference between the expenditure payment date and the date that funds were received from the Federal government. However, the number of days of interest liability was based upon a “targeted receivable due date,” instead of the actual expenditure payment date.
- The date the expenditure was paid and the date the reimbursement request was submitted are both based on the journal entry posting dates in the general ledger of these activities and do not represent when the activities actually occurred.

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*Cause*

The instructions and CMIA reconciliation template provided by OFT to the District's various program agencies did not clearly provide instructions in accordance with the District's Treasury-State agreement. The template includes incorrect formulas to calculate the days lapsed between the payment of the expenditure and the receipt of Federal funds, which ultimately affects the interest due to the government. Finally, the instructions did not specify that the dates entered into the CMIA template were to be actual dates of when the activities occurred and not the journal entry posting dates.

*Effect*

The District of Columbia could potentially be noncompliant with the terms of the District's Treasury-State Agreement or the regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.)

*Recommendation*

We recommend that OFT management:

- Update the CMIA template to calculate accurately the clearance pattern for each transaction type based on the dates as to when the expenditure was actually paid and reimbursement request was actually submitted and thus, monitor the compliance with terms stated in the CMIA agreement.
- Develop instructions on how to complete the template in accordance with terms of the CMIA agreement and clearly communicate them to the program agencies.
- Develop training to ensure that program personnel understand the fields of the CMIA reconciliation template.

*Related Noncompliance*

None

*Questioned Costs*

Not determinable.

*Views of Responsible Officials*

OFT disagrees that the use of one combined CMIA report does not allow for proper analysis of disbursements and reimbursements. Most agencies use the same funding technique for both personnel service (PS) and nonpersonnel service (NPS) expenditures. There are a few agencies that use separate funding techniques for PS and NPS expenditures. For these agencies, the funding techniques are written such that the reimbursement requests are tied to the date of expenditure. This in effect means that the only significant difference between PS and NPS expenditures, for CMIA purposes, is the clearance pattern. PS payments use 0 clearance days and NPS payments use 7 clearance days (Medicaid payments use 5 days for NPS payments). We include a "Clearance Days" column on the CMIA template to help ascertain when a reimbursement is due from the Federal government. Each disbursement is analyzed using the clearance pattern attributed to it. These clearance patterns were developed by the District in FY2009 according to specifications discussed in the CMIA. In conjunction with this response, we are providing KPMG with the check clearance pattern analysis. Clearance patterns are discussed in the Treasury-State Agreement under Section 7.0.

KPMG's understanding that reimbursements should be received on the same date of expenditure is inaccurate. OFT uses the due date of receivable to calculate District interest liability because this date incorporates the clearance pattern used by the District, consistent with the Treasury-State Agreement. Reimbursements should occur no earlier than the date checks clear. That is the reason why OFT incorporates clearance days when calculating interest due. We have received confirmation from the FMS at U.S. Treasury that this is the correct interpretation, and this confirmation is being provided to KPMG in conjunction with this response.

The journal entry posting date is the date on which funds are deposited into the District's grants bank accounts (unless there is a posting error). We exercise great care to make sure the proper date is used when we post journals in the general ledger. We have reminded agencies that perform their own journal recordation of the importance of adhering to this procedure.

In response to the recommendations, management responds as follows:

- Recommendation: Update the CMIA template to calculate accurately the clearance pattern for each transaction based on the dates as to when the expenditure was actually paid and reimbursement request was actually submitted and thus, monitor the compliance with terms stated in the CMIA agreement.
  - *Response: The CMIA template accurately calculates the clearance pattern based on the check clearance pattern analyses conducted in FY2009. We will consult with each agency this fiscal year to determine whether updates are warranted. OFT monitors compliance with terms stated in the CMIA.*
- Develop instructions on how to complete the template in accordance with terms of the CMIA agreement and clearly communicate them to the program agencies.
  - *OFT has provided and continues to provide agencies with instructions on how to complete the CMIA template, and provides technical assistance via phone, e-mail, and in-person meetings to assist with the implementation of the procedures.*
- Develop a training to ensure that program personnel understand the fields of the CMIA reconciliation template.
  - *OFT conducts annual training for all agency CFO personnel on the requirements of the CMIA as well as the requirements of the journal recordation process. This year's training will include program staff as well. OFT will also meet with each agency separately to discuss currently used funding techniques and determine if a new technique is necessary based on each agency's particular needs and rate of expenditure.*

*KPMG Response*

We have read management's response, and our finding remains as indicated.

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<b><i>Finding Number</i></b>	<b>2010-08</b>
<b><i>Federal Program</i></b>	<b>Various</b>
<b><i>Federal Agency</i></b>	<b>Various</b>
<b><i>District Department</i></b>	<b>Office of Contracts and Procurement</b>
<b><i>Compliance Requirement</i></b>	<b>Procurement, Suspension and Debarment</b>

*Criteria*

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

*Condition*

District procurement policies indicate that procurement officers are required to consult the EPLS only for those procurements that are greater than \$100,000.

*Cause*

District procurement policies were drafted without consideration of Federal grants management requirements.

*Effect*

The suspended and debarred status of vendors procured by the District and paid out of Federal funds is not verified against the EPLS for procurements between \$25,000 and \$100,000, and as such, vendors that are suspended and debarred may be paid with Federal funds.

*Recommendation*

We recommend that the District modify its existing procurement policies and procedures to ensure that the EPLS status of all vendors procured with Federal funds is consulted for all procurements greater than \$25,000.

*Related Noncompliance*

None

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*Questioned Costs*

Not determinable

*Views of Responsible Officials*

On the issue pertaining to EPLS, our procurement staff have been working with a common understanding that these checks are not required for small purchases ( $\leq$ \$100K). Further, following an internal inquiry, our policy staff advised that over the past several years, there has been no record that procurement staff has been informed of specific Federal procurements requirements by way of directive or policy statement.

As expressed in communications with our agency partners, we recommend the drafting and dissemination of a Federal award guide to OCP and independent agencies to facilitate a reduction in repeat findings in this and other applicable areas.

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<b><i>Finding Number</i></b>	<b>2010-09</b>
<b><i>Federal Program</i></b>	<b>Supplemental Nutrition Assistance Program (10.551, 10.561)</b>
<b><i>Federal Award Number</i></b>	<b>IDC400402 (10/1/08 – 9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>Human Services</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

The ARRA and implementing guidance issued by OMB (2 CFR section 176.210(b)) require States to distinguish ARRA funds from regular funds appropriated for the same programs, and to maintain this distinction throughout the grant cycle. To accomplish this, Food and Nutrition Services (FNS) has instructed States to submit separate, parallel Financial Status Reports on SNAP administrative costs supported by regular and ARRA funds.

According to American Recovery and Reinvestment Act (Stimulus Act) Requirements, under ARRA Reporting Requirement section stated that “Quarterly Reports” – Recipient of ARRA funding are to prepare quarterly reports. These reports are due no later than 10 calendar days after each calendar quarter of the award period.

*Condition*

The SNAP program received ARRA funds for FY2010 and was required to submit the program financial status report on a quarterly basis. The District submitted the 2<sup>nd</sup> quarter FY2010 Financial Status Form SF-269 for ARRA – SNAP program after the due date. The report was submitted on April 20, 2010, when it was required to be submitted 10 days after the close of the quarter, or April 10, 2010.

*Cause*

Lack of adequate management oversight contributed to the late submission of the 2<sup>nd</sup> quarter ARRA fund Financial Status Report – SF-269 for the SNAP program.

*Effect*

The District was not in compliance with the ARRA reporting requirements.

*Recommendation*

We recommend the accounting department, HSSC, OCFO institute a more effective monitoring control over the timeliness of financial report submissions to Federal government.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

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*Views of Responsible Officials*

The agency does not concur, and this finding should be removed. In correspondence from the Federal government, the reporting of ARRA funds should be submitted... “in a manner parallel to expenditures of regular SNAP administrative funds.” See attached. According the FNS-269, reports are due 30 days after the end of the quarter.

*KPMG’s Response*

We have read management’s response and our finding remains as indicated.



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<b><i>Finding Number</i></b>	<b>2010-10</b>
<b><i>Federal Program</i></b>	<b>Supplemental Nutrition Assistance Program (10.551, 10.561) Medical Assistance Program (93.775, 93.777, 93.778)</b>
<b><i>Federal Award Number</i></b>	<b>1DC400402 (10/1/08 – 9/30/10) 1005-DC5MAP (10/1/09-9/30/10) 1005-DC5ADM (10/1/09-9/30/10) 1005-DCARRA (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture, Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services/Health Care Finance</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – ADP System for SNAP Special Tests and Provisions – ADP Risk Analysis and System Security</b>

*Criteria*

***SNAP:***

State agencies are required to automate their SNAP operations and computerize their systems for obtaining, maintaining, utilizing, and transmitting information concerning SNAP (7 CFR sections 272.10 and 277.18). This includes (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation for households that have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period (7 CFR sections 272.10(b)(1)(iii) and 273.10(f) and (g)); and (3) generating data necessary to meet Federal issuance and reconciliation reporting requirements.

***Medicaid:***

State agencies must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost-effective safeguards are incorporated into new and existing systems. State agencies must perform risk analyses whenever significant system changes occur. State agencies shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures and personnel practices. The State agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

*Condition*

During our testwork over the District's ACEDS system during the financial statement audit, the following deficiencies were identified that relate to two (2) different special tests required when auditing the SNAP program and the Medicaid program in accordance with OMB Circular A-133:

1. We noted two (2) infrastructure changes to the ACEDS system were implemented into production without prior approval from the Office of the Chief Technology Officer (OCTO) Change Advisory Board (CAB). These changes resulted in temporary service outages to District of Columbia (DC) Government IT networks and systems.
2. Management has not updated its policy that defines the minimum password configuration requirements for DCIT systems in over six years. Further, inquiry and inspection procedures performed during the audit indicate that the policy was not effectively communicated to responsible personnel.

3. During our testwork over the application program changes for ACEDS, we noted the following:
  - a. For 8 of 14 changes sampled in which a change request number has not been noted within the description of the change, documentation of authorization prior to migration to production could not be provided by management.
  - b. For 6 of 14 changes sampled in which a change request number has been noted within the description of the change, the documentation provided did not correspond to the specific production programs selected for testing. As a result, we were unable to map the modified programs to the specific Change Control Forms evidencing approval for those changes.
  - c. For all 14 changes sampled, documentation supporting the testing procedures performed (e.g., test scripts, test plans, and test results) were not maintained.
4. Management does not periodically review physical access to the OCTO Data Center 1 (ODC1) and Data Center 2 (ODC2) facilities, which host the SOAR, TAS, PeopleSoft, PASS, ACEDS, DOCS, and DUTAS applications.
5. Developers were granted inappropriate levels of access to migrate changed ACEDS program code into production without any preventative impedance provided by other change-mitigating controls placed into operation by management.
6. Management does not have a formalized process in place for monitoring the generic mainframe account PC911, which has been granted elevated access to make changes to ACEDS production programs in emergency situations. This account can be utilized on a temporary basis by individuals who can authorize and implement emergency program changes in the production environment.
7. Management has not instituted a formalized process to periodically review access to update and install mainframe database system software. As a result, we noted instances in which such access was not assigned based on least privilege and need-to-know security concepts.
8. Control deficiencies over the process for making changes to eligibility determination tables within ACEDS.
9. Control deficiencies in the area of physical access to the hardware maintaining the ACEDS system.
10. We compared a list of separated employees for the period of October 1, 2009 through September 8, 2010, with an ACEDS access list generated on August 30, 2010, and identified 12 active accounts with mainframe and application access that belonged to individuals who no longer worked for the District. During procedures performed to evaluate the impact of this access, we noted that none of the 12 accounts had a logon date after the date of separation from the District.
11. Management does not periodically review ACEDS application access to ensure that user access permissions remain commensurate with employee job responsibilities.

12. One (1) of the 4 ACEDS application developers had administrative privileges to the production database that supports the ACEDS application.

*Cause*

The instances identified above, indicative of a lack of appropriate internal control over physical access, data security, change control, etc., are due to both a lack of appropriate controls in place and a failure to adhere to existing District control procedures.

*Effect*

The control deficiencies identified could lead to inaccuracies and incomplete data related to SNAP/Medicaid benefits and noncompliance with Federal regulations.

*Recommendation*

We recommend DHS, IMA, and the Division of Information Systems of the District work to remediate the control deficiencies noted to ensure the District's ADP System operates in a properly controlled environment and to help ensure complete and accurate case file data, proper operation, and compliance with Federal regulations.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

See management's response to finding 2010-01.

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Findings 2010-11 is not used.

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<b><i>Finding Number</i></b>	<b>2010-12</b>
<b><i>Federal Program</i></b>	<b>Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)</b>
<b><i>Federal Award Number</i></b>	<b>2010IN109941 (10/1/09-9/30/10) 2010IN202041 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Program Income</b>

*Criteria*

7 CFR 3016.26 Program Income indicates:

(g) Use of program income. Program income shall be deducted from outlays that may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives).

*Condition*

While performing Program Income compliance testwork over the FY2010 Child Nutrition Cluster, we determined:

- The cafeteria sales deposit for the month of December 2009 for \$76,380 was incorrectly recorded to the Food Services account instead of the Cafeteria Sales account.
- DCPS did not reconcile the Cash Transaction Journals per Websmart, the DCPS Point of Sale (POS) system used to record cafeteria sales transactions, to the actual bank amount deposited for the first six months of FY2010.
- For 12 of the 12 months reviewed, DCPS has unreconciled differences between Websmart and the actual bank amount deposited that aggregate \$95,628.

*Cause*

DCPS does not have adequately designed policies and procedures over the recording and reconciliation of Websmart Point of Sale transactions to the general ledger.

*Effect*

DCPS may not properly record cafeteria sales in the proper general ledger account.

*Recommendation*

We recommend that DCPS establish and implement policies and procedures to ensure that all sales recorded in Websmart have been properly recorded in the correct general ledger account and that DCPS reconcile Websmart to the general ledger monthly.

*Related Noncompliance*

None

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*Questioned Costs*

None

*Views of Responsible Officials*

DCPS concurs with the finding. FNS will retrain staff on POS procedures to ensure accurate recording of daily cash, as well as continue to provide alternate payment methods to move to a cashless environment and require greater accuracy and accountability over addressing reconciling items from the cash journal per Websmart to the bank deposits.

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<b><i>Finding Number</i></b>	<b>2010-13</b>
<b><i>Federal Program</i></b>	<b>Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)</b>
<b><i>Federal Award Number</i></b>	<b>2010IN109941 (10/1/09-9/30/10) 2010IN202041 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Verification of Free and Reduced Price Applications</b>

*Criteria*

Code of Federal Regulations title 7 Section 245.6 Application, eligibility, and certification of children for free and reduced price meals and free milk indicates:

(e) Recordkeeping. The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit.

*Condition*

FNS was unable to provide us with the final signed application form evidencing that the applications were properly authorized by FNS's designated certifying official for 93 out of the 95 applications selected for testing. In addition, we noted that FNS was unable to provide the Free and Reduced Lunch Application for one student, totaling \$538, of the 95 applications selected for testing, totaling \$6,009,188, in either electronic or hard copy format, to properly support the student's eligibility determination.

*Cause*

The final approved free and reduced price meal applications are not scanned into Websmart after being processed for eligibility. Further, management represented to us that turnover during FY2010 led to a lack of effective monitoring over the adequacy of the record-keeping procedures.

*Effect*

Student eligibility determinations may not be properly authorized or accurate.

*Recommendation*

We recommend that the system of filing and record keeping be updated to ensure that the final approved copies of free and reduced price meal applications can be retrieved from Websmart. In addition, we recommend that the DCPS Food and Nutrition Services Department adhere to its established policies and procedures to ensure that all free and reduced meal applications are properly reviewed and authorized by the appropriate certifying officials. The DCPS Food and Nutrition Services Department should also ensure that there are adequate personnel available to effectively implement established policies and procedures.

*Related Noncompliance*

Noncompliance

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*Questioned Costs*

\$538

*Views of Responsible Officials*

DCPS concurs with this finding. The FNS Director will issue a directive outlining and clarifying the review and approval steps to ensure that applications are signed by the certifying officer prior to being scanned and ensure that the document retention policies are updated to ensure easy access to copies of the applications as necessary.



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<b><i>Finding Number</i></b>	<b>2010-14</b>
<b><i>Federal Program</i></b>	<b>Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)</b>
<b><i>Federal Award Number</i></b>	<b>1DC700700 (10/1/09-9/30/12)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

OMB Circular A-87, attachment C (2) (a) states the following: “Where a grantee agency’s major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (1) classifying the grantee agency’s total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to individual Federal awards. The rate should be expressed as the percentage that the total amount of allowable indirect costs bears to the base selected. This method should also be used where a governmental unit’s department or agency has only one major function encompassing a number of individual projects or activities, and may be used where the level of Federal awards to that department or agency is relatively small.”

According to the Indirect Cost Rate Agreement between the District Department of Health (DoH) and the cognizant agency, DoH can only charge 50 percent of direct salaries and wages (including fringe benefits) as indirect cost to the program.

*Condition*

Indirect costs charged to the grant exceeded the amount allowed by the approved indirect cost rate agreement by \$303,280. The additional \$303,280 of indirect cost charged to the grant could not be supported by management.

*Cause*

Management is not adhering to existing policies and procedures to ensure that adequate management review is performed over indirect costs charged to the grant to ensure that the costs charged to the program are allowable and comply with the grant agreement.

*Effect*

The District did not comply with the allowable cost requirement as it relates to indirect cost for the WIC program.

*Recommendation*

We recommend that the District adhere to existing policies and procedures to ensure that indirect costs charged to the program are reviewed and compared to the indirect cost rate agreement and the grant agreement.

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*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$303,280

*Views of Responsible Officials*

Management does not concur with the facts of this finding. The Personnel Services expenditures Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) total \$1,005,247 for the fiscal year under review. Using the approved indirect cost rate of 46.5 percent, the total allowable IDCR expenditure is \$467,440. The financial system of record, SOAR, reflects that \$467,440 was charged as IDCR on the WIC grant.

*KPMG's Response*

We have read management's response and our finding remains as indicated.

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<b><i>Finding Number</i></b>	<b>2010-15</b>
<b><i>Federal Program</i></b>	<b>Supplemental Nutrition Program for Women, Infants, and Children (10.557)</b>
<b><i>Federal Award Number</i></b>	<b>IDC700700 (10/1/09-9/30/12)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

OMB Circular A-87 requires recipients of Federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a Federal program, and that the accounting treatment applied to those costs be consistently applied among the various Federal programs. Additionally, OMB Circular A-87, B8 (h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation that meets the standards outlined in B8 (h) (5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Such documentary support is required in a variety of circumstances such as when employees are assigned to work on multiple Federal award programs. When an employee is assigned to work solely on one Federal program or cost objective, certifications must be prepared at least semiannually certifying to this fact and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

*Condition*

For 4 payroll transactions, totaling \$7,143, of the 40 payroll transactions tested, totaling \$106,701, the employees' time sheets provided by management did not indicate the number of hours worked on the WIC program; the time sheets only indicated the total hours each employee worked during the payroll cycle, although the employees tested worked on multiple cost objectives. In addition, time and effort certifications were not properly performed in accordance with OMB Circular A-87 for the employees that work on multiple cost objectives.

*Cause*

Management indicated that payroll costs for its personnel are allocated in its PeopleSoft Human Resources/Payroll System based on budgeted percentages at the beginning of the year for what management believes will be the respective employee's level of effort for each cost objective. PeopleSoft calculates and reports payroll costs on the Labor Distribution Report (485 Report) for each employee based on the predetermined allocation for each payroll cycle. However, management did not perform the quarterly comparison of actual costs to the budgeted costs and make the necessary adjustment as required by OMB Circular A-87 B8 (h) when such method is used. In addition, time and effort certifications were not properly performed in accordance with OMB A-87 for the employees that work on multiple cost objectives.

*Effect*

The District is not compliant with the payroll cost documentation requirements of OMB Circular A-87.

*Recommendation*

We recommend that the District institute a monitoring control to ensure that the SNAP program adheres to existing policies and procedures regarding documentation of payroll costs.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

The current HR Payroll system documents split budget and accounting for all payroll for employees working on multiple grants and funding sources. DoH will enhance these existing controls to establish time distribution monitoring and random sampling to compare hours recorded in PeopleSoft and hours reported on time sheets by personnel assigned across multiple grants or cost objectives. DoH Time Distribution Sheets will be requested by DoH management and will be certified by the employee and responsible supervisor. DoH Human Resources will request and maintain all documentation for each payroll. DoH Office of Grants Management will routinely monitor implementation of this protocol.

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<b><i>Finding Number</i></b>	<b>2010-16</b>
<b><i>Federal Program</i></b>	<b>Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)</b>
<b><i>Federal Award Number</i></b>	<b>IDC700700 (10/1/09-9/30/12)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

The CMIA agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be followed when requesting Federal funds. The agreement requires the following:

- a) Reimbursements for nonpayroll disbursements require the use of the average clearance funding technique and a clearance pattern of seven (7) days; the amount of the requests shall be the exact amount of funds disbursed.
- b) Reimbursement for payroll expenditures require the use of the modified average clearance funding technique and a clearance pattern of 0 days; the amount of the request shall be for the exact amount of funds disbursed.

*Condition*

For 3 expenditures, totaling \$166,756, of 95 expenditures tested, totaling \$9,706,455, management could not provide information to support when the drawdown requests for the expenditures were made. Dates shown on the CMIA report provided by management indicate that the drawdown requests were made before the District disbursed the funds.

*Cause*

The District is not consistently adhering to the established policies and procedures over cash management requirements to ensure that drawdown requests were only submitted for expenditures that were already paid.

*Effect*

Management did not comply with the provisions of the CMIA agreement, resulting in noncompliance.

*Recommendation*

We recommend that the District institute a monitoring control to periodically review documentation supporting cash drawdowns to ensure that it adheres to its established policies and procedures consistent with the CMIA agreement funding techniques.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

The NPS expenditures in question (VO682938, VO682943, and VO682949) were all paid on 4/21/2010 and drawn on 4/30/2010 DA10WC17 and not DA10WC15, a clearance pattern of 7 business days. Draw DA10WC15 was for food and PS expenditures only; no NPS expenditures were drawn. No NPS was drawn, because the prior week's draw of \$52,437.39 (#DA10WC14) included accrued PS expenditures. The accruals, which were reversed after this draw was done but before draw DA10WC15, resulted in a negative draw total of \$49,443.85 for DA10WC15. Because of this negative amount, no NPS expenditures were drawn; only expenditures for food and PS were drawn.

*KPMG's Response*

We have read management's response and our finding remains as indicated.

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<b><i>Finding Number</i></b>	<b>2010-17</b>
<b><i>Federal Program</i></b>	<b>Supplemental Nutrition Program for Women, Infants, and Children (10.557)</b>
<b><i>Federal Award Number</i></b>	<b>IDC700700 (10/1/09-9/30/12)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Procurement</b>

*Criteria*

The DC Procurement Practices Act of 1985 and section ST§ 2-303 of the District's procurement policies manual requires a competitive bidding process for its contracts unless the Director of Procurement or the Director's designee determines in writing that noncompetitive negotiation should be used because one of the following conditions exists:

- There is only one (1) source for the required commodity, service, or construction item.
- The contract is for the purchase of real property or interests in real property.
- The contract is with a vendor who maintains a price agreement or schedule with any Federal agency, so long as no contract executed under this provision authorizes a price higher than is contained in the contract between the Federal agency and the vendor.
- The contract is with a vendor who agrees to adopt the same pricing schedule for the same services or goods as that of a vendor who maintains a price agreement or schedule with any Federal agency, if no contract executed under this paragraph authorizes a price higher than is contained in the contract between the Federal agency and the vendor.
- Contracts for the purchase of commodities, supplies, equipment, or construction services that would ordinarily be purchased on a competitive basis when an emergency has been declared pursuant to § 2-303.12.

*Condition*

For 3 nonsubrecipient contracts/purchase orders, totaling \$350,920, of 20 nonsubrecipient contracts/purchase orders tested, totaling \$5,344,722, the Office of Contracts and Procurement (OCP) could not provide the procurement files to test for the program's compliance with the procurement requirements.

*Cause*

The District is not adhering to its existing policies and procedures to maintain documentation supporting procurement transactions.

*Effect*

The District did not comply with the requirements with regard to the procurement activities for the HIV Care Formula Program.

*Recommendation*

We recommend that the District adhere to its existing policies and procedures regarding maintenance of supporting documentation for procurement transactions.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$350,920

*Views of Responsible Officials*

Thematically, the deficiencies cited in this single audit closely mirror issues reported in the FY2010 Comprehensive Annual Financial Review (CAFR). For the record, our commitment to following through on our remediation action plans remains unchanged. These cited deficiencies are correctable through the same activities defined through the CAFR, which are currently in progress.

On that note, since May 14, 2011, this administration has:

1. Delivered an agency-wide CAFR debrief to all staff and shared lessons learned and remediation action steps with both OCP-dependent and independent agencies with stand-alone procurement operations;
2. Distributed an official memo to Contracting Officers reiterating their responsibilities for maintaining complete and accurate contract files, and the consequences (penalties) for any failures to comply identified through audits and other means, which includes loss of delegated authority, suspension, and/or termination; and
3. Taken the initiative to strengthen the coordination of system upgrades and modifications to our PASS modules through Service Level Agreements (SLAs) and official Change Control procedures, which will facilitate robust electronic contract file management.



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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-18</b>
<b><i>Federal Program</i></b>	<b>Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)</b>
<b><i>Federal Award Number</i></b>	<b>IDC700700 (10/1/09-9/30/12)</b>
<b><i>Federal Agency</i></b>	<b>Agriculture</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

Per 7 CFR (Code of Federal Regulations) section 246.25(b), State agencies are required to submit financial and program performance data on a monthly basis, as specified by the FNS, to support program management and funding decisions. Such information must include, but may not be limited to, actual and projected participation and actual and projected food funds expenditure.

*Condition*

Management did not have adequate controls in place to ensure the accuracy of the financial information recorded on the FNS-798, *WIC Financial Management and Participation Report (OMB No. 0584-0045)*, and submitted to the cognizant agency.

Specifically, the amounts reported on the FNS-798 are not supported by accounting transaction recorded in the general ledger (SOAR). The food costs reported on the report is based on the food cost recorded in the CARES system. However, management uses the bank statements for the food instruments redeemed to record the cost in the general ledger without performing reconciliation between the bank statements and the costs recorded in the CARES system. This caused a difference of \$571k between the food costs recorded in the general ledger and the food cost recorded on the FNS-798. In addition, the report included an indirect cost of \$112k that was not initially included in the SEFA.

*Cause*

There is a lack of policies and procedures over the recording of food costs and preparation and review of the FNS-798 report to ensure compliance with the reporting requirements. Management does not perform periodic reconciliations over the food costs recorded in the general ledger and food costs recorded in the CARES system.

*Effect*

The District did not comply with the reporting requirements as required by 7 CFR section 246.26(b).

*Recommendation*

We recommend that management establish policies and procedures to ensure that the financial information reported on the FNS-798 is supported by amounts in the general ledger. These procedures should include periodic reconciliation between the food costs recorded on the general ledger and the food costs recorded in the CARES system.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The food portion of the FNS-798 is a program report that is based on issuance as required by the USDA. The GL report, on the other hand, is based on redemption for that month per the bank statement. The monthly issuance and redemption reports are never the same because of the timing difference. The program staff has a three-month window to report all issuance and redemptions for a particular month regardless of the month in which it was redeemed. The expense (GL) data, however, is based on redemptions, not issuance.

At the end of the fiscal year, the program prepared the closeout (final) FNS-798 report (due in February 2011) that covered the period from October 2009 to September 2010 and captures all the expenditures, rebates, and redemptions through September 2010. The SEFA report covers up to month 13, which closed in December 2010 and does not capture any FNS data updated after month 13 closed but before the final FNS was produced. The fourth quarter IDCR was inadvertently removed from the SEFA report by management. Effective FY2011, management will reconcile the FNS-798 with SOAR on a quarterly basis. The CMIA agreement will be modified to acknowledge that the FNS-798 data is based on issuance, while the SOAR data is based on redemptions, and as such, a disparity will exist between the data in the FNS-798 versus SOAR.

*KPMG's Response*

We have read management's response and our finding remains as indicated.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-19</b>
<b><i>Federal Program</i></b>	<b>Community Development Block Grant (CDBG) (14.218, 14.253)</b>
<b><i>Federal Award Number</i></b>	<b>B09-MC-11-0001(10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development (DHCD)</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

OMB Circular A-87 requires recipients of Federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a Federal program, and that the accounting treatment applied to those costs be consistently applied among the various Federal programs. Additionally, OMB Circular A-87, B8 (h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation that meets the standards outlined in B8 (h) (5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Such documentary support is required in a variety of circumstances, such as when employees are assigned to work on multiple Federal award programs. When an employee is assigned to work solely on one Federal program or cost objective, certifications must be prepared at least semiannually certifying to this fact and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

*Condition*

For 40 of 40 payroll transactions, totaling \$63,433, the employees' time sheets provided by management did not indicate the number of hours worked on CDBG; the time sheets only indicated the total hours worked during the payroll cycle, although the employees tested worked on multiple cost objectives. In addition, time and effort certifications were not properly performed in accordance with OMB A-87. Management was subsequently able to provide signed certifications that the selected employee worked solely on the CDBG program for the applicable six-month period.

*Cause*

Management stated that payroll costs for administrative personnel are allocated in its in-house PeopleSoft Human Resources/Payroll System based on budgeted percentages at the beginning of the year for what management believes will be the respective employee's level of effort for each cost objective. However, management did not perform a periodic comparison of actual costs to the budgeted costs and make the necessary adjustment as required by OMB Circular A-87 B8 (h) when such method is used.

For employees that work directly on the program, management stated that the employees record the actual time spent on each grant in PeopleSoft to generate the 485 Report. However, management could not provide the PeopleSoft time sheets showing such allocation. Instead, manual time sheets were provided, which only show the total hours each employee worked during the pay cycle. In addition, time and effort certifications were not properly performed in accordance with OMB A-87.

*Effect*

The District is not in compliance with the payroll documentation requirements of OMB Circular A-87.

*Recommendation*

DHCD should modify its existing policies and procedures to ensure that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers is supported by personnel activity reports or equivalent documentation as set forth in OMB Circular A-87.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

DHCD management agrees with the facts in this finding. DHCD management will ensure the agency maintains the following standards in accordance with OMB Circular A-87:

- 1) Maintain effective controls over the recording and claiming of reimbursement of costs related to a Federal program;
- 2) Executive certifications at least semiannually for employees that are assigned to work solely on one Federal program or cost objective; and
- 3) Ensure that documentation substantiating the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers are supported by personnel activity reports or equivalent documentation.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-20</b>
<b><i>Federal Program</i></b>	<b>Community Development Block Grant (14.218, 14.253)</b>
<b><i>Federal Award Number</i></b>	<b>B09-MC-11-0001(10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development</b>
<b><i>Compliance Requirement</i></b>	<b>Earmarking</b>

*Criteria*

According to 24 CFR sections 570.200(a)(3) and 570.208(a), not less than 70 percent of the funds must be used over a period of up to three (3) years for activities that benefit low- and moderate-income persons. In addition, according to 24 CFR sections 570.201(e), the amount of CDBG funds obligated during the program year for public services must not exceed 15 percent of the grant amount received for that year plus 15 percent of the program income it received during the preceding program year.

Also, 24 CFR sections 570.205 and 570.206 (24 CFR section 570.200(g)) require that not more than 20 percent of the total CDBG grant, plus 20 percent of program income received during a program year, may be obligated during the year for activities that qualify as planning and administration.

*Condition*

Management was not able to provide documented evidence of periodic review of grant financial status and the reconciliation of budget to actual comparison to track the programs' compliance with earmarking requirements. In addition, management relies on the information reported in HUD's Integrated Disbursement and Information System (IDIS) reports to determine how much administrative cost it has charged to the grant instead of using the general ledger (SOAR).

*Cause*

Management is not adhering to existing policies and procedures over monitoring the earmarking requirements for the CDBG program.

*Effect*

Failure to adhere to existing controls could lead to noncompliance with the earmarking requirements.

*Recommendation*

We recommend that management implement monitoring controls to ensure that CDBG adheres to existing policies and procedures to ensure that periodic reviews of earmarking calculations are performed to ensure the program's compliance with the requirements. Management should maintain evidence that the review is performed.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

We concur with this finding. DHCD will implement proper controls, including periodic review of earmarking calculations, to ensure the program's compliance with the earmarking requirements. Management will also implement policies and procedures to require the review to be documented.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-21</b>
<b><i>Federal Program</i></b>	<b>Community Development Block Grant (14.218, 14.253)</b>
<b><i>Federal Award Number</i></b>	<b>B09-MC-11-0001(10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

We determined that the first quarter Federal Financial Report (SF-425) submitted to the U.S. Department of Housing and Urban Development (HUD) was not properly supported as it contained mathematical errors. Also, the report included CDBG ARRA funds that should have been reported separately.

*Cause*

Adequate review was not performed on the financial report to ensure that the financial reports submitted to HUD are complete and accurate.

*Effect*

The District did not comply with the reporting requirements for the CDBG program.

*Recommendation*

We recommend that the District implement a monitoring control to ensure that DHCD adheres to its existing policies and procedures requiring a proper review of the reports submitted.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

We concur with this finding. DHCD will implement controls including proper review of the reports submitted to the cognizant agency to ensure that they include accurate financial information.

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<b><i>Finding Number</i></b>	<b>2010-22</b>
<b><i>Federal Program</i></b>	<b>Home Investments Partnership Program (14.239)</b>
<b><i>Federal Award Number</i></b>	<b>M09-SG-11-0100 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

OMB Circular A-87 requires recipients of Federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a Federal program, and that the accounting treatment applied to those costs be consistently applied among the various Federal programs. Additionally, OMB Circular A-87, B8 (h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation that meets the standards outlined in B8 (h) (5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Such documentary support is required in a variety of circumstances, such as when employees are assigned to work on multiple Federal award programs. When an employee is assigned to work solely on one Federal program or cost objective, certifications must be prepared at least semiannually certifying to this fact, and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

*Condition*

For 40 of 40 payroll transactions, totaling \$33,964, the employees' time sheets provided by management did not indicate the number of hours worked on the HOME grant; the time sheets only indicated the total hours worked during the payroll cycle, although the employees tested worked on multiple cost objectives. In addition, time and effort certifications were not properly performed in accordance with OMB A-87. Management was subsequently able to provide signed certifications that the selected employee worked solely on the CDBG program for the applicable six-month period.

*Cause*

Management stated that payroll costs for administrative personnel are allocated in its in-house PeopleSoft Human Resources/Payroll System based on budgeted percentages at the beginning of the year for what management believes will be the respective employee's level of effort for each cost objective. However, management did not perform a periodic comparison of actual costs to the budgeted costs and make the necessary adjustment as required by OMB Circular A-87 B8 (h) when such method is used.

For employees that work directly on the program, management stated that the employees record the actual time spent on each grant in PeopleSoft to generate the 485 Report. However, management could not provide the PeopleSoft time sheets showing such allocation. Instead, manual time sheets were provided that only show the total hours each employee worked during the pay cycle. In addition, time and effort certifications were not properly performed in accordance with OMB A-87.

*Effect*

The District is not in compliance with the payroll documentation requirements of OMB Circular A-87.



*Recommendation*

DHCD should modify its existing policies and procedures to ensure that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers is supported by personnel activity reports or equivalent documentation as set forth in OMB Circular A-87.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

DHCD management agrees with the facts in this finding. DHCD management will ensure the agency maintains the following standards in accordance with OMB Circular A-87:

- 1) Maintain effective controls over the recording and claiming of reimbursement of costs related to a Federal program;
- 2) Perform executive certifications at least semiannually for employees that are assigned to work solely on one Federal program or cost objective; and
- 3) Ensure that documentation substantiating the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers are supported by personnel activity reports or equivalent documentation.

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<b><i>Finding Number</i></b>	<b>2010-23</b>
<b><i>Federal Program</i></b>	<b>HOME Investment Partnerships Program (14.239)</b>
<b><i>Federal Award Number</i></b>	<b>M09-SG-11-0100 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development</b>
<b><i>Compliance Requirement</i></b>	<b>Matching, Earmarking</b>

*Criteria*

According to 24 CFR sections 92.218 through 92.220, 92.222, and 92.508, each participating jurisdiction is required to provide eligible matching contributions of 25 percent of HOME funds drawn down during the fiscal year.

Also, 24 CFR section 92.207 requires a participating jurisdiction to expend an amount of HOME funds that is not more than 10 percent of the fiscal year HOME basic formula allocation for its HOME administrative and planning costs plus any funds received in accordance with 24 CFR section 92.102(b) to meet or exceed threshold requirements.

*Condition*

Management was not able to provide documented evidence of periodic review of grant financial status and the reconciliation of budget to actual comparison to track the program's compliance with matching and earmarking requirements. Also, management calculated the matching and earmarking requirement using an incorrect basis at year-end. For matching, management used the grant award amount as a basis to calculate the matching requirement instead of using the total expenditures or drawdown amount for the year. For earmarking, management used grant award as the basis for calculating the requirement for administrative charges instead of using total direct costs.

*Cause*

Management is not adhering to existing policies and procedures over monitoring the matching and earmarking requirements for the HOME program.

*Effect*

Failure to adhere to existing controls could lead to noncompliance with the matching and earmarking requirements.

*Recommendation*

We recommend that management implement monitoring controls to ensure that HOME adheres to existing policies and procedures to ensure that periodic reviews of matching and earmarking calculations are performed to ensure the program's compliance with the matching and earmarking requirements. Management should maintain evidence that the review is performed.

*Related Noncompliance*

None

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*Questioned Costs*

None

*Views of Responsible Officials*

We concur with this finding. DHCD management will implement proper controls, including periodic review of matching and earmarking calculations, to ensure the program's compliance with the matching and earmarking requirements. Management will implement policies and procedures to require the review to be documented.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-24</b>
<b><i>Federal Program</i></b>	<b>Home Investment Partnerships Program (14.239)</b>
<b><i>Federal Award Number</i></b>	<b>M09-SG-11-0100 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development</b>
<b><i>Compliance Requirement</i></b>	<b>Program Income</b>

*Criteria*

Regulation 24 CFR Part 92.503 (b)(3) states that HOME funds disbursed from the participating jurisdiction's HOME Investment Trust Fund Treasury account must be repaid to the Treasury account, and HOME funds disbursed from the participating jurisdiction's HOME Investment Trust Fund local account must be repaid to the local HOME account.

*Condition*

For 1 program income transaction, totaling \$127,968, out of 15 program income transactions selected, totaling \$1,189,721, we determined that management received a repayment related to the Community Development Block Grant, but incorrectly credited the funds to the HOME program.

*Cause*

Management did not perform an appropriate review of repayments to ensure that they are properly supported and recorded in the proper program.

*Effect*

The District did not comply with the requirements of program income as outlined in 24 CFR Part 92.

*Recommendation*

We recommend that the District institute a monitoring control to ensure that DHCD adheres to its existing policies and procedures to ensure that program income recorded for the HOME program is accurate, supported, and is recorded in the proper program.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$127,968

*Views of Responsible Officials*

We concur with this finding. DHCD program management will implement controls to ensure that program income recorded for the HOME program is accurate, is supported, and recorded to the proper program.

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<b><i>Finding Number</i></b>	<b>2010-25</b>
<b><i>Federal Program</i></b>	<b>HOME Investments Partnership Program (14.239)</b>
<b><i>Federal Award Number</i></b>	<b>M09-SG-11-0100 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Drawdowns of HOME Funds</b>

*Criteria*

Regulation 24 CFR Part 92.502 requires jurisdictions participating in the HOME program to maintain payment certifications each time a drawdown of funds is made. Any drawdown of HOME funds from the United States Treasury account is conditioned upon the provision of satisfactory information by the participating jurisdiction about the project or tenant-based rental assistance and compliance with other procedures, as specified by HUD.

*Condition*

For 4 of 4 drawdown transactions tested, totaling \$395,737, management did not maintain payment certifications as required by 24 CFR section 92.502.

*Cause*

DHCD was unaware of the requirement to maintain payment certifications supporting the drawdown requests.

*Effect*

DHCD is not in compliance with the cash management requirements of its grant agreement.

*Recommendation*

We recommend that DHCD develop policies and procedures to maintain documentation, including payment certifications, supporting the cash drawdowns.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

We concur with this finding. DHCD does have controls to ensure that payment certifications for drawdown of HOME funds are maintained to support the amounts disbursed. However, it should be noted that the certification is performed electronically via the HUD IDIS. Further, during the automated process for certification of and the actual drawdown transaction, IDIS does not allow/enable the user to proceed with such drawdown process unless the person actually executing the drawdown performs the electronic certification.

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The HUD IDIS system does not allow the user to move forward in the drawdown of funds process unless the “Electronic” certification button is clicked. In addition, the system does not provide the user with the capability to maintain a manual certification for file documentation and substantiation purposes; for example, the system does not provide the user with a “confirmation screen” that reflects the system’s certification in which the user may actually “print screen” in order to actually maintain a file copy certification in the manual format.

As this finding is based on 24 CFR Part 92.502, DHCD contends that the system tool provided by HUD for jurisdictions to execute financial transactions related to the Federal grant program does not appear to provide the capability for jurisdictions to actually apply this rule and comply with all portions of the requirement.

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<b><i>Finding Number</i></b>	<b>2010-26</b>
<b><i>Federal Program</i></b>	<b>HOME Investments Partnership Program (14.239)</b>
<b><i>Federal Award Number</i></b>	<b>M09-SG-11-0100 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Housing and Community Development</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Housing Quality Standards</b>

*Criteria*

During the period of affordability (i.e., the period for which the non-Federal entity must maintain subsidized housing), 24 CFR 92.504 requires the participating jurisdiction to perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every three years for projects containing 1 to 4 units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units.

*Condition*

For 13 annual inspections that were required during FY2010, management did not perform the site visit within the one-year time frame from the previous year site visit as required by 24 CFR 92.254. Management performed a site visit in both calendar years 2009 and 2010. However, the gap between the 2009 and 2010 visit exceeded one year (12-month period).

*Cause*

There is no monitoring control that tracks the time frame within which annual site visits are required to occur.

*Effect*

The District is not in compliance with the Housing Quality Standards inspection compliance requirement.

*Recommendation*

We recommend that the District institute a monitoring control to ensure that all on-site property inspections are completed within the required time frames.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

We concur with this finding. DHCD management will implement controls to ensure that the required site visits are made timely to comply with the housing quality standards for the HOME program.

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<b><i>Finding Number</i></b>	<b>2010-27</b>
<b><i>Federal Program</i></b>	<b>Housing Opportunities for Persons with AIDS (HOPWA) (14.241)</b>
<b><i>Federal Award Number</i></b>	<b>DCH09-F001 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

The CMIA agreement between the District of Columbia and the U.S. Department of the Treasury requires that established funding techniques be followed when requesting reimbursement of Federal funds. The agreement requires the following:

- a) Reimbursements for nonpayroll disbursements require the use of the average clearance funding technique and a clearance pattern of 7 days; the amount of the requests shall be the exact amount of funds disbursed.
- b) Reimbursement for payroll expenditures require the use of the modified average clearance funding technique and a clearance pattern of 0 days; the amount of the request shall be for the exact amount of funds disbursed.

*Condition*

The District was not in compliance with cash management policies as described in the CMIA agreement for the HOPWA program. Specifically, for 3 expenditures, totaling \$28,222, of 95 expenditures, totaling \$2,316,438, we determined that the District requested and received reimbursement before the District disbursed the funds.

*Cause*

The District is not consistently adhering to the established policies and procedures over cash management requirements to ensure that drawdown requests were only submitted for expenditures that were already paid.

*Effect*

The District did not comply with the provisions of the CMIA agreement, resulting in noncompliance.

*Recommendation*

We recommend that the District institute a monitoring control to periodically review documentation supporting cash drawdowns to ensure that it adheres to its established policies and procedures consistent with the CMIA agreement funding techniques.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable



*Views of Responsible Officials*

Management concurs with an explanation. Unlike other grants that are drawn weekly, HOPWA seeks reimbursement from Grantor (HUD) for nonpersonnel expenditures on a monthly basis. As a common rule, DoH seeks reimbursement for expenditures that are paid. Typically, HOPWA expenditures are paid, i.e., converted from an accrued expenditure to cash expenditure within five (5) days of being recorded in the District's Financial Management System (SOAR). The expenditures in question were recorded in SOAR as accrued expenditures on July 2 and July 8. Allowing for the typical clearance pattern, the fact that drawdowns are done monthly and that the reimbursement request that was sent to the Program on July 14 included these expenditures, the DoH OCFO assumed that the cash expenditure would be realized and, as such, included this on the reimbursement request approved by HUD on July 22, 2010. Unfortunately, these expenditures were not paid until July 31, 2010. To avoid this, DoH will only request reimbursement for expenditures that are supported by check numbers.

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<b><i>Finding Number</i></b>	<b>2010-28</b>
<b><i>Federal Program</i></b>	<b>Housing Opportunity for Persons with AIDS (14.241)</b>
<b><i>Federal Award Number</i></b>	<b>DCH09-F001 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Level of Effort</b>

*Criteria*

Regulation 24 CFR section 574.400 states that the amounts received from grants under this program may not be used to replace other amounts made available or designated by State or local governments through appropriations to be used to carry out the purposes of this program.

Also, 24 CFR section 574.300(b)(10)(i)–(ii) requires each grantee to use not more than 3 percent of the grant amount for its own administrative costs relating to administering grant amounts and allocating such amounts to project sponsors (subrecipients).

*Condition*

Management was not able to provide documented evidence of periodic review of grant financial status and the reconciliation of budget to actual comparison to track the program's compliance with the level of effort requirement.

*Cause*

The District has not implemented a policy or procedure requiring that documentation of management review regarding periodic monitoring of compliance with the grant requirements for level of effort be maintained.

*Effect*

Lack of adequate controls could lead to noncompliance with the level of effort requirements.

*Recommendation*

We recommend that the District implement policies and procedures requiring documentation of management review of the level of effort calculation be maintained.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

DoH does not concur. The HOPWA grant has no requirement for earmarking, match, or maintenance of effort.

*KPMG's Response*

We have read management's response and our finding remains as indicated. The OMB Compliance Supplement and 24 CFR part 91 requires grantees to maintain a certain level of effort and has earmarking requirements. The grant agreement also references the CFR.

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<b><i>Finding Number</i></b>	<b>2010-29</b>
<b><i>Federal Program</i></b>	<b>Housing Opportunities for Persons with AIDS (14.241)</b>
<b><i>Federal Award Number</i></b>	<b>DCH09-F001 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Housing and Urban Development</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

Regulation 24 CFR section 574.520 and 24 CFR part 91 requires grantees to submit to HUD annually a report describing the use of the amounts received, including the number of individuals assisted, the types of assistance provided, and any other information that HUD may require. Annual reports are required until all grant funds are expended.

*Condition*

Financial information reported in part 3 of the HUD-40110-D, Consolidated Annual Performance and Evaluation Report (CAPER), was not recorded accurately and completely, and it was not checked for arithmetic accuracy or reviewed. There was an unreconciled difference of approximately \$5,000 between the expenditures on the report and the amount recorded on the SEFA. Also, the detailed breakdown of the expenditure categories reported could not be accurately traced to the supporting documentation provided by management.

*Cause*

The report is not properly reviewed to ensure that the financial information is accurate and properly supported.

*Effect*

The District did not comply with the reporting requirements for the HOPWA program.

*Recommendation*

We recommend that management adhere to existing policies and procedures to ensure adequate review of the CAPER to ensure the program's compliance with the reporting requirements, including the maintenance of documentation supporting the amounts presented on the CAPER.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

DoH concurs that the report did not include a "TOTAL" amount and, thus, was incomplete. HUD has reimbursed these expenditures, and this is confirmed with the required HUD reporting system (IDIS).

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DoH will implement measures to ensure that the report is properly footed with documentation of review by supervisory personnel.

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<b><i>Finding Number</i></b>	<b>2010-30</b>
<b><i>Federal Program</i></b>	<b>Unemployment Insurance (17.225)</b>
<b><i>Federal Award Number</i></b>	<b>UI-19575-10-55-A-11 (10/1/09-9/30/10) UI-18013-09-55-A-11 (10/1/09-9/30/09)</b>
<b><i>Federal Agency</i></b>	<b>Labor</b>
<b><i>District Department</i></b>	<b>Employment Services</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

According to OMB Circular A-87 relating to compensation personal services:

“g. *Severance pay*

- (1) *Payments in addition to regular salaries and wages made to workers whose employment is being terminated are allowable to the extent that, in each case, they are required by (a) law, (b) employer-employee agreement, or (c) established written policy.*
- (2) *Severance payments (but not accruals) associated with normal turnover are allowable. Such payments shall be allocated to all activities of the governmental unit as an indirect cost.*
- (3) *Abnormal or mass severance pay will be considered on a case-by-case basis and is allowable only if approved by the cognizant Federal agency.”*

*Condition*

We identified a \$25,000 incentive payment made to a voluntary retiree.

*Cause*

The District incorrectly determined that an early retirement incentive payment was allowable under OMB Circular A-87 without preapproval by the cognizant Federal agency.

*Effect*

By failing to obtain preapproval, the District charged an unallowable cost to the grant.

*Recommendation*

The District should consult OMB Circular A-87 to determine that a nonroutine transaction cost may be charged to a Federal award program prior to recording the transaction in the general ledger.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

\$25,000

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*Views of Responsible Officials*

The Department of Employment Services (DOES) uses a time distribution system (FARS) to allocate cost to benefiting programs, and the system is approved by the Department of Labor (DoL). DOES also submits a cost allocation each year to the Division of Cost Determination at DoL and obtains an annual certification. Therefore, we believe that special approval to charge abnormal or severance payments to the benefiting program is not required. Former Circular A-87 did not note a specific requirement for advance approval, but did require that, for claiming such costs, all costs be allocable to the benefiting Federal programs. The employee in question was 100 percent unemployment insurance program funded.

*KPMG Response*

We have read management's response, and our finding remains as indicated.

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<b><i>Finding Number</i></b>	<b>2010-31</b>
<b><i>Federal Program</i></b>	<b>Unemployment Insurance (17.225)</b>
<b><i>Federal Award Number</i></b>	<b>UI-19575-10-55-A-11 (10/1/09-9/30/10) UI-18013-09-55-A-11 (10/1/09-9/30/09)</b>
<b><i>Federal Agency</i></b>	<b>Labor</b>
<b><i>District Department</i></b>	<b>Employment Services</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

Federal regulations require that the District maintain records such that the auditor can “*determine whether required eligibility determinations were made (including obtaining any required documentation/verifications) that individual program participants or groups of participants (including area of service delivery) were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program.*”

*Condition*

We determined that 2 out of 65 claimant certifications, in the amounts of \$11,254 and \$67,721, were not available for review.

*Cause*

The District failed to adhere to its policies and procedures requiring that it administer an adequate record-keeping system to ensure that all claimant information is maintained.

*Effect*

Federal funds may be disbursed to ineligible claimants.

*Recommendation*

We recommend that the District establish a monitoring control to periodically verify that DOES is adhering to its existing policies and procedures to maintain adequate claimant records.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

\$11,254

*Views of Responsible Officials*

DOES has established a system for monitoring the complete documentation of each claimant file to ensure that all supporting documentation is in the file.



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<b><i>Finding Number</i></b>	<b>2010-32</b>
<b><i>Federal Program</i></b>	<b>Unemployment Insurance (17.225)</b>
<b><i>Federal Award Number</i></b>	<b><i>UI-19575-10-55-A-11 (10/1/09-9/30/10)</i></b> <b><i>UI-18013-09-55-A-11 (10/1/09-9/30/09)</i></b>
<b><i>Federal Agency</i></b>	<b>Labor</b>
<b><i>District Department</i></b>	<b>Employment Services</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

According to 45 Code of Federal Regulations (CFR) Part 92.20(b) (2), *Accounting records*, “grantees and sub-grantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.”

*Condition*

We noted the following conditions during our testwork over the financial reporting compliance requirement:

- District employees rely heavily on third-party contractors to gather the data from DUTAS and DOCS used in the Unemployment Insurance financial reports, specifically for the following reports:
  - ETA 581, *Contribution Operations (OMB No. 1205-0178)*
  - ETA 191, *Financial Status of UCFE/UCX (OMB No 1205-0162)*
  - ETA 227, *Overpayment Detection and Recovery Activities (OMB No. 1205-0162)*
- The District did not maintain an audit trail to support the amounts disclosed in the ETA 581 and ETA 227 reports
- The following reports are not being reviewed by a supervisor prior to being submitted to Department of Labor:
  - ETA 2112, *UI Financial Transaction Summary (OMB No. 1205-0154)*
  - ETA 581, *Contribution Operations (OMB No. 1205-0178)*
  - ETA 191, *Financial Status of UCFE/UCX (OMB No. 1205-0162)*
  - ETA 227, *Overpayment Detection and Recovery Activities (OMB No. 1205-0162)*
  - ETA UI3, *UI Contingency report – Special report.*
- The 9130 reports were not submitted timely for 2 out of 8 quarterly reports tested.

*Cause*

The District does not have resources that are trained to administer and monitor the report information pulled from the DUTAS and DOCS systems by the third-party contractors for use in financial reports. Further, the District does not maintain sufficient documentation to support amounts submitted in its financial reports to the DoL. Additionally, there are currently no controls in place to require reports to be

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reviewed by a supervisor prior to being submitted to the Department of Labor to ensure their accuracy and timely submission.

*Effect*

Failure to maintain appropriate control policies and procedures over reporting could allow unsupported amounts to be reported to the Federal government and has resulted in the untimely filing of required information.

*Recommendation*

The District should develop control policies and procedures over reporting to ensure that amounts reported to the Federal government on the required reports are adequately supported and provided timely. The District should also ensure that supporting documentation is maintained so that adequate management review can be performed prior to submission of the reports to the Federal government.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

The District will retain a screen shot of all the data used in all financial reports, which will be maintained with a copy of that report. Program personnel will review all financial reports prior to submission to the Federal government.

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<b><i>Finding Number</i></b>	<b>2010-33</b>
<b><i>Federal Program</i></b>	<b>Unemployment Insurance (17.225)</b>
<b><i>Federal Award Number</i></b>	<b>UI-19575-10-55-A-11 (10/1/09-9/30/10) UI-18013-09-55-A-11 (10/1/09-9/30/09)</b>
<b><i>Federal Agency</i></b>	<b>Labor</b>
<b><i>District Department</i></b>	<b>Employment Services</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – UI Benefit Payments</b>

*Criteria*

The Employment and Training Administration (ETA) Handbook 395, 4<sup>th</sup> edition, indicates: “*Completion of Cases and Timely Data Entry. Prompt completion of investigations is important to ensure the integrity of the information being collected by questioning claimant and employers before the passage of time adversely affects recollections. Prompt entry of associated data is necessary for both the State Workforce Agency and the Department of Labor to maintain current databases. Therefore, the following time limits are established for completion of all cases for the year. (The “year” includes all batches of weeks ending in the calendar year.):*

- *a minimum of 70 percent of cases must be completed within 60 days of the week ending date of the batch, and 95 percent of cases must be completed within 90 days of the week ending date of the batch; and*
- *a minimum of 98 percent of cases for the year must be completed within 120 days of the ending date of the calendar year.*

*A case is complete when the investigation has been concluded as required, all official actions for the Key Week (except appeals) have been completed, the supervisor has signed off, and the results have been entered into the computer.”*

*Condition*

During our testwork over the special tests and provisions compliance requirement relating to the benefits accuracy measurement (BAM), we determined that, for 29 out of 65 beneficiary files tested, there was no evidence that the BAM had been properly reviewed by a supervisor.

*Cause*

The District does not follow its existing control procedures relating to the review of the BAM.

*Effect*

Ineffective controls may fail to prevent and detect noncompliance with the BAM requirements.

*Recommendation*

The District should institute a monitoring control requiring a periodic review of BAM approvals to ensure that all beneficiary files are being properly reviewed by a supervisor.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

The District does not concur with this finding. Reviews of BAM cases are optional. The DoL has determined that each jurisdiction is equipped to decide how many BAM investigations are subject to supervisory reviews each period. Additionally, this review is primarily to ensure that the functional requirements of a BAM audit are being met. Per Ann Maria Merena, UI Program Specialist, there is no formal requirement on supervisory review of BAM cases; it is not cited in the handbook. It is recommended that a supervisor review as many cases as they deem necessary to confirm that investigators are using correct coding and that they are following BAM methodology.

However, given this flexibility from the DoL, the District BAM Unit is now conducting supervisory reviews weekly. This was a decision made by new management as a way to give additional visibility to the quality of BAM investigations.

*KPMG Response*

We have read management's response, and our finding remains as indicated.

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<b><i>Finding Number</i></b>	<b>2010-34</b>
<b><i>Federal Program</i></b>	<b>Workforce Improvement Act (WIA) (17.258, 17.259, 17.260)</b>
<b><i>Federal Award Number</i></b>	<b>AA-20187-10-55-A-11 (10/1/09-9/30/10) AA-18632-09-55-A-11 (10/1/08-9/30/09) AA-17114-08-55-A-11 (10/1/07-9/30/08) AA-16021-07-55-A-11 (10/1/06-9/30/07)</b>
<b><i>Federal Agency</i></b>	<b>Labor</b>
<b><i>District Department</i></b>	<b>Employment Services</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

According to 20 CFR sections 663.240 and 663.310, “*Before receiving training services, an adult or dislocated worker must have received at least one intensive service, been determined to be unable to obtain or retain employment through intensive services, and met all of the following requirements:*

- a) *Had an interview, evaluation, or assessment and determined to be in need of training services and have the skills and qualifications to successfully complete the selected training program*
- b) *Selected a training service linked to the employment opportunities*
- c) *Was unable to obtain grant assistance from other sources, including other Federal programs, to pay the costs of the training”*

*Condition*

We determined that the eligibility determination for all WIA participants who do not receive any training was not required to be reviewed by a supervisor. Of the 33 applicants selected for testing, 12 had not received any training, and as such, their eligibility had not been reviewed by a supervisor.

We determined that the eligibility determination for 5 out of 32 Youth Program applicants had not been reviewed by either a Supervisor or the Quality Control Manager.

Finally, 19 of the 33 applicants for the WIA Adult and Dislocated Workers program tested were eligible to receive training services, but the evidence showing that the District verified that the training providers were eligible was insufficient.

*Cause*

For the WIA program for Adult and Dislocated Workers, the District does not require a supervisory review of the eligibility determination checklist when the applicant is not eligible for training services.

For the WIA Youth Program, the District failed to follow its established policies and procedures.

Finally, the District failed to follow its established policies and procedures to determine whether prospective participants have sought assistance from other sources prior to applying for benefits.

*Effect*

Failure to follow existing policies and procedures could result in unallowable costs being charged to the WIA programs.

*Recommendation*

The District should require the eligibility determination for all applications under the WIA program for Adult and Dislocated Workers to be reviewed by a supervisor, regardless of whether the applicant is eligible for training services or not.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$86,058

*Views of Responsible Officials*

The District has implemented the following corrective actions to ensure compliance with WIA regulations:

- The WIA Eligibility Checklist has been updated to include a subsection for financial assistance efforts (Pell Grants and other assistance).
- The review process for training participants includes a supervisory review at the career center (initial eligibility determination location) and a subsequent interoffice review by the program monitoring office for training participants. Nontraining participant's eligibility review includes a supervisory review and sign-off at the career center through Part I of the Eligibility Checklist.

The Office of Youth Programs has updated the Eligibility Checklist to include a space for three (3) different people to initial for approval: 1) certifier, 2) program supervisor, and 3) quality control unit. A copy of the form will be maintained in each participant file.

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<b>Finding Number</b>	<b>2010-35</b>
<b>Federal Program</b>	<b>Workforce Improvement Act (17.258, 17.259, 17.260)</b>
<b>Federal Award Number</b>	<b>AA-20187-10-55-A-11 (10/1/09-9/30/10)</b> <b>AA-18632-09-55-A-11 (10/1/08-9/30/09)</b> <b>AA-17114-08-55-A-11 (10/1/07-9/30/08)</b> <b>AA-16021-07-55-A-11 (10/1/06-9/30/07)</b>
<b>Federal Agency</b>	<b>Labor</b>
<b>District Department</b>	<b>Employment Services</b>
<b>Compliance Requirement</b>	<b>Procurement</b>

*Criteria*

According to **DC Code 1-204.51**, “Prior to the award of a multiyear contract or a contract in excess of \$1,000,000 during a 12-month period, the Mayor or executive independent agency or instrumentality shall submit the proposed contract to the Council for review and approval.”

Also, **DC Code 2-301.05(G)** states, “All contracts over a million dollars must go to the Office of the Attorney General (OAG) for a legal sufficiency review.

According to 27 DCMR, Chapter 12:

*1202.2 [1203.2] The documentation in each contract file maintained by the contract office shall be sufficient to constitute a complete history of the transaction for the following purposes:*

- a) Providing a complete background as a basis for informed decisions at each step of the procurement process;*
- b) Supporting actions taken;*
- c) Providing information for reviews and investigations; and*
- d) Furnishing essential facts in the event of litigation.*

*Condition*

We selected 65 expenditures, totaling \$844,306, and noted the following:

- The sole source determination form was not signed by the Contracting Officer for one (1) procurement.
- There was no documentation to show that a competitive bid occurred for two (2) procurements.
- There was no documentation supporting the rationale to limit competition for one (1) procurement.
- No contract was provided for review for 19 procurements, totaling \$182,161.
- The cost or price analysis was missing for one (1) procurement.
- There was no evidence that the District obtained a certification or checked the excluded party listing (EPLS) for 16 procurements.

*Cause*

The District did not consistently adhere to its existing policies and procedures over procurements.

*Effect*

The District is in noncompliance with the procurement compliance requirements.

*Recommendation*

We recommend that the District adhere to its existing policies and procedures over procurement. Further, we recommend that the District implement certain monitoring procedures to ensure that procurements are made in accordance with Federal compliance requirements.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$182,161

*Views of Responsible Officials*

Thematically, the deficiencies cited in this single audit closely mirror issues reported in the FY2010 Comprehensive Annual Financial Review (CAFR). For the record, our commitment to following through on our remediation action plans remains unchanged. These cited deficiencies are correctable through the same activities defined through the CAFR, which are currently in progress.

On that note, since May 14, 2011, this administration has:

1. Delivered an agency-wide CAFR debrief to all staff and shared lessons learned and remediation action steps with both OCP-dependent and independent agencies with stand-alone procurement operations;
2. Distributed an official memo to Contracting Officers reiterating their responsibilities for maintaining complete and accurate contract files, and the consequences (penalties) for any failures to comply identified through audits and other means, which includes loss of delegated authority, suspension, and/or termination; and
3. Taken the initiative to strengthen the coordination of system upgrades and modifications to our PASS modules through Service Level Agreements (SLAs) and official Change Control procedures, which will facilitate robust electronic contract file management.



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<b><i>Finding Number</i></b>	<b>2010-36</b>
<b><i>Federal Program</i></b>	<b>Workforce Improvement Act (17.258, 17.259, 17.260)</b>
<b><i>Federal Award Number</i></b>	<b>AA-20187-10-55-A-11 (10/1/09-9/30/10) AA-18632-09-55-A-11 (10/1/08-9/30/09) AA-17114-08-55-A-11 (10/1/07-9/30/08) AA-16021-07-55-A-11 (10/1/06-9/30/07)</b>
<b><i>Federal Agency</i></b>	<b>Labor</b>
<b><i>District Department</i></b>	<b>Employment Services</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

Under Federal regulations, “ETA-9130, *Financial Report (OMB No. 1205-0461)* – All ETA grantees are required to submit quarterly financial reports for each grant award they receive. Reports are required to be prepared using the specific format and instructions for the applicable program(s); in this case, *Workforce Investment Act* instructions for the following: *Statewide Adult; Workforce Statewide Youth; Statewide Dislocated Worker; Local Adult; Local Youth; and Local Dislocated Worker*. A separate ETA-9130 is submitted for each of these categories. Reports are due 45 days after the end of the reporting quarter.

*Condition*

We identified the following regarding the WIA report submission process:

- The following reports were not submitted timely:
  - *ETA-9130 report*: Five (5) out of 20 reports tested were not submitted timely.
  - *Section 1512 ARRA report*: Two (2) out of two (2) reports tested were not submitted timely.
  - *ETA-9149 report*: One (1) out of three (3) reports tested was not submitted in a timely manner.
- The following reports were not reviewed and approved prior to submission:
  - *Section 1512 ARRA report*: One (1) out of two (2) reports was not reviewed by an authorized DOES official.
  - *ETA-9091 report*: The annual report was not reviewed by someone other than the preparer.
- No supporting documentation was maintained for the data submitted for the following reports:
  - *ETA-9149 report*: Three (3) out of three (3) reports were not supported by summary data from the District’s system.
  - *ETA-9091 report*: The annual data reported was not supported by summary data from the District’s system.

*Cause*

The District has not developed adequate control policies and procedures over management review and maintenance of supporting documentation for its WIA grant reports.

*Effect*

Inadequate control over financial reporting to the Federal government could lead to unsupported and unreconciled costs being reported to the Federal government.

*Recommendation*

We recommend that the District establish appropriate control policies and procedures to ensure that all reports submitted to the Federal government are adequately supported and have undergone appropriate management review prior to submission.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The District will retain a screen shot of all of the data used in the financial reports, which will be maintained with a copy of that report. Program personnel will review all financial reports prior to submission to the Federal government.

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<b><i>Finding Number</i></b>	<b>2010-37</b>
<b><i>Federal Program</i></b>	<b>Highway Planning and Construction (20.205)</b>
<b><i>Federal Award Number</i></b>	<b>00-388-0940 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Transportation</b>
<b><i>District Department</i></b>	<b>Transportation</b>
<b><i>Compliance Requirement</i></b>	<b>Davis-Bacon Act</b>

*Criteria*

The Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DoL (40 USC 3141-3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)).

*Condition*

We identified the following:

- For 1 of the 40 payroll submissions selected, the contractor did not submit the certified payroll within the time line required by Davis-Bacon.
- For 3 of the 40 items, the District Department of Transportation (DDOT) was unable to provide either a certified payroll register or certified notice indicating that no work had been performed for the week by the contractor.
- For two (2) of the items selected, DDOT was unable to provide evidence that the contract specialist reviewed the submitted certified payroll report.

*Cause*

DDOT did not consistently adhere to its established policies and procedures to ensure that the contract specialists monitor contractor compliance with the Davis-Bacon Act.

*Effect*

If payroll registers from contractors are not provided to DDOT or are not adequately reviewed by DDOT, there is a possibility that if a contractor is not paying their employees the prevailing wages established by DoL, it will not be detected timely.

*Recommendation*

We recommend that the District institute a monitoring control to periodically review supporting documentation to ensure that DDOT adheres to its existing policies and procedures that the contracting specialists are properly monitoring Davis-Bacon requirements.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

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None

*Views of Responsible Officials*

DDOT has identified software that will supplement staff review of payrolls and force compliance by contractors. The system is offered as part of the agency's suite of software services through the American Association of State Transportation Officials and is currently in testing. When available, the system will be implemented by DDOT. The system will be operational by October 1, 2011.

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<b><i>Finding Number</i></b>	<b>2010-38</b>
<b><i>Federal Program</i></b>	<b>Title I (84.010, 84.389)</b>
<b><i>Federal Award Number</i></b>	<b>S010A090051A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

According to OMB A-87, *Cost Principles for State, Local and Indian Tribe Governments*, an employee who works solely on a single cost objective (i.e., the consolidated administrative cost objective) must furnish a semiannual certification that the employee has been engaged solely in activities. The certifications must be signed by the employee or a supervisory official having firsthand knowledge of the work performed by the employee in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3). An employee who works in part on a single cost objective (i.e., the consolidated administrative cost objective) and in part on a Federal program whose administrative funds have not been consolidated or on activities funded from other revenue sources must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraphs 8.h.(4), (5), and (6) documenting the portion of time and effort dedicated to (a) the single cost objective and (b) each program or other cost objective supported by nonconsolidated Federal funds or other revenue sources.

*Condition*

We selected a sample of 95 payroll expenditures, totaling \$990,340, out of total DCPS expenditures of \$28,233,179. For 14 of the 95 items tested, totaling \$151,816, DCPS incorrectly charged the employees' time to Title I when they did not perform services for Title I. DCPS subsequently reviewed payroll costs charged to Title I and identified a total of \$336,117 that was incorrectly charged to the program.

*Cause*

DCPS is not consistently adhering to its existing policies and procedures to ensure that adequate documentation of time and effort certifications for Title I teachers/staff are properly maintained in accordance with OMB Circular A-87. Further, DCPS is not sufficiently monitoring payroll costs charged to the program to identify improper payroll costs charged to the grant.

*Effect*

Without adequate policies and procedures to ensure sufficient documentation is maintained, DCPS could not validate employees' time and, therefore, is not compliant with the payroll allowability compliance requirement for Title I.

*Recommendation*

We recommend that the District institute a monitoring control to ensure that DCPS adheres to its existing policies and procedures over obtaining and maintaining the time and effort certifications for Title I program employees to ensure compliance with allowability compliance requirements. Further, we recommend an additional monitoring control over payroll costs charged to the grant in the aggregate to identify any unusual variances from expected payroll costs to be charged to the grant.

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*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$336,117

*Views of Responsible Officials*

DCPS concurs that ongoing and consistent application of its policies and procedures related to time and effort certification requirements should be achieved. We will ensure that the Title I Management team develops a communication plan reiterating to Program Managers the importance of timely completion of time and effort certifications.

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<b><i>Finding Number</i></b>	<b>2010-39</b>
<b><i>Federal Program</i></b>	<b>Title I (84.010, 84.389)</b>
<b><i>Federal Award Number</i></b>	<b>S010A090051A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>Office of the State Superintendent of Education</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. In addition, when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal government.

*Condition*

During FY2010, the Title I program had total expenditures of \$12,587,128. We selected eight (8) drawdowns, totaling \$4,715,885, and determined that OSSE drew down funds in excess of the actual expenditures in one instance, totaling \$49,141. This was the result of a formula error in the supporting documentation. Specifically, although each line item was reviewed for allowability, the supporting documentation was not verified for mathematical accuracy prior to being approved.

*Cause*

Management is not adhering to existing policies and procedures regarding sufficient review of supporting documentation for cash drawdowns.

*Effect*

Insufficient review of drawdown supporting documentation can result in noncompliance with cash management requirements.

*Recommendation*

We recommend that OSSE implement a monitoring control to ensure that it adheres to existing policies and procedures regarding sufficient review of supporting documentation for cash drawdowns.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

OSSE agrees with this finding. OSSE has developed procedures by which calculations will be checked prior to allowing reimbursement of subgrantees.

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<b><i>Finding Number</i></b>	<b>2010-40</b>
<b><i>Federal Program</i></b>	<b>Title I (84.010, 84.389)</b>
<b><i>Federal Award Number</i></b>	<b>S010A090051A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Level of Effort – Supplement not Supplant</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

DCPS did not maintain appropriate documentation to demonstrate that it monitored compliance with the level of effort: supplement not supplant requirement during FY2010.

*Cause*

DCPS has not established policies and procedures requiring it to monitor the status periodically throughout the fiscal year of its compliance with the supplement not supplant requirement.

*Effect*

Without proper internal controls in place to monitor compliance with applicable programmatic requirements, noncompliance could result.

*Recommendation*

We recommend that DCPS develop policies and procedures to monitor the status periodically throughout the year of its compliance with the supplement not supplant requirement.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

DCPS will develop a policy in which procedures related to the supplement not supplant objectives are documented to facilitate third-party review, as there are various controls built into the existing process requiring detailed expenditure review and analysis that prevent supplanting from occurring.



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<b><i>Finding Number</i></b>	<b>2010-41</b>
<b><i>Federal Program</i></b>	<b>Title I (84.010, 84.389)</b>
<b><i>Federal Award Number</i></b>	<b>S010A090051A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>Office of the State Superintendent of Education</b>
<b><i>Compliance Requirement</i></b>	<b>Subrecipient Monitoring</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Regulation 31 USC § 7502: U.S. Code – Section 7502 states that each pass-through entity shall 1) provide such subrecipients the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements that govern the use of such awards; 2) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means; and 3) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings.

*Condition*

We determined that for two (2) of the eight (8) subrecipients, management determination letters were not issued within six (6) months of the receipt of the audit report. In addition, we determined that OSSE has not established an internal control to verify that those subrecipients who did not submit an A-133 audit did not expend over \$500,000 in Federal funds. Further, we also determined that OSSE did not perform monitoring procedures other than the receipt of an OMB Circular A-133 report to determine whether its LEAs were in compliance with the supplement not supplant requirement.

*Cause*

Management is not adhering to its existing policies and procedures to issue all management determinations within six (6) months of receipt of the audit report. Further, OSSE obtains an annual financial statement audit from all subrecipients; however, it has not established a policy requiring affirmation from the subrecipient that the subrecipient is not required to have a single audit report in circumstances where the subrecipient expends less than \$500,000 in Federal funds. Management indicated that it relies on A-133 audits to notify them whether the LEA complied with the supplement not supplant requirement.

*Effect*

Without adequate internal controls to ensure proper monitoring over subrecipients and its LEA, OSSE may be noncompliant with program requirements.

*Recommendation*

We recommend that OSSE establish a monitoring control to ensure management determination letters are issued within six (6) months of receipt of the audit report. Further, we recommend that OSSE obtain a representation from subrecipients in circumstances when the subrecipient is not required to obtain a single

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audit. Finally, we recommend that management implement a monitoring control during the year to determine its LEAs' compliance with the supplement not supplant requirement.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

OSSE agrees with this finding. OSSE did complete the review of all LEAs' A-133 single audits but was unable to issue management letters within the specified time period. OSSE will release the FY2009 management letters for these LEAs' by the end of July 2011. OSSE agrees with the auditor's recommendation and will update existing policies and procedures to ensure that management letters are issued timely moving forward. OSSE will also take steps to strengthen internal controls to verify that those subrecipients who did not submit an A-133 audit did not expend over \$500,000 in Federal funds. These new activities will be added to OSSE's internal policies and procedures by September 30, 2011.

In its monitoring of LEAs (including DCPS), OSSE includes indicators related to supplement not supplant. OSSE monitors are not financial auditors. It is for this reason that, in addition to monitoring for supplement not supplant, OSSE relies on the LEAs' A-133 audits to ensure that LEAs are meeting programmatic and fiscal requirements. Through corrective action plans (CAPs), OSSE works with the LEAs to ensure that they are taking the necessary steps to address specific monitoring and/or A-133 findings.

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<b><i>Finding Number</i></b>	<b>2010-42</b>
<b><i>Federal Program</i></b>	<b>Title I (84.010, 84.389)</b>
<b><i>Federal Award Number</i></b>	<b>S010A090051A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Comparability</b>

*Criteria*

According to Section 1120A(c) of ESEA (20 USC 6321(c) of the Code of Federal Regulations, no local educational agency shall be required to provide services under this part through a particular instructional method or in a particular instructional setting in order to demonstrate such agency's compliance with paragraph (1)(c) comparability of services. Comparable services except as provided in paragraphs (4) and (5), a local educational agency may receive funds under this part only if State and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part. If the local educational agency is serving all of such agency's schools under this part, such agency may receive funds under this part only if such agency will use State and local funds to provide services that, taken as a whole, are substantially comparable in each school.

Under program requirements, a local educational agency (LEA) may receive funds under the program only if State and local funds will be used in participating schools to provide services that, taken as a whole, are at least comparable to services that the LEA is providing in schools that are not receiving Title I Program funds, including comparability of the average number of students per instructional staff.

*Condition*

We selected a sample of 8 of the 127 Title I schools that had a higher student-to-teacher ratio than non-Title I schools. We requested that the DCPS provide us with proper documentation evidencing either 1) the required staff decrease or 2) that the return of funds to the State educational agency (SEA) for the amount for which the ratio was noncompliant. DCPS was unable to provide supporting documentation for 8 out of the 8 schools selected.

*Cause*

DCPS is not adhering consistently to existing policies and procedures to ensure compliance with the comparability program requirement.

*Effect*

Lack of adherence to existing policies and procedures resulted in DCPS not being able to substantiate the remediation of the noncompliant schools, meaning that the agency could be providing excess funds to schools that are not eligible. This could result in DCPS being noncompliant with the comparability program requirements.

*Recommendation*

We recommend DCPS institute a monitoring procedure to ensure that it adheres to its existing policies and procedures that proper documentation is maintained in accordance with program requirements.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

DCPS concurs with this finding. We will ensure that sufficient supporting documentation related to corrective actions over noncompliant schools is appropriately retained to substantiate our adherence to the comparability requirement.

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<b><i>Finding Number</i></b>	<b>2010-43</b>
<b><i>Federal Program</i></b>	<b>Title I (84.010, 84.389)</b>
<b><i>Federal Award Number</i></b>	<b>S010A090051A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>Office of the State Superintendent of Education</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Comparability</b>

*Criteria*

According to Section 1120A(c) of ESEA (20 USC 6321 (c)), the SEA is ultimately responsible for ensuring that LEAs remain in compliance with the comparability requirement

*Condition*

During our testwork over the comparability requirement, we selected a sample of 8 of the 127 Title I schools. For those schools that had a higher student-to-teacher ratio than non-Title I schools, we requested that the District of Columbia Public Schools (DCPS) provide us with proper documentation of either 1) a required staff decrease or 2) proof that funds were returned to the SEA for the appropriate amount for which the ratio was noncompliant. DCPS was unable to provide supporting documentation for 8 out of the 8 schools selected. In its monitoring of DCPS, OSSE was unable to determine whether such comparability documentation exists.

*Cause*

OSSE did not establish sufficient monitoring policies and procedures to ensure that its LEAs remained in compliance with program requirements.

*Effect*

Without proper internal controls in place to monitor LEAs' compliance with applicable compliance requirements, the LEAs could be incurring unallowed expenditures that could result in OSSE being noncompliant as it relates to various program requirements.

*Recommendation*

We recommend that OSSE strengthen its monitoring policies and procedures to ensure its LEAs are in compliance with the various requirements applicable to the program.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

OSSE agrees that as the SEA, it is responsible for ensuring that LEAs (in the case of the District of Columbia this requirement is applicable to DCPS only) are in compliance with comparability requirements under ESEA. Each year, OSSE requires a comparability report from DCPS as stated in the Phase I and Phase II Consolidated Application program plans. Upon receipt, OSSE reviews the report and provides feedback as necessary. We agree that OSSE does not have a protocol that requires written documentation of the comparability review by the SEA. Moving forward, OSSE will develop additional internal controls to include written communication about the review of comparability reports from the LEAs.

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<b><i>Finding Number</i></b>	<b>2010-44</b>
<b><i>Federal Program</i></b>	<b>Special Education Cluster (84.027, 84.173, 84.391, 84.392)</b>
<b><i>Federal Award Number</i></b>	<b>SG027A (10/1/09-9/30/10) SG173A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

Per OMB A-87, Cost Principles for State, Local, and Indian Tribal Governments – Section 8 – *Compensation for Personal Services*:

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- (4) 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 that meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
  - More than one Federal award
  - A Federal award and a non-Federal award
  - An indirect cost activity and a direct cost activity
  - Two or more indirect activities that are allocated using different allocation bases
  - An unallowable activity and a direct or indirect cost activity.

*Condition*

We determined that, for all 94 sample items selected, the original semiannual certification of time for FY2010 were not provided; instead, copies were provided that were signed by the employee and dated April 2011.

*Cause*

DCPS is not adhering to its existing policies and procedures that requires adequate documentation of time and effort certifications for Special Education teachers and staff be properly maintained in accordance with OMB Circular A-87.

*Effect*

Without adequate adherence to internal controls to ensure that sufficient documentation is maintained, DCPS could not provide original certifications for the requested period to validate employee's time for the selected period and, therefore, is not compliant with the time and effort reporting requirements of OMB Circular A-87.

*Recommendation*

We recommend that DCPS establish a monitoring control to ensure that semiannual time certifications are appropriately signed and submitted timely.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

DCPS concurs that there should be an ongoing and consistent application of its policies and procedures related to time and effort certification requirements. We will ensure that the Special Education management team maintains signed copies of the original time and certifications.



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***Finding Number***                            **2010-45**  
***Federal Program***                        **Special Education Cluster (84.027, 84.173, 84.391, 84.392)**  
***Federal Award Number***                **SG027A (10/1/09-9/30/10)**  
    **SG173A (10/1/09-9/30/10)**  
***Federal Agency***                         **Education**  
***District Department***                 **Office of the State Superintendent of Education**  
***Compliance Requirement***            **Subrecipient Monitoring**

*Criteria*

7 CFR 3052.400 (d) (5)

*(d) Pass-through entity responsibilities. A pass-through entity shall issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.*

*Condition*

The DC Office of the State Superintendent of Education (OSSE) Special Education Division did not provide the management decision letter within six (6) months after the audit findings were issued to the District of Columbia Public Schools (DCPS).

*Cause*

During the period of time that the management letter should have been released, OSSE experienced several changes in leadership at the executive level (Superintendents, Assistant Superintendents, Deputy Mayor, etc.). Due to these changes, OSSE was not able to finalize and release the DCPS management letter timely.

*Effect*

Corrective action plans related to audit findings may not be implemented timely.

*Recommendation*

We recommend that OSSE develop a monitoring control to ensure that management decision letters are issued timely.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

OSSE agrees with this finding. OSSE did complete the review of all LEAs' A-133 single audits but was unable to issue management letters within the specified time period. OSSE will release the DCPS FY2009 management letter by the end of June 2011. OSSE agrees with the auditor's recommendation and will

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update existing policies and procedures to ensure that management letters are issued timely moving forward.

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<b><i>Finding Number</i></b>	<b>2010-46</b>
<b><i>Federal Program</i></b>	<b>Vocational Rehabilitation (VR) (84.126, 84.390)</b>
<b><i>Federal Program</i></b>	<b>HI26A090011B (10/1/08 – 9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>Disability Services</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

According to 29 USC Section 722 (a) (1), Eligibility and individualized plan for employment, an individual is eligible for VR services if the individual (a) has a physical or mental impairment that, for the individual, constitutes or results in a substantial impediment to employment; (b) can benefit in terms of an employment outcome from VR services; and (c) requires VR services to prepare for, secure, retain, or regain employment.

The 29 USC Section 722 (a)(6) code also states that the VR agency must determine whether an individual is eligible for VR services within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless:

- (a) Exceptional and unforeseen circumstances beyond the control of the State VR agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time;
- (b) The State VR agency is exploring an individual's abilities, capabilities, and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from VR services.

*Condition*

We identified the following:

- Four (4) out of 30 items tested did not have the VR application form properly signed or the form was missing.
- Three (3) out of 30 items tested did not have the required physical or mental assessment.
- Five (5) out of 30 items tested did not have the certification properly signed, or the certification was missing.
- Twenty (20) out of 30 items tested did not have the Individual Plan for Employment properly signed by either the client or VR specialist, or the IPE was missing.

We also noted that eight (8) items, totaling \$25,695, were made to ineligible participants.

*Cause*

There is an ineffective management review performed of the applications prepared by counselors. Additionally, there is no monitoring control to identify determinations that are due within 60 days after applications are submitted.

*Effect*

The program is providing benefits to participants that are not eligible; therefore, all costs related to those participants are not allowable under the USC 29 Section 722.

*Recommendation*

We recommend the District establish additional policies and procedures to ensure appropriate documentation is retained to support eligibility determinations. The District should also provide training to those employees involved in the eligibility determination process to ensure the proper eligibility determinations are made and that there is appropriate documentation available to support the determinations made.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$25,695

*Views of Responsible Officials*

The District's Rehabilitation Services Administration addressed this weakness in FY2011 through the completion of the agency policy and procedure manual and training of staff in the first quarter of FY2011, and by reinstating supervisory review of all eligibility and IPE documents in April 2011. In addition, internal analysis identified high vacancy rates and turnover in the VR counselor and supervisor ranks in FY2010 through the first quarter of FY2011 as a significant contributor to amended IPE documents without signatures. Staffing in both areas has stabilized in the second and third quarter of FY2011. Lastly, the Federal Compliance unit with the agency will initiate random sample audits of each counselor work unit to test for compliance beginning in July 2011 and provide monthly reports to the new VR Program Administrator for management follow-up and oversight.

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<b><i>Finding Number</i></b>	<b>2010-47</b>
<b><i>Federal Program</i></b>	<b>Improving Teacher Quality (84.367)</b>
<b><i>Federal Award Number</i></b>	<b>S367A090008A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

According to OMB A-87, *Cost Principles for State, Local and Indian Tribe Governments*, an employee who works solely on a single cost objective (i.e., the consolidated administrative cost objective) must furnish a semiannual certification that the employee has been engaged solely in activities. The certifications must be signed by the employee or a supervisory official having firsthand knowledge of the work performed by the employee in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3). An employee who works in part on a single cost objective (i.e., the consolidated administrative cost objective) and in part on a Federal program whose administrative funds have not been consolidated or on activities funded from other revenue sources must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraphs 8.h.(4), (5), and (6) documenting the portion of time and effort dedicated to (a) the single cost objective and (b) each program or other cost objective supported by nonconsolidated Federal funds or other revenue sources.

*Condition*

We selected a sample of 95 payroll expenditures, totaling \$1,558,345, out of total DCPS expenditures of \$5,542,183. For 1 of the 95 items tested, DCPS did not conduct a payroll certification until June 2011.

*Cause*

DCPS is not consistently adhering to its existing policies and procedures to ensure that adequate documentation of time and effort certifications for Title II teachers/staff are properly maintained in accordance with OMB Circular A-87.

*Effect*

Without adequate internal controls to ensure sufficient documentation is maintained, DCPS could not provide original certifications for the requested period to validate employees' time for the selected period and, therefore, is not compliant with the time and effort reporting requirements of OMB Circular A-87.

*Recommendation*

We recommend that the District implement a monitoring control to ensure that DCPS adheres to its existing policies and procedures for obtaining and maintaining the time and effort certifications for Title II program employees to ensure compliance with allowability compliance requirements.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

DCPS concurs that there should be ongoing and consistent application of its policies and procedures related to time and effort certification requirements. The fact that 94 of the 95 certifications were complete illustrates general adherence to this requirement. We will, however, ensure that the Title II Management team reiterates the need for timely certification to all Program Managers.

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<b><i>Finding Number</i></b>	<b>2010-48</b>
<b><i>Federal Program</i></b>	<b>Improving Teacher Quality (84.367)</b>
<b><i>Federal Award Number</i></b>	<b>S367A090008A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Level of Effort – Supplement not Supplant</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

DCPS did not maintain appropriate documentation to demonstrate that it monitored compliance with the level of effort: supplement not supplant requirement during FY2010.

*Cause*

DCPS has not established policies and procedures requiring it to monitor the status periodically throughout the fiscal year of its compliance with the supplement not supplant requirement.

*Effect*

Without proper internal controls in place to monitor compliance with applicable programmatic requirements, noncompliance could result.

*Recommendation*

We recommend that DCPS develop policies and procedures to monitor the status periodically throughout the year of its compliance with the supplement not supplant requirement.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

DCPS will develop a policy in which procedures related to the supplement not supplant objectives are documented to facilitate third-party review, as there are various controls built into the existing process requiring detailed expenditure review and analysis that prevent supplanting from occurring.

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*KPMG's Response*

We have read management's response and our finding remains as indicated. DCPS, the LEA, has acknowledged that they do not have adequate controls over supplement not supplant objectives.



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<b><i>Finding Number</i></b>	<b>2010-49</b>
<b><i>Federal Program</i></b>	<b>Improving Teacher Quality (84.367)</b>
<b><i>Federal Award Number</i></b>	<b>S367A090008A (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>Office of the State Superintendent of Education</b>
<b><i>Compliance Requirement</i></b>	<b>Subrecipient Monitoring</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Regulation 31 USC § 7502: U.S. Code – Section 7502 states that each pass-through entity shall 1) provide such subrecipients the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements that govern the use of such awards; 2) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means; and 3) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings.

*Condition*

We determined that for two (2) of the eight (8) subrecipients, management determination letters were not issued within six (6) months of the audit. In addition, we determined that OSSE has not established an internal control to verify that those subrecipients who did not submit an A-133 audit did not expend over \$500,000 in Federal funds. Further, we also determined that OSSE did not perform sufficient monitoring procedures to determine whether its LEA was in compliance with the supplement not supplant requirement.

*Cause*

Management is not adhering to its existing policies and procedures to issue all management determinations within six (6) months of receipt of the audit report. Further, OSSE obtains an annual financial statement audit from all subrecipients; however, it has not established a policy requiring affirmation from the subrecipient that the subrecipient is not required to have a single audit report in circumstances where the subrecipient expends less than \$500,000 in Federal funds. Further, we also determined that OSSE did not perform sufficient monitoring procedures to determine whether its LEA was in compliance with the supplement not supplant requirement.

*Effect*

Without adequate internal controls to ensure proper monitoring over subrecipients and its LEA, OSSE may be noncompliant with program requirements.

*Recommendation*

We recommend that OSSE establish a monitoring control to ensure management determination letters are issued within six (6) months of receipt of the audit report. Further, we recommend that OSSE obtain a representation from subrecipients in circumstances when the subrecipient is not required to obtain a single

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audit. Finally, we recommend that management implement a monitoring control during the year to determine its LEAs' compliance with the supplement not supplant requirement.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

OSSE agrees with this finding. OSSE did complete the review of all LEAs' A-133 single audits but was unable to issue management letters within the specified time period. OSSE will release the FY2009 management letters for these LEAs by the end of July 2011. OSSE agrees with the auditor's recommendation and will update existing policies and procedures to ensure that management letters are issued timely moving forward. OSSE will also take steps to strengthen internal controls to verify that those subrecipients who did not submit an A-133 audit did not expend over \$500,000 in Federal funds. These new activities will be added to OSSE's internal policies and procedures by September 30, 2011.

In its monitoring of LEAs (including DCPS), OSSE includes indicators related to supplement not supplant. OSSE monitors are not financial auditors. It is for this reason that, in addition to monitoring for supplement not supplant, OSSE relies on the LEAs' A-133 audits to ensure that LEAs are meeting programmatic and fiscal requirements. Through corrective action plans (CAPs), OSSE works with the LEAs to ensure that they are taking the necessary steps to address specific monitoring and/or A-133 findings.

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<b><i>Finding Number</i></b>	<b>2010-50</b>
<b><i>Federal Program</i></b>	<b>Temporary Assistance for Needy Families (TANF) (93.558, 93.714)</b>
<b><i>Federal Award Number</i></b>	<b>G-1002DCTANF (10/1/09 – 9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services (DHS)</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. OMB Circular A-133 requires auditors to obtain an understanding of the non-Federal entity's internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and, unless internal control is likely to be ineffective, perform testing of internal control as planned.

The eligibility requirements for TANF, which must be substantiated when subjected to audit, can be located at 42 USC 602, 602(a)(1)(B)(iii); 42 USC 609(a)(7)(B)(IV), 608(a)(1), 619(2); and 45 CFR section 263.2(b)(2).

*Condition*

For 18 of the 65 items tested, the District was not able to provide sufficient documentation supporting that the eligibility requirements were met. It was not until approximately four (4) months after the original request that we were provided documentation for these 18 participants. While program management eventually located the files and demonstrated eligibility, this delay indicates that the record-keeping system is inadequate.

*Cause*

Case files substantiating eligibility of TANF participants could not be readily located and provided for inspection due to an inefficient record-keeping system.

*Effect*

Failure to maintain an adequate record-keeping system may lead to noncompliance with Federal laws and regulations.

*Recommendation*

We recommend that management maintain a file system such that files can be more readily located.

*Related Noncompliance*

None

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*Questioned Costs*

None

*Views of Responsible Officials*

DHS agrees that the instances of noncompliance should be removed, as the documentation for the 18 cases was eventually provided. Some case records in the single audit sample had been previously provided and reviewed by auditors at the Service Centers during the CAFR audit and were not quickly provided for the auditors during the single audit. Moreover, due to the major implementation of digitizing all case documents in the Document Imaging System (DIMS), including scanning and tagging new documents as well as boxing up all of the active case files at each Service Center location and sending them to Source Corp to be scanned into DIMS, all documents were not readily located for the auditor timely. By September 30, 2012, FY2012, DHS/IMA plans to have all of the case files converted into electronic documents in DIMS. Each Service Center is in a different stage in the process. DHS expects three (3) of the five (5) Service Centers to be converted by October 2011. The remaining two (2) Centers should be fully converted by March 2012.

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<b><i>Finding Number</i></b>	<b>2010-51</b>
<b><i>Federal Program</i></b>	<b>Temporary Assistance for Needy Families (93.558, 93.714)</b>
<b><i>Federal Award Number</i></b>	<b>G-1002DCTANF (10/1/09 – 9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

Code 42 USC 609(a)(4) states, (3) *Failure to satisfy minimum participation rates (A) In general if the Secretary determines that a State to which a grant is made under section 603 of this title for a fiscal year has failed to comply with section 607(a) of this title for the fiscal year, the Secretary shall reduce the grant payable to the State under section 603(a)(1) of this title for the immediately succeeding fiscal year by an amount equal to the applicable percentage of the State family assistance grant.*

*Condition*

We identified two (2) instances of noncompliance in which the work participation hours could not be verified with the source document.

*Cause*

Source files could not be located that contained the work participation hours.

*Effect*

The work participation data is a critical area of the ACF-199 reporting. The findings indicate that the information on the ACF-199 report may not be reliable. The Federal government may penalize the District by an amount of up to 21 percent of the State Family Assistance Grant for violation of the work participation rate provision.

*Recommendation*

We recommend that management adhere to existing policies and procedures to ensure that work participation hours documentation is properly maintained.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

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*Views of Responsible Officials*

DHS agrees with this finding. Currently, tracking of earnings come through the entries made in the CATCH system by TANF employment vendors. However, because the earnings in the cases cited by the auditor were accrued by the customers independently of the agency's TANF employment vendors, the hours and supportive data were not captured and entered into the system. In FY2012, beginning in October 2011, under the redesigned TANF Employment Program, the pay stubs and other documents will be scanned into DIMS, which will allow for retrieval and verification of source documents.

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<b><i>Finding Number</i></b>	<b>2010-52</b>
<b><i>Federal Program</i></b>	<b>Temporary Assistance for Needy Families (93.558, 93.714)</b>
<b><i>Federal Award Number</i></b>	<b>G-1002DCTANF (10/1/09 – 9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Child Support Non-Cooperation</b>

*Criteria*

Code 42 USC 608(a)(2) indicates that the reduction in benefit due to noncooperation with child support should be not less than 25 percent:

*(2) Reduction or elimination of assistance for noncooperation in establishing paternity or obtaining child support;*

*If the agency responsible for administering the State plan approved under part D of this subchapter 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 the individual does not qualify for any good cause or other exception established by the State pursuant to section [654 \(29\)](#) of this title, then the State—*

*(A) shall deduct from the assistance that would otherwise be provided to the family of the individual under the State program funded under this part an amount equal to not less than 25 percent of the amount of such assistance; and*

*(B) may deny the family any assistance under the State program.*

Code 42 USC 609(a)(8) indicates: *Noncompliance of State child support enforcement program with requirements of part D could result in State funding reductions depending on the number of years of noncompliance.*

*Condition*

We identified 1 instance out of 95 tested where TANF benefits were not reduced by at least 25 percent, as required by the program, but instead were reduced by 14 percent. Total benefits overpaid were \$339, and total benefits paid in our sample were \$32,219.

*Cause*

The case was erroneously classified as an initial application instead of a renewal, which caused the reduction of the TANF benefit to be less than 25 percent.

*Effect*

Benefits paid to participants may be in excess of those permitted by regulation.

*Recommendation*

We recommend the Income Maintenance Administration monitor the data entered in to ACEDS to ensure the cases being sanctioned for TANF benefits are reduced to at least 25 percent.

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*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

DHS agrees that in this one instance the benefits were not reduced by 25 percent. In FY2012, to ensure accuracy, calculations for reductions will be automated in ACEDS, beginning October 1, 2011.



<b>Finding Number</b>	<b>2010-53</b>
<b>Federal Program</b>	<b>Child Support Enforcement (93.563)</b>
<b>Federal Award Number</b>	<b>1004DC4004 (10/1/09-9/30/10)</b>
<b>Federal Agency</b>	<b>Health and Human Services</b>
<b>District Department</b>	<b>Office of the Attorney General</b>
<b>Compliance Requirement</b>	<b>Special Tests and Provisions – Establishment of Paternity and Support Obligations</b>

*Criteria*

According to CFR 45 sections 303.4 and 303.5:

**§ 303.4 Establishment of support obligations**

*For all cases referred to the IV-D agency or applying under §302.33 of this chapter, the IV-D Agency must:*

- a) When necessary, establish paternity pursuant to the standards of §303.5*
- b) Utilize appropriate State statutes and legal processes in establishing the support obligation pursuant to §302.50 of this chapter*
- c) Periodically review and adjust child support orders, as appropriate, in accordance with §303.8.*
- d) Within 90 calendar days of locating the alleged father or noncustodial parent, regardless of whether paternity has been established, establish an order for support or complete service of process necessary to commence proceedings to establish a support order and, if necessary, paternity (or document unsuccessful attempts to serve process, in accordance with the State's guidelines defining diligent efforts under §303.3(c)).*
- e) If the court or administrative authority dismisses a petition for a support order without prejudice, the IV-D agency must, at the time of dismissal, examine the reasons for dismissal and determine when it would be appropriate to seek an order in the future, and seek a support order at that time.*
- f) Seek a support order based on a voluntary acknowledgment in accordance with §302.70(a)(5)(vii).*

**§ 303.5 Establishment of paternity**

- a) For all cases referred to the IV-D agency or applying for services under §302.33 of this chapter in which paternity has not been established, the IV-D agency must, as appropriate:*
  - 1) Provide an alleged father the opportunity to voluntarily acknowledge paternity in accordance with §302.70(a)(5)(iii); and*
  - 2) Attempt to establish paternity by legal process established under State law.”*

*Condition*

During our testwork over the establishment of paternity and support obligations, we determined:

- For 11 out of 95 cases tested, the paternity establishment date was incorrectly overwritten in the system.
- For 5 out of 95 cases tested, the District failed to establish or attempt to complete service of process necessary to commence proceedings to establish a support order.

*Cause*

There was an inadequate review of claimant files to ensure that existing procedures relating to the establishment of paternity and support obligation were being followed for each case in a timely and consistent manner.

*Effect*

The District is not in compliance with the regulations relating to the establishment of paternity and support obligations.

*Recommendation*

The District should enhance its existing control procedures to ensure that all claimant files are properly reviewed to ensure compliance with requirements relating to the establishment of paternity and support obligations.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

**For 10 out of 95 cases tested, the paternity establishment date was incorrectly overwritten in the system:**

372874\*1  
389167\*1  
117249\*1  
394022\*1  
366851\*1  
136936\*2  
135103\*1  
382807\*2  
382840\*1  
394186\*1

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Child Support Services Division (CSSD) disagrees with the audit finding. OAG has instituted many improvements to its procedures for the establishment of paternity and support cases. The agency automated system recently underwent an overhaul of its paternity tracking in September 2010. The system changes were based on the new Domestic Partnership Judicial Determination of Parentage Amendment Act of 2009. To comply with the new law, it was determined that all children within District Child Support Enforcement System (DCCSES) would have a parentage record and populate those records with a Parentage Established Date based on the following criteria:

1. Dependents with a Parentage Type of PM – Presumption of Marriage had the Parentage Established Date defaulted to the dependents' DOB.
2. If the dependent is on a child support monetary obligation, the earliest qualifying obligation date was populated in the Parentage Established Date field.
3. If there were no qualifying monetary obligations for the dependent but a nonmonetary parentage establishment obligation existed, the effective (order) date of that obligation was populated in the Parentage Established Date field.
4. If there were no qualifying monetary or nonmonetary obligations, the dependents' date of birth was populated in the Parentage Established Date field.

In addition to the function of the A-133 single audit, it appears that CSSD is being subjected to a second Data Reliability Audit. CSSD is a Statewide Paternity Establishment Percentage (PEP) jurisdiction. As such, the DC Department of Health – Vital Records Division is the official repository of all birth data. All CSSD employees are trained to verify birth data with Vital Records when processing paternity cases. This verified information is then transferred into our Unwed Birth System (UBS). The Federal Office of Child Support Enforcement does not use CSSD's automated case management system (DCCSES) for paternity verification.

CSSD has been proactively taking corrective action to improve the efficiency of the paternity establishment process. CSSD is improving its relationship with Vital Records to speed up the data retrieval process. The agency has two (2) CSSD employees located at the Vital Records office to expedite paternity information. CSSD is also in talks with Vital Records to use IT enhancements to gain better access to Vital Records data. Further, CSSD has made IT enhancements to its automated case management system to better document paternity data. CSSD has made the above changes to improve upon the procedures for the establishment of paternity and will continue to take any necessary corrective action identified in the future.

*KPMG's Response*

We have read management's response, and our finding remains as indicated.

*Views of Responsible Officials*

**For 1 out of 95 cases tested, the agency did not attempt to establish a support order, and the case was dismissed due to CSE's inability to attempt to secure service upon the noncustodial parent:**

397159\*1 – Child Support Services Division disagrees with the audit finding. The automated case management system reflects multiple successful service attempts by CSSD on the noncustodial parent.

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Additionally, multiple court hearings were successfully held upon completion of service of process. The matter was dismissed upon the agency's request for a reissuance of notices that was not due to CSSD's inability to serve notice on the noncustodial parent. The District of Columbia is a judicial authority jurisdiction. There has been a recent shift at DC Superior Court where the court prefers the agency to file new petitions in some cases instead of reissuing a previous petition. This was the instance in this matter.

Pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the agency follows auditing standards under 45 CFR 308.1(e)(2). The purpose of the single audit is not to validate the data on the agency's system, but to determine whether or not paternity/support is established in fact. Regulations allow for either 1) completion of service of process or 2) documentation of unsuccessful service attempts. Successful service attempts occurred within time frames in this matter.

CSSD has been proactively taking corrective action to improve the efficiency of the parent locate process. CSSD recently moved the Locate Unit under the supervision of the Systems and Automation Section to increase its performance through automation. CSSD has acquired new resources for locating tools to expand locate efforts and employed using IT enhancements, which include providing vehicle interior mountable laptops to allow investigators to have locate information readily available in the field. In the future, CSSD will continue to make improvements and is considering incorporating a tickler system to ensure compliance with time lines and emphasis on managerial oversight. Lastly, CSSD is in a judicial authority jurisdiction, and some of the delays associated with locate efforts stem from the reliance on DC Superior Court for the provision of notices and scheduling of court hearings. If a delay exists in these areas, it further delays the parent locate process. This particular challenge facing CSSD cannot be resolved solely through the efforts of the agency to take corrective action.

*KPMG's Response*

We have read management's response, and our finding remains as indicated. Court documentation included in the file indicated that on July 8, 2010, an order from the Superior Court of the District of Columbia indicated that the government made an oral request to "have the matter scheduled for a new date and for the court to re-issue notices to the parties. In this instance, the government has failed to attempt to effectuate service upon the respondent. Given the government's inability to even attempt to secure service upon the respondent, the matter shall be dismissed without prejudice for want of prosecution."

*Views of Responsible Officials*

**For 5 out of 95 cases tested, the agency failed to establish or attempt to complete service of process necessary to commence proceedings to establish a support order**

395345\*1 – Child Support Services Division disagrees with the audit finding. The automated case management system reflects service of process completed on 3/18/10. Pursuant to 45 CFR 303.3 – Location of Non-Custodial Parents, regulations allow for either 1) completion of service of process or 2) documentation of unsuccessful service attempts. In the referenced case, CSSD's service attempt was completed and well documented.

In addition to the function of the A-133 single audit, it appears that CSSD is being subjected to a second Data Reliability Audit. Pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the agency follows auditing standards under 45 CFR 308.1(e)(2). The purpose of the single audit is not to validate the data on the agency's system, but to determine whether or not paternity/support is established in fact. An order for support was established in this matter.

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128983\*7 – Child Support Services Division disagrees with the audit finding. The automated case management system reflects service of process completed on 7/29/10. Pursuant to 45 CFR 303.3 – Location of Non-Custodial Parents, regulations allow for either 1) completion of service of process or 2) documentation of unsuccessful service attempts. In the referenced case, CSSD’s service attempt was completed and documented.

The purpose of the single audit is to determine whether or not paternity/support is established in fact. An order for support was established in this matter.

363124\*3 – Child Support Services Division disagrees with the audit finding. The automated case management system reflects service of process completed on 3/31/10. The matter was initially presented as an Interstate case, and the custodial parent later provided a local address for the noncustodial parent. Pursuant to 45 CFR 303.3 – Location of Non-Custodial Parents, regulations allow for either 1) completion of service of process or 2) documentation of unsuccessful service attempts. In the referenced case, CSSD’s service attempt was completed and documented.

The purpose of the single audit is to determine whether or not paternity/support is established in fact. An order for support was established in this matter.

366125\*1 – Child Support Services Division disagrees with the audit finding. The automated case management system reflects service of process completed on 10/8/09. The matter was initially presented as an Interstate case, and the custodial parent later provided a local address for the noncustodial parent. A reissue was subsequently submitted to reflect the new location information. Pursuant to 45 CFR 303.3 – Location of Non-Custodial Parents, regulations allow for either 1) completion of service of process or 2) documentation of unsuccessful service attempts. In the referenced case, CSSD’s service attempt was completed and documented.

The purpose of the single audit is to determine whether or not paternity/support is established in fact. An order for support was established in this matter.

383530\*1 – Child Support Services Division disagrees with the audit finding. The automated case management system reflects an unsuccessful service attempt on 12/12/09. Pursuant to 45 CFR 303.3 – Location of Non-Custodial Parents, regulations allow for either 1) completion of service of process or 2) documentation of unsuccessful service attempts. In the referenced case, CSSD’s service attempt was documented.

The purpose of the single audit is to determine whether or not paternity/support is established in fact. An order for support was established in this matter on 4/15/10.

CSSD has been proactively taking corrective action to improve the efficiency of the parent locate process. CSSD recently moved the Locate Unit under the supervision of the Systems and Automation Section to increase its performance through automation. CSSD has acquired new resources for locating tools to expand locate efforts and employed using IT enhancements, which include providing vehicle interior mountable laptops to allow investigators to have locate information readily available in the field. In the future CSSD will continue to make improvements and is considering incorporating a tickler system to ensure compliance with time lines and emphasis on managerial oversight. Lastly, CSSD is in a judicial authority jurisdiction, and some of the delays associated with locate efforts stem from the reliance on DC Superior Court for the provision of notices and scheduling of court hearings. If a delay exists in these

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areas, it further delays the parent locate process. This particular challenge facing CSSD cannot be resolved solely through the efforts of the agency to take corrective action.

*KPMG's Response*

We have read management's response, and our finding remains as indicated. The District failed to establish or attempt to complete service of process necessary to commence proceedings to establish a support order within the required time frame.

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<b>Finding Number</b>	<b>2010-54</b>
<b>Federal Program</b>	<b>Child Support Enforcement (93.563)</b>
<b>Federal Award Number</b>	<b>1004DC4004 (10/1/09-9/30/10)</b>
<b>Federal Agency</b>	<b>Health and Human Services</b>
<b>District Department</b>	<b>Office of the Attorney General</b>
<b>Compliance Requirement</b>	<b>Special Tests and Provisions – Enforcement of Support Obligations</b>

*Criteria*

According to CFR 45 sections 303.5 and 303.4:  
**§ 303.6 Enforcement of support obligations**

*For all cases referred to the IV-D agency or applying for services under §302.33 in which the obligation to support and the amount of the obligation have been established, the IV-D agency must maintain and use an effective system for*

- a) *Monitoring compliance with the support obligation*
- b) *Identifying on the date the parent fails to make payments in an amount equal to the support payable for one month, or on an earlier date in accordance with State law, those cases in which there is a failure to comply with the support obligation; and*
- c) *Enforcing the obligation by*
  - 1) *Initiating income withholding, in accordance with §303.100;*
  - 2) *Taking any appropriate enforcement action (except income withholding and Federal and State income tax refund offset) unless service of process is necessary, within no more than 30 calendar days of identifying a delinquency or other support-related non-compliance with the order or the location of the noncustodial parent, whichever occurs later. If service of process is necessary prior to taking an enforcement action, service must be completed (or unsuccessful attempts to serve process must be documented in accordance with the State's guidelines defining diligent efforts under §303.3(c)), and enforcement action taken if process is served, within no later than 60 calendar days of identifying a delinquency or other support-related non-compliance with the order, or the location of the noncustodial parent, whichever occurs later*
  - 3) *Submitting once a year all cases which meet the certification requirements under §303.102 of this part and State guidelines developed under §302.70(b) of this title for State income tax refund offset, and which meet the certification requirements under §303.72 of this part for Federal income tax refund offset; and*
  - 4) *In cases in which enforcement attempts have been unsuccessful, at the time an attempt to enforce fails, examining the reason the enforcement attempt failed and determining when it would be appropriate to take an enforcement action in the future, and taking an enforcement action in accordance with the requirements of this section at that time."*

*Condition*

During our testwork relating to the enforcement of support obligations, we determined:

- For 1 out of 64 cases tested, we were unable to determine whether the respondent was ever overdue or making prepayments, both of which are not allowed.
- For 2 out of 64 cases tested, the District did not take (1) any enforcement actions or (2) timely enforcement actions for cases that required enforcement.

*Cause*

There is an inadequate review of claimant files to ensure that existing procedures relating to the establishment of paternity and support obligation were being followed for each case in a timely and consistent manner.

*Effect*

The District is not compliant with the enforcement of support obligations requirement.

*Recommendation*

The District should enhance its existing control procedures to ensure that all claimant files are properly reviewed to ensure compliance with requirements relating to the establishment of paternity and support obligation.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

**For 1 out of 65 cases tested, we were unable to determine whether respondent was ever overdue or making prepayments, both of which are not allowed.**

136936\*2 – Child Support Services Division disagrees with the audit finding. Records indicate that \$690 in total current support was due during the audit period. CSSD collected \$556.51, of which \$241.57 was distributed to current support and \$314.94 was distributed to arrears. The respondent was not overdue, nor did CSSD collect prepayments in this case.

CSSD has been proactively taking corrective action to improve the efficiency of its enforcement process. The agency is working to improve the automated civil contempt policy and procedure by employing IT enhancements. Additionally, CSSD is employing more enforcement tools in its arsenal to increase child support collections and providing training to CSSD staff to utilize these tools.



*KPMG's Response*

We have read management's response, and our finding remains as indicated.

*Views of Responsible Officials*

**For 2 out of 65 cases tested, the District did not take any enforcement actions for case that required enforcement.**

390513\*1 – Child Support Services Division disagrees with the audit findings. One case was cited for no enforcement action taken during the FY2010. The case was placed in a pending closure status on 8/14/09, and this prevented enforcement actions from being initiated. The closure status was pursuant to Federal case closure criteria as stated in 45 CFR 303.11 – Case Closure Criteria, due to the noncooperation of the recipient of services (custodial parent). Also, this matter is an Interstate case, and the home State of the noncustodial parent is the enforcing agency (New York).

139507\*3 – Child Support Services Division disagrees with the audit findings. Federal offset records indicate that the case was submitted for Federal tax offset on 2/26/10, and State tax offset was submitted 3/1/10. Additionally, the DC Code has strict standards relating to contempt. The automated case management system will automatically review all cases for civil contempt in batch processing according to the following eligibility requirement:

1. No voluntary payment received in 60 days;
2. Valid NCP address in CSSD service area;
3. Active monetary obligation (for either arrears or current support) with a specified cycle amount, a balance of at least \$5,000 for local and interstate responding cases;
4. Not in Locate Status;
5. NCP not receiving SSI;
6. NCP not incarcerated;
7. Case is not already pending in court for contempt;
8. If a case was previously reviewed and determined that contempt not appropriate, then it must have been entered at least 60 days prior; and
9. If Amnesty Case Action entered on the case, then must have been entered at least 60 days prior.

Based on these criteria, civil contempt was filed on 11/19/10, and a court hearing was held in this matter. Payments were received in October 2010 and November 2010 pursuant to the civil contempt filing.

No corrective action is warranted in these matters as proper automated enforcement actions were taken. However, CSSD has been proactively taking corrective action to improve the efficiency of its enforcement process. The agency is working to improve the automated civil contempt policy and procedure by employing IT enhancements. CSSD will continue to make improvements and is considering incorporating a tickler system to ensure compliance with time lines. CSSD will also place more emphasis on managerial oversight. Additionally, CSSD is employing more enforcement tools in its arsenal to increase child support collections and providing training to CSSD staff to utilize these tools. New policy and procedure will be created when warranted for any improvements that are identified in the future.

*KPMG's Response*

We have read management's response, and our finding remains as indicated. Management action does not appear to have been taken within the required time frame based on documentation maintained in the file.

*Views of Responsible Officials*

**For 1 out of 65 cases tested, the agency did not take timely enforcement actions for a case that required enforcement.**

380148\*1 – In addition to the function of the A-133 single audit, it appears that CSSD is being subjected to a second Data Reliability Audit. Pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the agency follows auditing standards under 45 CFR 308.1(e)(2). The purpose of the single audit is not to validate the data on the agency's system, but to determine whether or not paternity/support is established in fact. Regulations allow for either 1) completion of service of process or 2) documentation of unsuccessful service attempts. Successful service attempts occurred within time frames in this matter.

CSSD has been proactively taking corrective action to improve the efficiency of its enforcement process. The agency is working to improve the automated civil contempt policy and procedure by employing IT enhancements. CSSD will continue to make improvements and is considering incorporating a tickler system to ensure compliance with time lines. CSSD will also place more emphasis on managerial oversight. Additionally, CSSD is employing more enforcement tools in its arsenal to increase child support collections and providing training to CSSD staff to utilize these tools. New policy and procedure will be created when warranted for any improvements that are identified in the future.

*KPMG's Response*

We have read management's response, and our finding remains as indicated.

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<b><i>Finding Number</i></b>	<b>2010-55</b>
<b><i>Federal Program</i></b>	<b>Child Support Enforcement (93.563)</b>
<b><i>Federal Award Number</i></b>	<b>1004DC4004 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Office of the Attorney General</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Provision of Child Support Services for Interstate Cases – State Programs</b>

*Criteria*

The State IV-D agency must provide the appropriate child support services needed for interstate cases (cases in which the child and custodial parent live in one State and the responsible relative lives in another State); establish an interstate central registry responsible for receiving, distributing, and responding to inquiries on all incoming interstate IV-D cases; and meet required time frames pertaining to provision of interstate services. The case requiring action may be an initiating interstate case (a case sent to another State to take action on the initiating State's behalf) or a responding interstate case (a request by another State to provide child support services or information only). Specific time frame requirements for responding and initiating interstate cases are at 45 CFR sections 303.7(a) and 303.7(b)(2), (4), (5) and (6), respectively (45 CFR sections 302.36 and 303.7).

*Condition*

During our testwork over the Special Tests and Provisions compliance requirements relating to the Interstate Cases, as operated by the Child Support Service Division (CSSD). We noted the following:

Responding Cases:

1. For 28 out of the 45 cases tested, we could not determine whether CSSD reviewed the cases for completeness within the 10 working days requirement.
2. For 3 out of the 45 cases tested, we were unable to determine if CSSD notified Title IV in the initiating State of any necessary additions or corrections to the form or documentation to proceed with the case in the required time frame.
3. For 2 out of the 45 cases tested, we could not determine what steps were taken in the case due to lack of supporting documentation in the case file.
4. For 1 out of the 45 cases tested, we could not determine whether CSSD requested any missing documentation from the initiating State within the 10 working days requirement.
5. For 1 out of the 45 cases tested, CSSD requested missing documentation from the initiating State after the 10 working days requirement.
6. For 1 out of 45 cases tested, the case required enforcement action; however, the agency did not provide evidence of enforcement action during FY2010.

Initiating Cases:

1. For 1 out of 50 cases, we noted that the case was sent to the Interstate Unit and a UIFSA interview was scheduled but noted no other actions taken by the agency. Thus, we cannot determine procedures based on information provided.
2. For 2 out of 50 cases, the agency could not state with certainty when the petition was sent to the other State. We could not determine if the case was sent within the 20-day requirement.

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3. For 6 out of 50 cases, we noted that the case was sent to the Interstate Unit but noted no other actions taken by the agency. Thus, we cannot determine procedures based on information provided.
4. For 2 out of 50 cases, we noted that the agency obtained all necessary information needed to process the case but did not refer the case to the other State until past the 20-day requirement.
5. For 1 out of the 50 initiating cases selected, the documentation provided by the agency was for another case.
6. For 2 out of the 50 cases, we noted that the agency improperly closed the case.
7. For 1 out of 50 cases, the agency was unable to locate UIFSA documentation. We are not able to determine if information submitted to the other State is the necessary documentation and Federally approved interstate forms.
8. For 4 out of the 50 initiating cases, once the noncustodial parent was located in another State, the case was not sent to the Interstate Unit in a timely manner.
9. For 3 out of the 50 initiating cases, we were unable to determine if the agency took enforcement action against the custodial parent or began the case closure process when the custodial parent did not appear at the UIFSA interview to verify information that is necessary to be sent to the other State.

*Cause*

Inadequate review of files is performed to ensure that existing procedures relating to the interstate cases were being followed for each case file in a timely and consistent manner.

*Effect*

Noncompliance with the Special Test and Provisions relating to interstate cases.

*Recommendation*

The District should enhance existing procedures to ensure that all claimant files are properly reviewed to ensure compliance with requirements relating to the interstate cases.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

***Responding Cases***

**- 28 out of the 45 cases tested, we could not determine whether CSSD reviewed the cases for completeness within 10 working days requirement**

Child Support Services Division disagrees with the audit finding. The case is reviewed for completeness on the day of receipt. The acknowledgement process includes an internal Quality Control review before

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filing that is held on the day the case is received. This takes place within the 10 working day requirement and is a part of the standard Interstate acknowledgement process.

**- 3 out of the 45 cases tested, we were unable to determine if CSSD notified title IV in the initiating state, if any necessary additions or corrections to the form or documentation to proceed with the case in the required timeframe**

397631\*1 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects information indicating that CSSD filed a petition with DC Superior Court on 4/18/10. The case is reviewed for completeness on the day of receipt. The acknowledgement process includes an internal Quality Control (QC) review before filing that is held on the day the case is received. This takes place within the 10 working day requirement and is a part of the standard Interstate acknowledgement process. Any necessary addition or correction to any documentation is identified in the QC review process. Notification is then sent to the initiating state to proceed with the case in the required timeframe.

395173\*1 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects case note information indicating that CSSD made a request for additional social security information on child from other state on 1/5/10. The case is reviewed for completeness on the day of receipt. The acknowledgement process includes an internal Quality Control (QC) review before filing that is held on the day the case is received. This takes place within the 10 working day requirement and is a part of the standard Interstate acknowledgement process. Any necessary addition or correction to any documentation is identified in the QC review process. Notification is then sent to the initiating state to proceed with the case in the required timeframe.

313379\*1 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects case note information indicating that CSSD made a request for additional information from other state on 3/3/10. The case is reviewed for completeness on the day of receipt. The acknowledgement process includes an internal Quality Control (QC) review before filing that is held on the day the case is received. This takes place within the 10 working day requirement and is a part of the standard Interstate acknowledgement process. Any necessary addition or correction to any documentation is identified in the QC review process. Notification is then sent to the initiating state to proceed with the case in the required timeframe.

**- 2 out of the 45 cases tested, we could not determine what steps were taken in the case due to lack of supporting documentation in the case file**

396626\*1 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing

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documentation on the automated case management system. The automated case management system reflects case note information indicating that CSSD made a request for additional information from other state on 4/28/10. Other state agency did not provide additional information in order to proceed with case processing. Pending closure process initiated on 6/25/10 due to other state's failure to respond. Case closed 8/23/10. The purpose of the Single Audit is not to validate the data on the agency's system, but to determine whether or not paternity/support is established in fact.

154815\*1 – Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects case note information indicating that CSSD received a new petition on 9/3/10 and sent an acknowledgment to the other state agency that same day. CSSD requested information from the other state on 9/29/10 and the case was placed in a pending closure status. The case ultimately closed due to failure of the other state agency to respond to CSSD request for information

**- 1 out of the 45 cases tested, we could not determine whether CSSD requested any missing documentation from the initiating state within 10 working days requirement**

395035\*1 - Child Support Services Division disagrees with the audit finding. The case is reviewed for completeness on the day of receipt. The acknowledgement process includes an internal Quality Control (QC) review before filing that is held on the day the case is received. This takes place within the 10 working day requirement and is a part of the standard Interstate acknowledgement process. Any necessary documentation is identified in the QC review process. Notification is then sent to the initiating state to proceed with the case in the required timeframe. The QC checklist used for the case review is attached. (See Attachment #1) Purpose of Single Audit is not to validate the data on the agency's system, but to determine whether or not paternity/support established in fact. A support order was established in this case.

**- 1 out of the 45 cases tested, CSSD requested missing documentation from the initiating state after 10 working days requirement**

313379\*1 – Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects information indicating that CSSD missing information from the other state on 3/3/11.

**-1 out of 45 cases tested, the case required enforcement action however the agency did not provide evidence enforcement action during FY 2010.**

395035\*1 - Child Support Services Division disagrees with the audit finding. Interstate Responding test does not include any enforcement provisions; the test is only for establishment and status requests. Purpose of Single Audit is not to validate the data on the agency's system, but to determine whether or not paternity/support established in fact. A support order was established in this case.

*KPMG's Response*

We have read management's response, and our finding remains as indicated.

***Initiating Cases***

**- 1 out of 50 cases, we noted that the case was sent to the Interstate Unit and UIFSA interview scheduled but noted no other actions taken by the Agency. Thus, we cannot determine procedures based on information provided**

395480\*1 - Child Support Services Division disagrees with the audit finding. This is not an establishment case. Pre-existing foreign order with NCP in another jurisdiction. Although a UIFSA appointment was scheduled no appointment was necessary. Case properly sent to APM to open obligation and timely processed.

**-2 out of 50 cases the Agency could not state with certainty when the petition was sent to the other state. We could not determine if case was sent within 20 day requirement.**

397158\*1 - Child Support Services Division disagrees with the audit finding. The automated case management system reflects information indicating that CSSD packaged the petition to be sent to the other state agency on 7/22/10 and that the other state agency acknowledge receipt of the petition on 10/21/10. CSSD's documentation of the preparation and packaging to send the petition coupled with the other state agency's acknowledged receipt is certain proof that the package was submitted.

397924\*1 - Child Support Services Division disagrees with the audit finding. The automated case management system reflects information indicating that a Quality Control review took place on 8/5/10 for the petition to be sent to the other state agency and on 8/31/10 the other state agency acknowledge receipt of the petition. CSSD's documentation of the preparation of the petition to be sent to the other state agency coupled with the other state agency's acknowledged receipt is certain proof that the package was submitted.

**- 6 out of 50 cases, we noted that the case was sent to the Interstate Unit but noted no other actions taken by the Agency. Thus, we cannot determine procedures based on information provided**

379963\*2 – Agreed, CSSD will not challenge this audit finding.

398267\*2 – Agreed, CSSD will not challenge this audit finding.

137510\*3 – Agreed, CSSD will not challenge this audit finding.

398223\*1 – Agreed, CSSD will not challenge this audit finding.

396756\*1 – Agreed, CSSD will not challenge this audit finding.

397791\*1 – Agreed, CSSD will not challenge this audit finding.

**- 2 out of 50 cases, we noted that the Agency obtained all necessary information needed to process the case but did not refer the case to the other state until past the 20 day requirement**

130288\*6 - Child Support Services Division disagrees with the audit finding. Per case note information case referred to Interstate 3/17/10, CP appt scheduled 3/22/10 and held 4/1/10. Agency needed more

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information from CP but information not provided until 7/8/10 office visit. Update sent to other state on 7/15/10 within 20 days of receiving information needed to proceed. Case notes indicate compliance with timeframes.

395106\*1 – Child Support Services Division disagrees with the audit finding. Although case action information indicates agency outside of timelines, per case note information case referred to Interstate 10/27/09, CP interview conducted on 11/18/09 and Quality Control review took place on the same day. The case was sent to the other state agency on 12/09/09. Case notes indicate compliance with timeframes.

**-1 out of the 50 initiating cases selected, the documentation provided by the agency was for another case**

397654\*1 – Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The documentation in the automated case management system properly identifies the appropriate CP and NCP.

**- 2 out of the 50 cases, we noted that the agency improperly closed the case**

163581\*2 - Child Support Services Division disagrees with the audit finding. Case not improperly closed and correct action taken. Emancipation age is 18 in NCP's jurisdiction (LA). CSSD has identified this "gap" time issue when NCP jurisdiction emancipation age is 18 and DP is under 21. The law of the controlling jurisdiction prevented CSSD from taking action on the case. Case sent to Interstate when DP turned 18. The correct case action taken to close matter. The purpose of the Single Audit is not to validate the data on the agency's system, but to determine whether or not paternity/support is established in fact.

109167\*6 – Child Support Services Division disagrees with the audit finding. Case not improperly closed and correct action taken. Non-custodial parent receiving SSI and the custodial parent and non-custodial parent reside together. Case review completed on 6/16/10 and the case was subsequently closed for good cause.

**- 1 out of 50 cases, Agency was unable to locate UIFSA documentation. We are not able to determine if information submitted to the other state is the necessary documentation and federally approved interstate forms.**

394257\*2 – Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects case note information indicating that CSSD appointment set on 4/29/10 and the Quality Control review was completed on 5/17/10. The UIFSA documents packaged 5/19/10 and sent to the other state agency on 5/20/10. An acknowledgement was sent from the other state agency to CSSD on 6/25/10.



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**-4 out of the 50 initiating cases, once the non-custodial parent was located in another state, the case was not sent to the Interstate Unit in a timely manner**

105503\*3 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects information indicating that the non-custodial parent was located on 11/16/09 and the case was submitted to the Interstate Unit on the same day. The case was eventually placed in a pending closure status on 12/8/09 due to the non-cooperation of the custodial parent.

126896\*1 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects information indicating that the non-custodial parent was located on 4/2/10 and the case was submitted to the Interstate Unit on 7/16/10. The case was eventually placed in a pending closure status on 7/28/10 due to the non-cooperation of the custodial parent.

115993\*2 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects information indicating that the non-custodial parent was located on 7/12/10 and the case was submitted to the Interstate Unit on the 8/18/10. The case was eventually placed in a pending closure status on 9/29/10 due to the non-cooperation of the custodial parent.

394257\*2 - Child Support Services Division disagrees with the audit finding. In an effort to conserve resources this fiscal year CSSD instituted a paperless initiative. CSSD implemented a new policy to reduce paper usage and waste by limiting the paper documents necessary in a case file and emphasizing documentation on the automated case management system. The automated case management system reflects information indicating that the non-custodial parent was located on 12/10/09 and the case was submitted to the Interstate Unit on 2/17/10. The case was subsequently sent to the other state agency on 5/20/10.

**- 3 out of the 50 initiating cases, KPMG was unable to determine if the agency took enforcement action against the custodial parent or began the case closure process when the custodial parent did not appear at the UIFSA interview to verify information that is necessary to be sent to the other state.**

397316\*1 - Child Support Services Division disagrees with the audit finding. No further action can be taken on the case as custodial parent did not appear for interview. This is a TANF case so it cannot be closed but CSSD does not have enough information to process further. The purpose of the Single Audit is not to validate the data on the agency's system, but to determine whether or not paternity/support is established in fact.

395480\*1 - Child Support Services Division disagrees with the audit finding. Not an establishment case. Custodial parent (CP) had existing Florida order and wanted arrears due for period prior to DP adoption by CP's new husband in 9/2009. Adoption decree determined to terminate all obligations of NCP, including arrears as there was no exception for this in the decree. Florida would not reopen their closed

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case. CP was told to provide any documentation that the decree was amended and CSSD would pursue the matter. 7/2010, CP has verbally requested to close matter but has not provided written request. CSSD awaiting closure request from CP to proceed with case closure. The purpose of the Single Audit is not to validate the data on the agency's system, but to determine whether or not paternity/support is established in fact.

395489\*2 – Agreed, CSSD will not challenge this audit finding.

*KPMG's Response*

We have read management's response, and our finding remains as indicated.

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<b><i>Finding Number</i></b>	<b>2010-56</b>
<b><i>Federal Program</i></b>	<b>Low Income Housing Energy Assistance Program (LiHEAP) (93.568)</b>
<b><i>Federal Award Number</i></b>	<b>G-10B1DCLIEA (10/1/09-9/30/11) G-09B1DCLIEA (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Environment</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

The District must maintain documentation showing that each participant met one of the following criteria:

- (a) Households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), food stamps, or certain needs-tested veterans benefits; or
- (b) Households with income that do not exceed the greater of 150 percent of the State's established poverty level or 60 percent of the State median income.

The District may establish lower income eligibility criteria, but no household may be excluded solely on the basis of income if the household income is less than 110 percent of the State's poverty level. DDOE may give priority to those households with the highest home energy costs or needs in relation to income (42 USC 8624(b)(2)).

*Condition*

For 1 out of the 65 participants selected for testing, totaling \$802 out of a sample of \$42,959, we were unable to conclude whether this participant was eligible to receive assistance for home energy. A number of applicants to the LiHEAP program are considered "homebound," and, as such, cannot report in person to one of the District facilities to apply for the LiHEAP benefits. In such situations, the District will send a field officer to the applicant's home to review the applicant's documentation and determine eligibility as well as applicable benefits.

During our testwork over eligibility of participants, we determined that the only support for the eligibility data for "homebound" applicants was the applicant and field officer's signed certification of accuracy. The field officer does not maintain the documentation used in the eligibility determination; consequently, the District does not retain evidence supporting the eligibility determination for "homebound" applicants. Homebound applicant payments represent approximately 4 percent of the total of all beneficiary payments.

*Cause*

The District did not follow its standard documentation policies and procedures, because it did not maintain eligibility documentation for "homebound" applicants.

*Effect*

The lack of proper documentation to support “homebound” eligibility determinations results in an unsupported program disbursement and a questioned cost. It also prevents management from performing a proper quality control review.

*Recommendation*

We recommend the District enhance its existing policies and procedures by implementing monitoring procedures to ensure that all supporting documentation for each applicant is properly maintained and available for review for “homebound” applicants.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

\$802

*Views of Responsible Officials*

A) DDOE was unable to locate one file as requested. Although this is attributed to the relocation of DDOE’s LiHEAP service center from one location to two different locations in the city, and the transfer of files to storage facilities, DDOE concurs that record keeping and retention is extremely important and is of the highest priority. In FY 2012, DDOE will implement and enforce the following monitoring and record-keeping controls to ensure that all files are properly maintained, readily accessible, and in compliance with grant requirements:

- 1) Ensure that each intake worker collects the required documentation from each client as required by the Federal grant;
- 2) Conduct weekly file reviews for completeness, orderliness, and accuracy;
- 3) Perform annual comprehensive and systematic file reviews against electronic records of clients who were provided with energy assistance;
- 4) Add responsible filing and record keeping as a performance metric for applicable staff;
- 5) As necessary, provide training to intake staff on new and enhanced record-keeping methods, and on integrity in record collection and data entry.

B) DDOE’s homebound applicants account for approximately 4 percent of our total LiHEAP recipients. In these cases, DDOE’s homebound representatives go to the homes of low-income District residents who are chronically ill, disabled, senior citizens, or who are suffering with other conditions that render them homebound. DDOE’s approved policy for homebound visits is as follows. DDOE homebound employees must:

- 1) Request, receive, and review the relevant eligibility documents;
- 2) Extract the pertinent data from the documents for the LiHEAP application form; and
- 3) Certify that the documents were indeed physically reviewed and approved. Certification occurs with a signature requirement from both the intake representative and the applicant on a unique DDOE homebound form that was developed for this purpose.

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This homebound intake policy is also used in other States. For example, per Idaho's Intake Manual, the policy for homebound applicants is to view the original documents without replicating them, note the income verification documents, and certify via a signature on the application form. Georgia has a similar policy, whereby a document verification form is used to verify that the intake worker saw specific forms of documentation needed to determine income eligibility. This form is then signed by the intake worker and the customer.

DDOE believes that its current intake policy for homebound applicants is sufficient (especially since homebound applicants account for only 4 percent of our total LiHEAP recipients); however, we will consider the purchase of 4 portable scanners at the beginning of FY2012 for the homebound representatives to use when they visit these homes. This will ensure that documentation, in addition to the intake certification form, is retained in each participant's file to support the eligibility determination for all beneficiaries.

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<b><i>Finding Number</i></b>	<b>2010-57</b>
<b><i>Federal Program</i></b>	<b>Low Income Housing Energy Assistance Program (93.568)</b>
<b><i>Federal Award Number</i></b>	<b>G-10B1DCLIEA (10/1/09-9/30/11) G-09B1DCLIEA (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Environment</b>
<b><i>Compliance Requirement</i></b>	<b>Subrecipient Monitoring</b>

*Criteria*

Per 31 USC 7502(f)(2)(A), “Each pass-through entity shall provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter.”

*Condition*

We determined that for two (2) of the four (4) subrecipients who received \$550,000 in LiHEAP funds from the District, the CFDA number (94.568) of the grant and the Federal award number (G-10B1DCLIEA) were not included in the subrecipient agreement.

*Cause*

The District failed to review subrecipient agreements prior to executing them to ensure that the agreements include all required elements in accordance with Federal guidelines.

*Effect*

The subrecipient entity was not formally notified at the time of award of the appropriate identifying numbers pertaining to the Federal award. Failure to include this required information in the subrecipient agreement results in noncompliance with Federal rules and regulations relating to subrecipient monitoring. It may also result in the subrecipient failing to properly classify such funds as Federal for single audit purposes.

*Recommendation*

We recommend the District enhance its control policies and procedures to ensure that all appropriate information, including CFDA and grant identifying numbers, are included in subrecipient agreements.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The District interpreted this Federal requirement to mean that sufficient grant-identifying information should be included in subrecipient agreements, such as the CFDA number (Catalogue of Federal

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Domestic Assistance) or the Federal grant number, but not that these specific numbers be included. Rather than these numbers, the District included the specific name of the Federal grant in order to make subrecipients aware of the source of the funds. No negative effects resulted from this usage. However, we will include the CFDA and grant number in new subrecipient agreements signed during FY2012.

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<b><i>Finding Number</i></b>	<b>2010-58</b>
<b><i>Federal Program</i></b>	<b>Community Services Block Grant (CSBG) (93.569, 93.710)</b>
<b><i>Federal Award Number</i></b>	<b>G10BIDCCOSR (10/1/09-9/30/11) G09BIDCCOSR (10/1/08-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

Per OMB A-87, Cost Principles for State, Local, and Indian Tribal Governments – Section 8 – *Compensation for Personal Services*:

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- (4) 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 that meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
  - More than one Federal award
  - A Federal award and a non-Federal award
  - An indirect cost activity and a direct cost activity
  - Two or more indirect activities that are allocated using different allocation bases
  - An unallowable activity and a direct or indirect cost activity.

*Condition*

We identified that one (1) of five (5) CSBG employees did not have an accurate OMB A-87 time and effort certification. Specifically, the CSBG program manager certified that 100 percent of his time and effort was related to the CSBG program; however, we determined that he also works on the DC Father Hood Initiative (CFDA #93.086 – Healthy Marriage Promotion and Responsible Fatherhood Grants). We also determined that another employee certified semiannually that 20 percent of his time was related to the CSBG program; however, actual expenditures charged were 25 percent of his time. Also, as this employee charges time to multiple projects, the employee is required to complete signed activity reports monthly as opposed to semiannually.



*Cause*

CSBG personnel are not consistently adhering to its established policies and procedures to properly complete the time certification.

*Effect*

CSBG program expenditures are not in compliance with OMB Circular A-87.

*Recommendation*

We recommend that the District institute a monitoring control to ensure that the CSBG program is properly recording and reporting time and effort worked on Federal programs in accordance with the guidelines established in OMB Circular A-87

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

Adjusted "Support of Salaries and Wages with Federal Funds" certification on file and forwarded to the auditor on June 9, 2011 as requested to reflect 25 percent time and effort charged to CSBG for employee #2 (Administrator, Family Services Administration);

The Program Manager did not make any significant or consistent deviation from his CSBG role during the period in reference (FY2010) and charged appropriately to CSBG 100 percent of the time.

*KPMG's Response*

We have read management's response, and our finding remains as indicated.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-59</b>
<b><i>Federal Program</i></b>	<b>Community Services Block Grant (93.569, 93.710)</b>
<b><i>Federal Award Number</i></b>	<b>G10BIDCCOSR (10/1/09-9/30/11) G09BIDCCOSR (10/1/08-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients. Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to assure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity. Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses. Interest earned by non-State nonprofit entities on Federal fund balances in excess of \$250 is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR part 205 (Subpart B). The requirements for cash management are contained in the OMB Circular 102 (Paragraph 2.a.), the A-102 Common Rule, OMB Circular A-110, Treasury regulations at 31 CFR part 205, Federal awarding agency regulations, and the terms and conditions of the award.

*Condition*

Two (2) expenditures totaling \$487,839, of the 25 expenditures selected for testing, totaling \$8,404,051, were disbursed after the request for payment was made.

*Cause*

DHS management has not properly reviewed the reconciliation of expenditures and revenue to determine that requests for reimbursement are only for disbursed expenditures.

*Effect*

The District is not complying with the provisions of the CMIA agreement, resulting in noncompliance.

**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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*Recommendation*

We recommend that the District adhere to existing policies and procedures to ensure that requests are made for reimbursement only for amounts actually paid and in compliance with the terms of the CMIA agreement.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

DHS agrees with the finding and will ensure that prior to Federal drawdowns, we will confirm and reconcile that all revenue is posted in SOAR.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-60</b>
<b><i>Federal Program</i></b>	<b>Community Services Block Grant (93.569, 93.710)</b>
<b><i>Federal Award Number</i></b>	<b>G10BIDCCOSR (10/1/09-9/30/11) G09BIDCCOSR (10/1/08-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

ARRA 1512 reporting through Recovery.gov must be made by the required deadline 10 days after the end of each quarter. Reporting should comprise the best available information at the time available to the recipient of ARRA funds. Should circumstances arise where the information reported to Recovery.gov is no longer accurate, revisions must be made to the data previously submitted. Recovery.gov provides information on the process for recipient reporting and the process by which data can be revised in the *User Guides* published on its Web site. Additionally, OMB's *Updated Guidance on the American Recovery and Reinvestment Act* memo dated March 22, 2010 speaks to the concept of "continuous corrections" whereby entities are expected to revise submitted data:

*In January 2010, the Recovery Accountability and Transparency Board (RATB) modified the process for correcting data in FederalReporting.gov by initiating a "continuous corrections" period. Previously, data in FederalReporting.gov for a given reporting quarter was locked and no longer correctable once the reporting period for that quarter closed and the information was published on Recovery.gov. With a "continuous corrections" period, recipients can correct reported data for the immediately preceding reporting quarter after that reporting quarter has ended and after the data is published on FederalReporting.gov.*

*Condition*

While performing reporting compliance testwork over the FY2010 CSBG program, we determined that the quarterly American Recovery and Reinvestment Act (ARRA) reports submitted to the Federal government included estimates for subgrantee vendor transactions. Upon full liquidation of all ARRA funding, CSBG management did not update estimated figures to reflect actual amounts expended in the final ARRA reports submitted.

*Cause*

CSBG program management did not follow established ARRA reporting guidance, as they were not aware that estimated amounts included in the reports needed to be "trued up" to actual results.

*Effect*

The District's final report regarding the use of CSBG ARRA funding may not be accurate and adequately supported by the accounting records.

*Recommendation*

We recommend that CSBG program management revise previously submitted ARRA amounts to reflect actual activity and use of ARRA funding. Further, we recommend that CSBG program management review ARRA reporting requirements to ensure that they are familiar with such requirements.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

Outcomes were reported as actual. The award amount subgranted to the eligible entity is our primary responsibility and was reported accurately. The line items in between were budget amounts to the vendors of the subgrantee and were presented as estimates at the beginning of the ARRA program (April 2009). Actual payouts were the responsibility of the subgrantee and were based on performance.

*KPMG's Response*

We have read management's response, and our finding remains as indicated. Any amounts reported as estimated should have been updated to actual amounts incurred.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-61</b>
<b><i>Federal Program</i></b>	<b>Head Start (93.600, 93.708)</b>
<b><i>Federal Award Number</i></b>	<b>03CH0233/23 (10/1/09-9/30/10) 03SE0233/01 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

OMB Circular A-87 – *Cost Principles for State, Local, and Indian Tribal Governments, Attachment B, Paragraph 8.h.(3)* states:

*Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.*

*Condition*

For 5 of 95 selected employees, there were no payroll certifications maintained for the period covering March 28, 2010 through September 30, 2010.

*Cause*

DCPS is not consistently adhering to its existing policies and procedures requiring that adequate documentation of time and effort certifications for Head Start teachers and staff are properly maintained in accordance with OMB Circular A-87.

*Effect*

Without adequate adherence to internal controls to ensure that sufficient documentation is maintained, DCPS could not provide certifications for the requested period to validate employee's time for the selected period and, therefore, is not compliant with the time and effort reporting requirements of OMB A-87.

*Recommendation*

We recommend that the District institute a monitoring control to ensure that DCPS adheres to its existing policies and procedures for obtaining and maintaining the time and effort certifications for Head Start program employees.

*Related Noncompliance*

None

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Schedule of Findings and Questioned Costs  
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*Questioned Costs*

None

*Views of Responsible Officials*

DCPS concurs that ongoing and consistent application of its policies and procedures related to time and effort certification requirements should be achieved. The Head Start management team will develop a communication plan reiterating to Program Managers the importance of timely completion of time and effort certifications.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-62</b>
<b><i>Federal Program</i></b>	<b>Head Start (93.600, 93.708)</b>
<b><i>Federal Award Number</i></b>	<b>03CH0233/23 (10/1/09-9/30/10) 03SE0233/01 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

Regulation 45 CFR Section 1305.4 of the Head Start Program Performance Standards provides grantees and delegate agencies with the requirements that must be followed when determining the eligibility of children and their families:

§ 1305.4.b.1 “At least 90 percent of the children who are enrolled in each Head Start program must be from low-income families.”

§ 1305.4.b.2 “Except as provided in paragraph (b)(3) of this section, up to ten percent of the children who are enrolled may be children from families that exceed the low-income guidelines but who meet the criteria that the program has established for selecting such children and who would benefit from Head Start services.”

§ 1305.4.c “The family income must be verified by the Head Start program before determining that a child is eligible to participate in the program.”

§ 1305.4.d “Verification must include examination of any of the following: Individual Income Tax Form 1040, W-2 forms, pay stubs, pay envelopes, written statements from employers, or documentation showing current status as recipients of public assistance.”

§ 1305.4.e “A signed statement by an employee of the Head Start program, identifying which of these documents was examined and stating that the child is eligible to participate in the program, must be maintained to indicate that income verification has been made.”

*Condition*

Out of the 95 participants selected for testing, we determined:

- For 16 sampled items, the income verification form was not maintained.
- For six (6) sampled items, the document verification form did not document the family’s income.
- For two (2) sampled items, the document verification form was not signed by the Head Start employee.
- For five (5) sampled items, the data entered into the Genesis Earth system did not agree to the information on the forms.

*Cause*

Controls are not consistently applied to ensure proper record retention of eligibility program requirements.



*Effect*

Without adherence to existing internal controls and procedures, DCPS may have provided program services to ineligible participants.

*Recommendation*

We recommend that DCPS adheres to its existing internal controls and procedures to ensure that:

- Income verification is performed and documented for all children enrolled in the program.
- Head Start employees responsible for reviewing eligibility documents sign the documentation verification form to evidence their review.
- The Head Start team should review data entered into the Genesis Earth system to ensure the accuracy and completeness of the data.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$164,421

*Views of Responsible Officials*

DCPS concurs with the finding. The enrollment process was revised for the FY2010–2011 school year, and there have been changes made to the income verification procedures. Eligibility documents are now stored electronically, ensuring improved access, and a periodic review of documents has been instituted to ensure greater adherence to existing policies.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-63</b>
<b><i>Federal Program</i></b>	<b>Head Start (93.600, 93.708)</b>
<b><i>Federal Award Number</i></b>	<b>03CH0233/23 (10/1/09-9/30/10) 03SE0233/01 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Earmarking</b>

*Criteria*

Regulation 45 CFR Section 1305.32 of the Head Start Program Performance Standards provides grantees and delegate agencies with the requirements on the limitations on costs of development and administration of a Head Start program:

§ 1305.32.1.1: “Allowable costs for developing and administering a Head Start program may not exceed 15 percent of the total approved costs of the program, unless the responsible HHS official grants a waiver approving a higher percentage for a specific period of time not to exceed twelve months.”

*Condition*

DCPS does not have documentation that it retains to demonstrate that it monitors compliance with the earmarking requirement that administrative costs cannot exceed 15 percent of total program costs.

*Cause*

DCPS has not established policies and procedures requiring the periodic monitoring of compliance with the 15 percent administrative costs requirement.

*Effect*

The District may be noncompliant with the earmarking requirements of the grant.

*Recommendation*

We recommend that DCPS develop policies and procedures for ensuring that administrative costs do not exceed 15 percent of total program costs to ensure that the analysis performed is reviewed and approved by program management and ensure that such analysis is maintained.

*Related Noncompliance*

None

*Questioned Costs*

None

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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*Views of Responsible Officials*

DCPS concurs that there are no written procedures in place documenting the activities performed when the monitoring of the administrative costs occurs to ensure that the 15 percent limitation is not exceeded. DCPS will formalize the existing monitoring activities in a policy document and ensure that periodic monitoring of the administrative cost occurs in accordance with that policy.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-64</b>
<b><i>Federal Program</i></b>	<b>Head Start (93.600, 93.708)</b>
<b><i>Federal Award Number</i></b>	<b>03CH0233/23 (10/1/09-9/30/10) 03SE0233/01 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

The Head Start Delegate Agency Agreement (the Delegate) between the District of Columbia Public Schools and the United Planning Organization (UPO), Section 6 – Costs and Payments, indicates:

- A. UPO shall reimburse the Delegate for authorized expenditures incurred pursuant to the budget in Appendix B of this agreement according to the following method:
  1. The Delegate shall submit to the UPO Office of Finance and DOPDC, not later than the 15<sup>th</sup> business day of each month, a certified requisition for payment of expenses, inclusive of non-Federal project cost and authorized children with disabilities expenses, for the prior month on a form that UPO will supply for this purpose. The requisition for payment of expenses should cover the month prior to the one preceding the month payment is requested (i.e., the request for advance payment for March should be accompanied by the expense report for January). All expenses incurred for the approved program must be supported by fully executed contracts, purchase orders, requisitions, bills, or other evidence of obligation consistent with the Delegate’s established accounting policies and procedures. The requisition shall state, for each budget expense category: the amount budgeted, expenses incurred during the preceding month, cumulative expenses, and the balance remaining in the budget. The amount payable to the Delegate will be the Delegate’s cumulative allowable expenses, less the total amount previously paid to the Delegate pursuant to this Agreement.

*Condition*

We determined that DCPS is required to submit no later than the 15<sup>th</sup> day of each month a certified requisition for payment of expenses to UPO. DCPS only submitted a total of five such requisitions to UPO during the 2009–2010 grant year.

*Cause*

DCPS has not established adequate monitoring procedures to ensure that reimbursement requests are made in accordance with the Delegate agency agreement.

*Effect*

DCPS is not in compliance with the reporting requirements under the Delegate agency agreement.

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*Recommendation*

We recommend that DCPS establish a regular reporting schedule that requires reimbursement requests to be properly submitted in accordance with the Delegate agency agreement.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

DCPS concurs with the finding. We will establish a regular reporting schedule to ensure that requests for reimbursement are submitted with greater frequency and in accordance with the Delegate agency agreement.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-65</b>
<b><i>Federal Program</i></b>	<b>Head Start (93.600, 93.708)</b>
<b><i>Federal Award Number</i></b>	<b>03CH0233/23 (10/1/09-9/30/10) 03SE0233/01 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>District of Columbia Public Schools</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

DCPS does not have internal controls in place for review and approval of quarterly ARRA 1512 report submissions. Additionally, DCPS could not provide supporting documentation for expenditure amounts reported in two (2) out of two (2) quarterly submissions selected for testing.

*Cause*

Policies and procedures have not been established to ensure that adequate documentation of amounts reported in quarterly ARRA 1512 report submissions is maintained, and that the reports are reviewed prior to submission.

*Effect*

Inadequate policies and procedures to ensure proper documentation is maintained could result in noncompliance with program requirements.

*Recommendation*

We recommend that DCPS establish policies and procedures to ensure that adequate support for amounts reported in ARRA 1512 reports is maintained. Additionally, we recommend that DCPS review ARRA 1512 reports prior to submission and ensure such review is documented.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

DCPS concurs with the finding. The amounts included in the reports were based on balances as of the report date, and the documentation necessary to substantiate these balances was not maintained. DCPS will ensure that, going forward, all supporting documentation is appropriately maintained.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-66</b>
<b><i>Federal Program</i></b>	<b>Foster Care (93.658) Adoption Assistance (93.659)</b>
<b><i>Federal Awards Number</i></b>	<b>1001DC1401 (10/1/09-9/30/11) 1001DC1402 (10/1/09-9/30/11) 0901DC1401 (10/1/08-9/30/10) 0901DC1402 (10/1/08-9/30/10) 1001DC1403 (10/1/09-9/30/10) 1001DC1407 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Child and Family Services Agency (CFSA)</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

Random Moment Sampling (RMS) is used to determine how to allocate administrative costs (nonpersonnel and personnel costs) to CFSA programs. The agency selects a sample of employees, and the employee completes an RMS survey that reports the program, the client file, and activity the employee was working on at that specific time. The employee and the employee's supervisor sign the survey to validate the information reported. While performing allowability compliance testwork over the Foster Care program, we identified the following:

- Five (5) RMS surveys out of 95 sampled were not filled out completely by the employee. Specifically, 2 surveys did not indicate a program or service area the employee was working on in Section I of the survey form, and 3 survey forms did not indicate in Section II an activity that the employee was performing at the time of the RMS survey.
- Three (3) surveys out of 95 sampled were completed by the employee's supervisor without signature from the employee.
- Two (2) surveys out of 95 were not signed by the employee or the employee's supervisor.
- Two (2) surveys out of 95 were signed by the employee's supervisor approximately two (2) months after the employee signed the RMS survey.

Based upon discussion with management, these surveys were not included in the RMS calculation. However, we inspected the data entered for the responses to the surveys by the contractor and determined that complete responses were noted, and the responses were counted in the RMS calculation. Management indicated that the consultant performing the RMS analysis increased the number of survey responses obtained to calculate an accurate RMS rate to allow for instances, such as the ones noted above, where the surveys were not completed properly (and were therefore excluded by the consultant). However, we were unable to verify that the RMS surveys noted above were excluded from the calculation

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of the RMS rate and did not impact the accuracy of the RMS rate as the consultant did not provide a copy of the methodology and detailed analysis to the District to support the RMS rate calculation.

Total indirect costs charged in FY2010 to the Foster Care and Adoption Assistance programs were \$16,420,554, and \$6,356,558, respectively.

*Cause*

The incomplete surveys were caused by inadequate supervisor review and the lack of adherence to the existing policies and procedures over completion of the RMS surveys. Furthermore, the CFSA was unable to provide adequate documentation to support the RMS methodology used.

*Effect*

As we were unable to obtain a full understanding of the methodology employed to calculate the RMS rate used to allocate the personnel costs, we are unable to verify the validity and reasonableness of the methodology. As such, personnel costs may not be properly allocated to the Foster Care and Adoption Assistance programs.

*Recommendation*

We recommend CFSA perform the following:

- Adhere to its established policies and procedures to monitor the RMS process and ensure expenses are being properly allocated to the Foster Care and Adoption Assistance programs.
- Develop and maintain sufficient documentation to support the RMS rate calculated and applied to allocate expenses.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

CFSA concurs with the facts of this finding.

Effective October 1, 2010, the agency implemented an automated Web-based RMS system that improves the agency's ability to develop and maintain sufficient documentation of responses to support the RMS rate used to allocate administrative costs to each Federal program. In addition, procedures have been established and distributed that ensure that the RMS is properly completed.

The newly implemented Web-based RMS system requires that participants complete and submit via the RMS Internet Observation Form within 72 hours of the moment. Further, the participant cannot access the RMS Internet Observation Form after the 72-hour time frame; they will receive an error message if they attempt to enter the form after the 72-hour time frame stating, "Observation has expired." This eliminates the possibility of RMS submissions that exceed Federal requirements.



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Solid quality controls have been implemented in addition to the time limits. The agency has assigned RMS Coordinators for each administration to provide assistance and support to the RMS process. In addition, the agency validates at least 10 percent of the RMS generated each quarter. CFSA Supervisors validate once an initial response has been recorded electronically. If correction is needed, participants can correct their responses if still within the 72-hour period. Supervisors can print an RMS Control List that lists all samples for their employees for the quarter, as well as a “No Response Report” and “Response Summary by Date Report.” Each quarter, Supervisors also must complete the following to ensure accuracy and Federal compliance: update the employee roster, assist with completing nonresponses, complete the sample validation, notify the RMS Administrator if a position becomes vacant during the sample period, and provide training on RMS to employees before they are added to the RMS roster.

The agency is confident that the newly implemented Web-based RMS system, procedures, training, and quality controls will reduce the agency’s vulnerability to future findings.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-67</b>
<b><i>Federal Program</i></b>	<b>Foster Care (93.658) Adoption Assistance (93.659)</b>
<b><i>Federal Awards Number</i></b>	<b>1001DC1401 (10/1/09-9/30/11) 1001DC1402 (10/1/09-9/30/11) 0901DC1401 (10/1/08-9/30/10) 0901DC1402 (10/1/08-9/30/10) 1001DC1403 (10/1/09-9/30/10) 1001DC1407 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Child and Family Services Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

According to 45 CFR 95.511(a), *Approval of the Cost Allocation Plan or Plan Amendment*, we noted the following requirement:

*The Director, DCA, after consulting with the affected Operating Divisions, shall notify the State in writing of his/her findings. This notification will be made within 60 days after receipt of the proposed plan or amendment and shall either: (1) Advise the State that the plan or plan amendment is approved or disapproved, (2) advise the State of the changes required to make the plan or amendment acceptable, or (3) request the State to provide additional information needed to evaluate the proposed plan or amendment. If the DCA cannot make a determination within the 60-day period, it shall so advise the State.*

*Condition*

The Child and Family Services Agency (CFSA) administers the various Federal programs for which they incur administrative costs. In order to properly allocate such costs to the various programs, CFSA developed and utilizes a Public Assistance Cost Allocation Plan (CAP). The Public Assistance CAP is submitted to the U.S. Department of Health and Human Services (DHHS) for approval. Amendments are made to the original Public Assistance CAP (dated in FY2003) as CFSA's organizational structure changes or when allocation methods change. We obtained a copy of CFSA's Public Assistance CAP and noted no evidence of DHHS's approval.

*Cause*

No approval has been received from the U. S. Department of Health and Human Services since the initial submission in 2003.

*Effect*

CFSA may not be following an approved Public Assistance CAP.

*Recommendation*

We recommend CFSA obtain an approval for its Public Assistance CAP.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

The agency concurs with the facts of this finding, with the exception noted below. To address this finding, prior to each drawdown, CFSA accounting staff will reconcile the projected revenue draw to expenditures and current drawn revenue already in SOAR to validate the correct amount to be drawn.

With regard to the Auditor's observation that "...drawdown requests are not tracked on an expenditure-by-expenditure basis in order to track when the request for reimbursement was actually submitted for each specific expenditure...", the agency notes that each drawdown is based on actual expenditures recorded in the District's financial management system (SOAR). An adjustment is then made to ensure that the agency does not over-draw funds from the PMS system, pending the submission of the quarterly claims for reimbursement and the quarterly true up noted by the auditor comments above.

*KPMG's Response*

We have read management's response, and our finding remains as indicated.

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<b>Finding Number</b>	<b>2010-68</b>
<b>Federal Program</b>	<b>Foster Care (93.658)</b>
<b>Federal Awards Number</b>	<b>1001DC1401 (10/1/09-9/30/11)</b> <b>1001DC1402 (10/1/09-9/30/11)</b> <b>0901DC1401 (10/1/08-9/30/10)</b> <b>0901DC1402 (10/1/08-9/30/10)</b>
<b>Federal Agency</b>	<b>Health and Human Services</b>
<b>District Department</b>	<b>Child and Family Services Agency</b>
<b>Compliance Requirement</b>	<b>Eligibility</b>

*Criteria*

According to 45 CFR Part 92.20(b)(2), *Accounting records*, “Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.”

According to 42 U.S. Code 671(a)(10), “The State shall establish or designate [individuals] to be responsible for establishing and maintaining standards for foster family homes and child care institutions which are reasonably in accordance with recommended standards of national organizations concerned with standards for such institutions or homes, including standards related to admission policies, safety, sanitation, and protection of civil rights, provided that the standards so established shall be applied by the State to any foster family home or child care institution receiving funds under the State plan.”

Furthermore, 42 USC 671(a)(20)(A) through (C) requires criminal records checks, including fingerprint-based checks of national crime information databases (as defined in section [534 \(e\)\(3\)\(A\)](#) of title [28](#)), for any prospective foster parent and any relative guardian before the foster parent may be approved for placement of a child. The code also requires the State to check any child abuse and neglect registry maintained by the State for information on any prospective foster parent and on any other adult living in the home of such a prospective parent, and request any other State in which any such prospective parent or other adult has resided in the preceding five (5) years to enable the State to check any child abuse and neglect registry maintained by such other State for such information before the prospective foster parent may be approved for placement of a child.

*Condition*

We tested 95 participants, representing disbursed funds totaling \$85,949, and noted the following:

- For two (2) participants, we obtained an unsigned copy of the foster parent’s license but were not able to obtain a signed/approved copy of the foster parent’s licenses.
- For 1 participant, CFSA was unable to provide the license for the foster parent.
- For two (2) participants, we obtained the most recent approved license and determined that it did not cover the service period tested. The client was unable to provide an approved license that covered the service period.
- For 14 participants, we determined that the criminal background check was not valid for the service period.
- For 3 participants, we determined that the child abuse registry check was not valid for the service period.

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- For 1 participant, neither the criminal background check nor the child abuse registry check was valid for the service period.
- For 1 participant, no evidence of a child abuse registry check was provided.
- For 1 participant, no evidence of a criminal background check or child abuse registry check was provided.
- For 1 participant, no evidence of licensing, criminal background check, or child abuse registry check was provided.

The exceptions noted above are associated with \$29,766 out of \$85,949 total costs sampled.

*Cause*

The District's subrecipient monitoring procedures did not identify that, for the licenses maintained by the Child Placement Agencies (CPAs), the CPA did not retain a copy of the signed license, criminal background check, or child abuse registry check for their records before mailing the original to the foster parent. Additionally, CPAs and CFSA did not conduct criminal background checks and child abuse registry checks on a consistent basis for FY2010.

*Effect*

If the foster parent does not have a valid license, a valid criminal background check, and/or a valid child abuse registry check for the service period in which the allowable costs was disbursed, the foster care program is not in compliance with the program's requirements, and the costs are no longer allowable for Federal reimbursement by the District.

*Recommendation*

We recommend that the District require the CPAs to maintain appropriate documentation supporting that the foster parent has a valid license and has passed the criminal background and child abuse registry checks. Further, the District should conduct monitoring visits to these CPAs to ensure that they are adhering to these policies and procedures.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$29,766

*Views of Responsible Officials*

The agency concurs with the facts of the findings, but there is an important qualifying point to be made with respect to those that cite criminal background clearances or child protection register checks that "do not cover the service period" (which accounts for 18 of the 21 control testwork findings): It was not until March 26, 2010, almost seven months into the fiscal year, that the Children's Bureau promulgated the governance that required criminal background checks (CBC) and child protection register checks (CPRC) to be specific to a service period. [ACYF-CB-PI-10-02](#) tied Title IV-E eligibility to the licensing and CBC and CPRC standards of the Title IV-E single State agency in each State. The licensing governance of DC

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and Maryland require that CFSA and Maryland's child placing agencies (CPA), respectively, obtain CBCs and CPRCs at regular intervals for as long as the foster parents remain active and licensed foster care providers.

Prior to the PI, the only Federal governance on the matter related to Title IV-E was 42 USC 671(a)(20)(A) through (C), which required only that these documents be obtained at the time of initial licensure for *prospective* foster parents. At the time of the Federal Title IV-E Foster Care Eligibility Review in September 2009, the Federal reviewers held CFSA to this standard in determining levels of compliance with Title IV-E. The standards enumerated in DC and Maryland regulation were inapplicable.

The CBCs and CPRCs indicated in the control testwork findings as "not covering the service period" were documents that were invariably dated *prior to the service period* and, hence, met the requirements of 42 USC 671, which was the only governance in effect for over half the fiscal year being audited.

Moreover, following the issuance of [ACYF-CB-PI-10-02](#), CFSA immediately mobilized resources to ensure that licensing practice reflected the local standards that became Title IV-E requirements. For instance, the 14 findings for CBCs that didn't cover the service period involved lapses in FBI CBCs for Maryland foster care providers. In Maryland, local Maryland CBCs are obtained through an automatic transmission process between the CPAs and the Maryland Criminal Justice Information System (CJIS). It is a passive notification system whereby CJIS automatically notifies the CPA if one of its licensed foster care providers has a recent arrest and/or conviction. For some time prior to the PI, the CPAs understood that this passive notification process applied to Federal CBCs as well as the local Maryland CBCs. However, this was not the case. The passive notification system applied only to the local Maryland CBCs.

Following the PI, CFSA became aware of the misconception among the CPA community, clarified the matter with them, and *immediately* required them to bring current the FBI CBC documentation for all of their licensed foster care providers. In the majority of these 14 findings, the issue was a lapse between the Federal CBC check that the CPAs obtained for foster care providers at the time of their initial licensure and the updated CBC check that they obtained following CFSA's clarification and request for immediate corrective action.

Thus, remediation for this particular issue actually occurred within the very same fiscal year.

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<b><i>Finding Number</i></b>	<b>2010-69</b>
<b><i>Federal Program</i></b>	<b>Foster Care (93.658)</b>
<b><i>Federal Awards Number</i></b>	<b>1001DC1401 (10/1/09-9/30/11)</b> <b>1001DC1402 (10/1/09-9/30/11)</b> <b>0901DC1401 (10/1/08-9/30/10)</b> <b>0901DC1402 (10/1/08-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Child and Family Services Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Subrecipient Monitoring</b>

*Criteria*

Regulation 45 CFR Section 92.37, *Subgrants*, require states (1) ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations; (2) ensure that subgrantees are aware of requirements imposed upon them by Federal statute and regulation; (3) ensure that a provision for compliance with 45 CFR Section 92.42, *Retention and Access Requirements for Records*, is placed in every cost reimbursement subgrant; and (4) conform any advances of grant funds to subgrantees substantially to the same standards of timing and amount that apply to cash advances by Federal agencies.

According to 2 CFR section 176.50(c), *Award Terms for Assistance Agreements that Include Funds under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, Subpart A – Reporting and Registration Requirements under Section 1512 of the American Recovery and Reinvestment Act of 2009*, recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (CCR) (<http://www.ccr.gov>) at all times during which they have active Federal awards funded by ARRA funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) number (<http://www.dnb.com>) is one of the requirements for registration in the CCR.

According to 2 CFR section 176.210(c) and (d), *Award Terms for Assistance Agreements that Include Funds under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, Subpart D – Single Audit Information for Recipients of Recovery Act Funds*, recipients agree to separately identify to each subrecipient, and document at the time of the subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of ARRA funds. When a recipient awards ARRA funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental ARRA funds from regular subawards under the existing program.

*Condition*

Although management performed a detailed analysis of the classification of its Child Placement Agencies (CPAs), the CPAs were inappropriately classified as vendors rather than subrecipients of the Federal awards. As a result, we identified the following issues related to the pass-through of Federal awards to the CPAs that resulted from the misclassification:

- The Catalog of Federal Domestic Assistance (CFDA) title, CFDA number, award name, award number, and name of awarding agency were not present on the CPA agreements.
- There was no evidence that CFSA identified American Recovery and Reinvestment Act (ARRA) awards and applicable requirements to its subrecipients and separately identified to each subrecipient, and documented at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.

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- For awards greater than \$500,000, we identified no evidence in the contract monitoring files or in the CPAs' contract terms that the CPAs were required to obtain an audit in accordance with OMB Circular A-133 and submit a copy of the report to CFSA, where applicable.
- There was no evidence that CFSA communicated to subrecipients the requirement to register in the Central Contractor Registration (CCR), obtain a DUNS number, and maintain that information. Also, there was no evidence that CFSA determined that subrecipients have current CCR registrations prior to making subawards and performed periodic checks to ensure that subrecipients are updating information, as necessary.

*Cause*

The District did not identify the CPAs as subrecipients as they did not apply the subrecipient determination guidelines in OMB Circular A-133 properly; therefore, they did not require the CPAs to comply with the additional requirements of being subrecipients or the additional requirements for subrecipients receiving ARRA funding.

*Effect*

The District is not in compliance with subrecipient requirements for Federal funds and ARRA funds. Furthermore, if the CPAs are unaware that they are subrecipients and as subrecipients have additional requirements to adhere to, the CPAs may use Federal funds inappropriately, potentially causing the District to be in noncompliance with allowable cost requirements.

*Recommendation*

We recommend CFSA perform the following:

- Properly classify the CPAs as subrecipients and reflect the necessary requirements in the CPAs' contracts
- Update its subrecipient monitoring policies and procedures to monitor the additional requirements, including monitoring findings identified in the CPAs' single audit reports to ensure that the findings are remediated timely.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

CFSA maintains that the Child Placing Agencies (CPAs) that it contracts with are vendors and not subrecipients.

The management analysis that CFSA provided to KPMG before the audit outlines the many reasons why the vendor classification is appropriate and why the subrecipient classification is inapplicable. CFSA acknowledges that the Federal guidance on the vendor/subrecipient classification leaves room for



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interpretation, which is why the agency crafted a thoughtful and well-reasoned defense of its decision to classify the CPAs as vendors.

Federal governance under OMB Circular A-87 states that a subrecipient is an entity that performs one of the following functions on behalf of the Title IV-E single State agency:

- 1) Determine who is eligible to receive what Federal financial assistance;  
– *This is inapplicable to the CPAs. CFSA does this.*
- 2) Has its performance measured against whether the objectives of the Federal program are met;  
– *This is inapplicable to the CPAs. The CPAs bear no direct responsibility for achieving Title IV-E objectives and their performance evaluations are based on adherence to local standards and governance.*
- 3) Has responsibility for programmatic decision making;  
– *The CPAs do not have direct programmatic decision-making ability.*
- 4) Has responsibility for adherence to applicable Federal program compliance requirements;  
– *CFSA bears this responsibility exclusively.*
- 5) Uses the Federal Funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.  
– *The private agencies provide CFSA with foster care services, just like is done by the various CFSA Administrations under the CFSA Deputy Director for Agency Programs. CFSA remits payment to the CPAs for foster care services for those youth placed in CPA foster family homes. In cases where these youth are Title IV-E eligible, CFSA submits claims for IV-E Federal reimbursement. In cases where the youth are not Title IV-E eligible, CFSA submits no claim and bears the full cost of the foster care payment. The payment to the CPA does not change at all.*

In its analysis, which contains greater detail and explanation than the concise summaries above, the agency demonstrated that none of the above conditions applies to the CPAs, and therefore, its classification of the CPAs as vendors is completely justified.

Conversely, given the degree of legal interpretation involved in this matter, CFSA feels that the auditors have not sufficiently demonstrated why it feels that the CPAs are unequivocally subrecipients.

*KPMG's Response*

We have read management's response, and our finding remains as indicated. Correspondence from HHS indicates that it considers such CPAs subrecipients.

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<b><i>Finding Number</i></b>	<b>2010-70</b>
<b><i>Federal Program</i></b>	<b>Foster Care (93.658)</b>
<b><i>Federal Awards Number</i></b>	<b>1001DC1401 (10/1/09-9/30/11) 1001DC1402 (10/1/09-9/30/11) 0901DC1401 (10/1/08-9/30/10) 0901DC1402 (10/1/08-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Child and Family Services Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – R2 – Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

The Child and Family Services Agency (CFSA) administers the Adoption Assistance Title IV-E program for the District. Every quarter, the Adoption Assistance program reports its total expenditures for the quarter on the Foster Care and Adoption Assistance Financial Reports (ACF-IV-E-1) and submits the report to the U.S. Department of Health and Human Services (DHHS). Furthermore, if adjustments are necessary to previously reported amounts, CFSA submits a revised ACF-IV-E-1 Report to DHHS noting the adjustment amounts by cost type (maintenance costs or administrative costs).

During our testwork, we reconciled total Foster Care program expenditures (maintenance costs and administrative costs) to the total expenditures presented on the Schedule of Expenditures of Federal Awards (SEFA) funded by both the American Recovery and Reinvestment Act (ARRA) and non-ARRA funds. We noted that ARRA expenditures were over-reported on the SEFA by \$5,994 and non-ARRA expenditures were over-reported on the SEFA by \$225,212.

*Cause*

The District is not consistently adhering to its existing policies and procedures requiring reconciliation of the Federal financial reports to its general ledger.

*Effect*

Amounts reported to the Federal government may not agree to the accounting records.

*Recommendation*

We recommend that management establish monitoring controls to ensure that the Federal financial reports are properly reconciled to the accounting records.

*Related Noncompliance*

Noncompliance

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*Questioned Costs*

Not determinable

*Views of Responsible Officials*

With regard to ARRA expenditures over-reported on the SEFA by \$5,994 and non-ARRA expenditures over-reported on the SEFA by \$225,212, when both are compared to the applicable ACF-IV-E-1 reports, the agency concurs with the findings. The Agency Fiscal Officer will review all calculations between the ACF-IV-E-1 reports and the summary tables used in the SEFA reporting to ensure accuracy within 15 days of any ACF IV-E-1 report being submitted to the Federal government.

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<b><i>Finding Number</i></b>	<b>2010-71</b>
<b><i>Federal Program</i></b>	<b>Adoption Assistance (93.659)</b>
<b><i>Federal Award Number</i></b>	<b>1001DC1403 (10/1/09-9/30/10)</b> <b>1001DC1407 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Child and Family Services Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

According to 45 Code of Federal Regulations (CFR) Part 92.20(b)(2), *Accounting records*, “Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.”

*Condition*

We were unable to obtain 1 eligibility file to support 2 allowable costs, totaling \$581, out of 70 items, totaling \$35,581, to determine that an eligibility determination was initially made and the child was eligible to receive assistance from the program.

*Cause*

The eligibility file could not be located.

*Effect*

The lack of appropriate support for expenditures increases the risk of an unallowable cost being charged to the grant, resulting in noncompliance.

*Recommendation*

CFSA should adhere to its existing policies and procedures to ensure proper maintenance of participant eligibility files to support allowable costs charged to the grant as well as the related eligibility determination.

*Related Noncompliance*

None

*Questioned Costs*

\$581

*Views of Responsible Officials*

The agency concurs with the facts of this finding.

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The agency was able to produce supporting documentation for 69 of the 70 records being requested (these adoptions were finalized between 1996 and 2010). To ensure that the agency is in compliance with record retention program requirements, a review will be conducted on all physical subsidy records. Subsidy staff will cross-reference FACES data for all recipients of an adoption subsidy with the actual subsidy record being housed in the agency to ensure that a record exists and is maintained for each child receiving an adoption subsidy. Each record will be reviewed to ensure that requisite documentation is included in the record.

The subsidy unit will develop “written” procedures for maintaining subsidy records.

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<b><i>Finding Number</i></b>	<b>2010-72</b>
<b><i>Federal Program</i></b>	<b>Adoption Assistance (93.659)</b>
<b><i>Federal Award Number</i></b>	<b>1001DC1403 (10/1/09-9/30/10) 1001DC1407 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Child and Family Services Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

According to 45 CFR Part 92.20(b)(2), *Accounting records*, “Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.”

According to the Social Security Act (Title IV-E) Section 473 (4)(B), “A payment may not be made pursuant to this section to parents or relative guardians with respect to a child (i) who has attained 18 years of age, or such greater age as the State may elect under section 475(8)(B)(iii); or 21 years of age, if the State determines that the child has a mental or physical handicap which warrants the continuation of assistance; (ii) who has not attained 18 years of age, if the State determines that the parents or relative guardians, as the case may be, are no longer legally responsible for the support of the child; or (iii) if the State determined that the child is no longer receiving any support from the parents or relative guardians, as the case may be...[Furthermore,] parents or relative guardians who have been receiving adoption assistance payments...under this section shall keep the State or local agency administering the program under this section informed of circumstances which would, pursuant to this subsection, make them ineligible for the payments, or eligible for the payments in a different amount.”

*Condition*

While performing eligibility compliance testwork over the FY2010 Adoption Assistance program, we determined the following:

- For three (3) participants, the FACES system shows that a redetermination response was received in 2010, but CFSA was unable to locate the documents to support the redetermination.
- For one (1) participant, a redetermination letter was never sent to the provider for the selected child during FY2010.

The total sample payments identified were \$35,581, and the four (4) participants identified above as exceptions were paid \$1,504.

*Cause*

The completed redetermination forms returned by the foster parents of three (3) of the adopted children were misplaced. In addition, CFSA management confirmed that they did not send a redetermination form for the fourth child.

*Effect*

Failure to maintain appropriate supporting documentation and failure to complete appropriate redeterminations may result in benefits paid to ineligible participants.

*Recommendation*

We recommend that the District adhere to its existing policies and procedures to ensure that the status of all adopted children is monitored and that redetermination forms are sent to and completed by foster parents timely.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

\$1,504

*Views of Responsible Officials*

The agency does not concur with the facts of this finding.

The District of Columbia government goes beyond what is required by Federal guidelines in the administration of the Title IV-E adoption assistance program, as it relates to the annual subsidy reviews being conducted by the agency. There is no Federal statute that requires an annual review, redetermination, or renewal for Title IV-E adoption assistance. As explained in ACYF-CB-PIQ-98-02 (9/03/98), **Parents** who receive adoption assistance payments,...have a **responsibility** to keep the State or local agency informed of circumstances that would make them ineligible for Title IV-E adoption assistance payments or eligible for assistance payments in a different amount (Section 473 (a) (4) (B) of the Social Security Act). Once a child is determined eligible to receive Title IV-E adoption assistance, the child remains eligible, and the subsidy continues until: (1) the age of 18 (or 21 if the State determines that the child has a mental or physical disability that warrants the continuation of assistance), (2) the State determines that the parent is no longer legally responsible for the support of the child, or (3) the State determines the child is no longer receiving any support from the parents. Social Security Act – section 473(a) (4) (B).

*KPMG's Response*

We have read management's response, and our finding remains as indicated. The District has not established a monitoring control to ensure compliance with items (2) and (3) indicated in the views of responsible officials above.

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<b><i>Finding Number</i></b>	<b>2010-73</b>
<b><i>Federal Program</i></b>	<b>Adoption Assistance (93.659)</b>
<b><i>Federal Award Number</i></b>	<b>1001DC1403 (10/1/09-9/30/10)</b> <b>1001DC1407 (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Child and Family Services Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – R2 – Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

The Child and Family Services Agency (CFSA) administers the Adoption Assistance program for the District. Every quarter, the Adoption Assistance program reports its total expenditures for the quarter on the Foster Care and Adoption Assistance Financial Reports (ACF-IV-E-1) and submits the report to the U.S. Department of Health and Human Services (DHHS). Furthermore, if adjustments are necessary to previously reported amounts, CFSA submits a revised ACF-IV-E-1 report noting the adjustment amounts by cost type (maintenance costs or administrative costs) to DHHS.

During our testwork, we reconciled the total Adoption Assistance program expenditures (maintenance costs and administrative costs) to the total expenditures presented on the Schedule of Expenditures of Federal Awards (SEFA) funded by both the American Recovery and Reinvestment Act (ARRA) and non-ARRA funds. We determined that ARRA expenditures were under-reported on the SEFA by \$27,883 and non-ARRA expenditures were over-reported on the SEFA by \$57,102. Additionally, we determined that non-ARRA expenditures included \$342,690 in expenditures that should have been reported in the Guardianship program (93.090).

Furthermore, we also agreed the total expenditures noted on the SEFA to the award amounts on the Adoption Assistance program award letters from DHHS. We determined that the SEFA reflected an amount that was \$329,043 greater than the total non-ARRA funds awarded per the award documents. We also noted that there was no evidence of adjustments made by DHHS.

*Cause*

The District is not consistently adhering to its existing policies and procedures requiring reconciliation of the Federal financial reports to its general ledger.

*Effect*

Amounts reported to the Federal government may not agree to the accounting records or to the accounting records of the granting agency.



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*Recommendation*

We recommend that management develop monitoring controls to ensure that the Federal financial reports are properly reconciled to the accounting records.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

With regard to ARRA expenditures under-reported on the SEFA by \$27,883 and non-ARRA expenditures over-reported on the SEFA by \$57,102, when both are compared to the applicable ACF-IV-E-1 reports, the agency concurs with the findings. As noted above, a significant portion of the discrepancy is due to the inclusion of the Guardianship claiming under the Adoption Assistance grant for the fourth quarter of FY2010. The Agency Fiscal Officer will review all calculations between the ACF-IV-E-1 reports and the summary tables used in the SEFA reporting to ensure accuracy within 15 days of any ACF IV-E-1 report being submitted to the Federal government.

With regard to the SEFA reflecting an amount that was \$329,043 greater than the total non-ARRA funds awarded per the award documents, it is noted this is due to the agency decision to claim guardianship subsidies during the fourth quarter of FY2010. Although the agency had secured a State Plan Amendment approval to claim for these subsidies, no formal grant award was sent by the Federal Department of Health and Human Services (DHHS). The agency has worked with DHHS and has received grant awards in FY2011 for guardianship subsidies.

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<b><i>Finding Number</i></b>	<b>2010-74</b>
<b><i>Federal Program</i></b>	<b>Children’s Health Insurance Program (93.767)</b>
<b><i>Federal Award Number</i></b>	<b>82MCHP/10 (10/1/08-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Human Services</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

Federal regulations require that the District must retain sufficient evidence to “*Determine whether required eligibility determinations were made, (including obtaining any required documentation/verifications), that individual program participants or groups of participants (including area of service delivery) were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program.*”

*Condition*

For 12 out of the 30 participants selected for testing, we were unable to conclude whether the participant was eligible to receive assistance for health insurance as supporting documentation could not be located.

*Cause*

The District did not consistently adhere to its established policies and procedures requiring it to retain documentation supporting participant eligibility.

*Effect*

The District may make payments to ineligible participants.

*Recommendation*

We recommend that DHS enhance its policies and procedures to ensure proper documentation is retained in each participant’s file to support the eligibility determination for all beneficiaries.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

DHS agrees with this finding. However, DHS does not agree that this is material noncompliance. Auditors requested the CHIP sample (on 5/13/11) at the end of the audit period and requested 95 cases; the agency had a limited time to locate these files (one-third of which were made available for the auditor on 5/18/11—within five (5) business days). Moreover, the auditors were unclear about the sample period and did not give credit for eligibility where eligibility documents crossed fiscal years. DHS/IMA has

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limited resources in which to search for audit files, due to the major implementation of digitizing all case documents in the Document Imaging System (DIMS), including scanning and tagging new documents as well as boxing up all of the active case files at each Service Center location and sending them to Source Corp to be scanned into DIMS. Each Service Center is in a different stage in the process. Due to the short window to find case records, coupled with the resources needed to scan and index case documents and service clients daily, DHS was not able to meet the time frame required to locate 95 cases.

DHS expects three (3) of the five (5) Service Centers to be converted by October 2011. The remaining two (2) Centers should be fully converted by March 2012. Tracking and monitoring controls are in place and workflows are being established to ensure case documents are scanned, tagged, and indexed to the case record by document group and type. Workflows are also being established to assign and track case actions taken relative to the documents. A copy of the DIMS taxonomy is attached. DHS believes that once the agency has fully implemented the DIMS system, this concern will be remedied.

*KPMG's Response*

We have read management's response and our findings remain as indicated. Management was unable to locate the participant files.

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<b><i>Finding Number</i></b>	<b>2010-75</b>
<b><i>Federal Program</i></b>	<b>Medicaid (93.775, 93.777, 93.778)</b>
<b><i>Federal Award Number</i></b>	<b>1005-DC5MAP (10/1/09-9/30/10) 1005-DC5ADM (10/1/09-9/30/10) 1005-DCARRA (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health Care Finance</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

*Medicaid State Plan: Citation 42 CFR 431.17AT-79-29, Section: 4.7 Maintenance of Records* The Medicaid agency maintains or supervises the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determination of eligibility, the provision of medical assistance, and administrative costs and statistical, fiscal, and other records necessary for reporting and accountability, and retains these records in accordance with Federal requirements. All requirements of 42 CFR 431.17 are met.

*Condition*

During our allowability testing over personnel service expenditures charged to the Medicaid program, we determined the following:

- For 32 of 95 sample items, DHCF/OFOS were unable to provide any documentation supporting the expenditure. These sample items were for metro benefits paid to employees that are working on the Medicaid program.
- For 1 of 95 sample items, DHS was unable to provide sufficient documentation supporting the expenditure.

*Cause*

DHCF and OFOS do not consistently maintain readily available documentation relating to costs incurred for employee metro benefits.

*Effect*

The program is not able to properly support the accuracy and allowability of grant expenditures.

*Recommendation*

We recommend that the District implement policies and procedures to improve the maintenance of supporting documentation for grant-related expenditures.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

The metro benefit is administered and all records held by the Office of Financial Operations and Systems and District of Columbia Human Resources. As a result, all records must come from those offices. We disagree with the finding, because the documentation was provided.

In addition, based on the results of the RMS study through the second quarter, it was determined that the Medicaid program expenditures were overstated. As a result, a portion of the charges was transferred out. The exact amount of any adjustment will not be determined until the end of the fourth quarter when all RMS studies are concluded and the correct allocation for each grant is known. At that time, a final adjustment will be made to ensure that the expenditures as reflected in SOAR match the expenditures calculated through the quarterly RMS studies.

*KPMG's Response*

We have read management's response, and our findings remain as indicated.

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<b><i>Finding Number</i></b>	<b>2010-76</b>
<b><i>Federal Program</i></b>	<b>Medicaid (93.775, 93.777, 93.778)</b>
<b><i>Federal Award Number</i></b>	<b>1005-DC5MAP (10/1/09-9/30/10) 1005-DC5ADM (10/1/09-9/30/10) 1005-DCARRA (10/1/09-9/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health Care Finance</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

Per 31 CFR section 205.29(b), “A State must maintain records supporting interest calculations, clearance patterns, Interest Calculation Costs, and other functions directly pertinent to the implementation and administration of this subpart A for audit purposes. A State must retain the records for each fiscal year for three years from the date the State submits its Annual Report, or until any pending dispute or action involving the records and documents is completed, whichever is later...”

*Condition*

We determined that, for 14 out of 40 items, there was insufficient detailed documentation supporting the amount of the draw and the date that the providers were paid.

*Cause*

The process of preparing draw requests involves the use of information systems that are not configured to produce detailed reports of the individual providers paid by provider type or the adjustments made for prior payments.

*Effect*

There is insufficient detail supporting amounts drawn down from the Medicaid program.

*Recommendation*

We recommend that the District maintain documentation to specifically identify the amounts paid to each provider through the development of a detailed, system-generated report.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

We disagree with this finding. The Department of Health Care Finance has provided detail that supports the total payment for each sampled cycle, documentation that supports the draw for the electronic payment (ACH) portion of the total payment, and documentation of any adjustments. The draw for the

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check portion is the total net of what was previously drawn for the ACH payments and net of any other adjustments including, but not limited to, drug rebates, reimbursement from commercial insurers for Medicaid payments for their members, and other collections. DHCF's CMIA reports balance to the District's accounting system (SOAR), and there is no issue of questioned costs. Because the draw for the check payment is a net amount, the level of detail of DHCF's backup documentation did not meet the requirements of the test.

Additionally, DHCF can demonstrate with certainty when any provider was paid.

*KPMG's Response*

We have read management's response, and our findings remain as indicated. Management did not maintain documentation supporting how the cash drawdown amount was derived.

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<b><i>Finding Number</i></b>	<b>2010-77</b>
<b><i>Federal Program</i></b>	<b>HIV Emergency Relief Grant (93.914)</b>
<b><i>Federal Award Number</i></b>	<b>H89HA00012-20-2 (3/1/09-2/28/11) H8HA00012-19-01 (3/1/09-2/28/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

OMB Circular A-87 requires recipients of Federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a Federal program, and that the accounting treatment applied to those costs be consistently applied among the various Federal programs. Additionally, OMB Circular A-87, B8 (h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation that meets the standards outlined in B8 (h) (5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Such documentary support is required in a variety of circumstances such as when employees are assigned to work on multiple Federal award programs. When an employee is assigned to work solely on one Federal program or cost objective, certifications must be prepared at least semiannually certifying to this fact, and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

*Condition*

For 26 payroll transactions, totaling \$32,969, of the 40 payroll transactions tested, totaling \$74,882, the employees' time sheets provided by management did not indicate the number of hours worked on the HIV Emergency Relief program; the time sheets only indicated the total hours each employee worked during the payroll cycle, although the employees tested worked on multiple cost objectives. In addition, time and effort certifications were not properly performed in accordance with OMB A-87 for the employees that work on multiple cost objectives.

*Cause*

Management stated that payroll costs for its personnel are allocated in its in-house PeopleSoft Human Resources/Payroll System based on budgeted percentages at the beginning of the year for what management believes will be the respective employee's level of effort for each cost objective. PeopleSoft calculates and reports payroll costs on the Labor Distribution Report (485 Report) for each employee based on the predetermined allocation for each payroll cycle. However, management did not perform the quarterly comparison of actual costs to the budgeted costs and make the necessary adjustment as required by OMB Circular A-87 B8 (h) when such method is used. In addition, time and effort certifications were not properly performed in accordance with OMB A-87 for the employees that work on multiple cost objectives.

*Effect*

The District is not compliant with the payroll cost documentation requirements of OMB Circular A-87.



*Recommendation*

We recommend the District implement a monitoring control to ensure that the Department of Health (DoH) adheres to its existing policies and procedures over documentation of payroll costs.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

The current HR Payroll system documents split budget and accounting for all payroll for employees working on multiple grants and funding sources. DoH will enhance these existing controls to establish time distribution monitoring and random sampling to compare hours recorded in PeopleSoft and hours reported on time sheets by personnel assigned across multiple grants or cost objectives. DoH Time Distribution Sheets will be requested by DoH management and will be certified by the employee and responsible supervisor. DoH Human Resources will request and maintain all documentation for each payroll. DoH Office of Grants Management will routinely monitor implementation of this protocol.

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<b><i>Finding Number</i></b>	<b>2010-78</b>
<b><i>Federal Program</i></b>	<b>HIV Emergency Relief Grant (93.914)</b>
<b><i>Federal Award Number</i></b>	<b>H89HA00012-20-2 (3/1/09-2/28/11) H8HA00012-19-01 (3/1/09-2/28/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Level of Effort</b>

*Criteria*

Code 42 USC (U.S. Code) 300ff-14(h)(1) requires each political subdivision within eligible metropolitan areas (EMAs) and transitional grant areas (TGAs) to maintain its level of expenditures for HIV-related services to individuals with HIV disease (or, effective with FY2007 awards, core and support services) at a level equal to its level of such expenditures for the preceding fiscal year. Political subdivisions within the EMA or TGA may not use funds received under the HIV grants to maintain the required level of HIV-related services (42 USC 300ff-15(a)(1)(B) and (C)).

According to 42 USC 300ff-14(c)(1), not less than 75 percent of the amount remaining after reserving amounts for EMA or TGA administration and a clinical quality management program shall be used to provide core medical services to eligible individuals in the eligible area (including services regarding the co-occurring conditions of those individuals), unless waived by the Secretary of Health and Human Services (HHS) or his designee.

Also, 42 USC 300ff-14(h)(1) limits EMAs' or TGAs' administrative cost up to 10 percent of the amounts awarded to the EMA or TGA.

*Condition*

Management was not able to provide documented evidence of periodic review of grant financial status and the reconciliation of budget to actual comparison to track the program's compliance with the level of effort requirement.

*Cause*

The District has not implemented a policy or procedure requiring that documentation of management review regarding periodic monitoring of compliance with the grant requirements for level of effort be maintained.

*Effect*

Lack of adequate controls could lead to noncompliance with the level of effort requirements.

*Recommendation*

We recommend that the District implement policies and procedures requiring documentation of management review of the level of effort calculation be maintained.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

DoH concurs that there is no documentation of regular review of reconciliation of budget to actual comparison for this requirement, but makes this exception to the facts stated in the finding: DoH and OCFO convene a monthly budget meeting to review total grant expenditures and to monitor qualifying match, level of effort, and earmarking expenditures for all DoH Federal awards with this requirement, effectively ensuring compliance. In addition, a specific documented review is conducted monthly regarding compliance with the “75/25” provision by the Program Manager. DoH will review current procedures and documentation in this area and develop a plan to clearly document monitoring in this area and compliance.

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<b><i>Finding Number</i></b>	<b>2010-79</b>
<b><i>Federal Program</i></b>	<b>HIV Emergency Relief Grant (93.914)</b>
<b><i>Federal Award Number</i></b>	<b>H89HA00012-20-2 (3/1/09-2/28/11) H8HA00012-19-01 (3/1/09-2/28/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Procurement</b>

*Criteria*

The D.C. Procurement Practices Act of 1985 and section ST§ 2-303 of the District's procurement policies manual requires a competitive bidding process for its contracts unless the Director of Procurement or the Director's designee determines in writing that noncompetitive negotiation should be used because one of the following conditions exists:

- There is only one (1) source for the required commodity, service, or construction item.
- The contract is for the purchase of real property or interests in real property.
- The contract is with a vendor who maintains a price agreement or schedule with any Federal agency, so long as no contract executed under this provision authorizes a price higher than is contained in the contract between the Federal agency and the vendor.
- The contract is with a vendor who agrees to adopt the same pricing schedule for the same services or goods as that of a vendor who maintains a price agreement or schedule with any Federal agency, if no contract executed under this paragraph authorizes a price higher than is contained in the contract between the Federal agency and the vendor.
- Contracts for the purchase of commodities, supplies, equipment, or construction services that would ordinarily be purchased on a competitive basis when an emergency has been declared pursuant to § 2-303.12.

*Condition*

For 3 nonsubrecipient contracts, totaling \$350,920, of 20 nonsubrecipient contracts tested, totaling \$5,344,722, the Office of Contracts and Procurement (OCP) could not provide supporting documentation to verify whether the procurement process was opened and competitive, and there was no documentation provided to justify limitation of competition or the need for sole source selection.

Additionally, for 6 nonsubrecipient contracts, totaling \$1,958,722, of 20 nonsubrecipients contracts tested, totaling \$5,344,722, OCP could not provide evidence that management checked the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) to determine that the vendor is not suspended or debarred before the contract was awarded.

*Cause*

The District is not adhering to its existing policies and procedures to maintain documentation supporting procurement transactions.

*Effect*

The District did not comply with the requirements with regard to the procurement activities for the HIV Care Formula Program.

*Recommendation*

We recommend that the District adhere to its existing policies and procedures regarding maintenance of supporting documentation for procurement transactions.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$2,344,267

*Views of Responsible Officials*

Thematically, the deficiencies cited in this single audit closely mirror issues reported in the FY2010 Comprehensive Annual Financial Review (CAFR). For the record, our commitment to following through on our remediation action plans remains unchanged. These cited deficiencies are correctable through the same activities defined through the CAFR, which are currently in progress.

On that note, since May 14, 2011, this administration has:

1. Delivered an agency-wide CAFR debrief to all staff and shared lessons learned and remediation action steps with both OCP-dependent and independent agencies with stand-alone procurement operations;
2. Distributed an official memo to Contracting Officers reiterating their responsibilities for maintaining complete and accurate contract files, and the consequences (penalties) for any failures to comply identified through audits and other means, which includes loss of delegated authority, suspension, and/or termination; and
3. Taken the initiative to strengthen the coordination of system upgrades and modifications to our PASS modules through Service Level Agreements (SLAs) and official Change Control procedures, which will facilitate robust electronic contract file management.

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<b><i>Finding Number</i></b>	<b>2010-80</b>
<b><i>Federal Program</i></b>	<b>HIV Emergency Relief Project Grants (93.914)</b>
<b><i>Federal Award Number</i></b>	<b>H89HA00012-20-2 (3/1/09-2/28/11) H8HA00012-19-01 (3/1/09-2/28/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

Management was not able to provide documented evidence of review of the annual performance reports submitted to the Health and Resources and Services Administration (HRSA) as required by the grant agreement.

*Cause*

Management is not adhering to existing policies and procedures requiring management review of the Federal reports submitted for the HIV Emergency Relief Project Grants.

*Effect*

Lack of adhering to existing policies and procedures could lead to noncompliance with the reporting requirements.

*Recommendation*

We recommend that management adhere to existing policies and procedures to review all performance and special reports submitted to HRSA to ensure the program's compliance with the reporting requirements, including maintaining documentation evidencing the review performed.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

DoH concurs that there is no documentation of supervisory review of required progress and special reports submitted to HRSA. HIV/AIDS, Hepatitis, STD, and TB Administration (HAHSTA) has revised its procedures to include generating and maintaining the required documentation. DoH Office of Grants Management will establish a required approval flow and monitor compliance.

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<b><i>Finding Number</i></b>	<b>2010-81</b>
<b><i>Federal Program</i></b>	<b>HIV Care Formula Grant (93.917)</b>
<b><i>Federal Award Number</i></b>	<b>2X07HA00045-20-00 (4/1/09-3/31/11) 2X07HA00045-19 (4/1/09-3/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

HIV Care Formula grant agreement states, “*Funds may not be used for broad scope awareness activities about HIV services which target the general public (poster campaigns for display on public transit, TV or radio public service announcements, etc.*”

In addition, the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) Policy Notice 07-06 states, “*The goal of outreach services continues to be to link individuals into care that would ultimately result in ongoing primary care and increased adherence to medication regimens... Broad-based activities such as providing ‘leaflets at a subway stop’ or ‘poster at a bus shelter’ would not meet the intent of the law.*”

Also, 42 USC 300ff.22 permits HIV Care grant money to be used for support services including outreach programs. The law defines those support services as “*services, subject to the approval of the Secretary, that are needed for individuals with HIV/AIDS to achieve their medical outcomes (such as respite care for persons caring for individuals with HIV/AIDS, outreach services, medical transportation, linguistic services, and referrals for health care and support services.*”

In addition, the A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

For 5 transactions, totaling \$387,327, of the 95 transactions, totaling \$12,958,528, we determined that program funds were used for activities/costs that are unallowed by the grant agreement. Specifically, the funds were used for broad outreach activities such as the development of a Web site to educate the public about the use of condoms and posters displayed in public transit areas to educate the public about HIV. These activities are specifically prohibited in the grant agreement. Since all 5 transactions originated from one vendor, we expanded our testwork by selecting all the expenditures from this vendor and identified two (2) additional exceptions, totaling \$103,344.

*Cause*

Management did not thoroughly review the grant agreement to understand the activities and/or types of costs that are prohibited under the grant. Instead, management referred only to the requirements in 42 USC 300ff and HRSA 2007 amendments to justify the use of the funds for the activities described above.

*Effect*

The District did not comply with the terms of the grant agreement, resulting in disallowed costs of over \$490 thousand.

*Recommendation*

We recommend that the District review the terms of grant agreements with its cognizant agency to understand the activities that are allowed or unallowed. When there appears to be a conflict between the grant agreement and the law or regulation that established the grant, the District should consult with the cognizant agency to resolve the issue.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$490,671

*Views of Responsible Officials*

DoH does not concur with this finding. The expenditures in question are permissible as part of the service category “Health Education and Risk Reduction,” which is included as a permissible activity for Ryan White Part B funds. The specific question is the extent to which the social marketing was “targeted” rather than “general.” While developing this response, the responsible program leads consulted with HRSA, and DoH can document HRSA concurrence with DoH that this expenditure is a permissible activity under this funding. DoH will request a revised Federal grant agreement for this funding in order to include language that reflects the inclusion of Health Education Risk Reduction activities.

*KPMG’s Response*

We have read management’s response, and our findings remain as indicated. No correspondence was obtained by the District until after our inquiries about the allowability of such costs, and no amended grant agreement was obtained during FY2010.



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<b><i>Finding Number</i></b>	<b>2010-82</b>
<b><i>Federal Program</i></b>	<b>HIV Care Formula Grant (93.917)</b>
<b><i>Federal Award Number</i></b>	<b>2X07HA00045-20-00 (4/1/09-3/31/11) 2X07HA00045-19 (4/1/09-3/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Allowable Costs/Cost Principles</b>

*Criteria*

OMB Circular A-87 requires recipients of Federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a Federal program, and that the accounting treatment applied to those costs be consistently applied among the various Federal programs. Additionally, OMB Circular A-87, B8 (h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation that meets the standards outlined in B8 (h) (5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Such documentary support is required in a variety of circumstances such as when employees are assigned to work on multiple Federal award programs. When an employee is assigned to work solely on one Federal program or cost objective, certifications must be prepared at least semiannually certifying to this fact, and must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

*Condition*

For 2 payroll transactions, totaling \$1,276, of 40 payroll transactions tested, totaling \$90,855, management charged 1 employee's time to the grant although the employee did not work on the HIV program. Also, for 21 payroll transactions, totaling \$35,882, the employees' time sheets provided by management did not indicate the number of hours worked on the HIV Care program; the time sheets only indicated the total hours each employee worked during the payroll cycle, although the employees worked on multiple cost objectives. In addition, time and effort certifications were not properly performed in accordance with OMB A-87 for the employees that work on multiple cost objectives. Consequently, payroll cost actually incurred for the HIV Care program could not be determined.

*Cause*

The District is not consistently adhering to existing policies and procedures requiring the maintenance of adequate documentation of payroll costs.

*Effect*

The District did not comply with the requirements of OMB Circular A-87 with regards to the distribution of salary and related benefits charged to the HIV Care program.

*Recommendation*

We recommend that management institute a monitoring control to ensure that the DoH HIV Care Formula Grant Program adheres to existing policies and procedures to ensure that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers is supported by personnel activity reports or equivalent documentation as set forth in OMB Circular A-87.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$37,158

*Views of Responsible Officials*

The current HR Payroll system documents split budget and accounting for all payroll for employees working on multiple grants and funding sources. DoH will enhance these existing controls to establish time distribution monitoring and random sampling to compare hours recorded in PeopleSoft and hours reported on time sheets by personnel assigned across multiple grants or cost objectives. DoH Time Distribution Sheets will be requested by DoH management and will be certified by the employee and responsible supervisor. DoH Human Resources will request and maintain all documentation for each payroll. DoH Office of Grants Management will routinely monitor implementation of this protocol.

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<b><i>Finding Number</i></b>	<b>2010-83</b>
<b><i>Federal Program</i></b>	<b>HIV Care Formula Grant (93.917)</b>
<b><i>Federal Award Number</i></b>	<b>2X07HA00045-20-00 (4/1/09-3/31/11) 2X07HA00045-19 (4/1/09-3/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

The Cash Management Improvement Act (CMIA) agreement between the District of Columbia and the U.S. Department of the Treasury requires that established cash management funding techniques be followed when requesting reimbursement of Federal funds. The agreement requires the following:

- a) Reimbursements for nonpayroll disbursements require the use of the average clearance funding technique and a clearance pattern of seven (7) days; the amount of the requests shall be for the exact amount of funds disbursed.
- b) Reimbursement for payroll expenditures require the use of the modified average clearance funding technique and a clearance pattern of 0 days; the amount of the request shall be for the exact amount of funds disbursed.

*Condition*

Management was not in compliance with cash management for the HIV Care Program as described in the CMIA agreement between the District of Columbia and the U.S. Department of the Treasury. Specifically, for 6 expenditures, totaling \$101,341, out of 95 expenditures, totaling \$12,958,528, we determined that management requested and received reimbursement prior to the payment of the expenditure.

*Cause*

The District is not consistently following established procedures over cash management to ensure that drawdown requests are only submitted for expenditures that were actually paid.

*Effect*

The District did not comply with the provisions of the CMIA agreement, resulting in noncompliance.

*Recommendation*

We recommend that the District institute a monitoring control to periodically review documentation supporting cash drawdowns to ensure that it adheres to its established policies and procedures consistent with the CMIA agreement funding techniques.

*Related Noncompliance*

Noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

Management concurs with an explanation. At the end of the grant year (9LHATT – YR19), program personnel requested numerous adjustments be made. As a result of these adjustments, matching expenditures with revenue on the CMIA spreadsheet gave the appearance that DoH requested reimbursement before the expenditure was paid.

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<b><i>Finding Number</i></b>	<b>2010-84</b>
<b><i>Federal Program</i></b>	<b>HIV Care Formula Grants (93.917)</b>
<b><i>Federal Award Number</i></b>	<b>2X07HA00045-20-00 (4/1/09-3/31/11) 2X07HA00045-19 (4/1/09-3/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

Code 42 USC 300ff-15(a)(7)(A) defines eligible beneficiaries of HIV Care program as individuals or families of individuals with HIV/AIDS. It states the following:

*“To the maximum extent practicable, that –*

- (A) HIV health care and support services provided with assistance made available under this part will be provided without regard – (i) to the ability of the individual to pay for such services; and (ii) to the current or past health condition of the individual to be served;*
  - (B) such services will be provided in a setting that is accessible to low-income individuals with HIV-disease; and*
  - (C) a program of outreach will be provided to low-income individuals with HIV-disease to inform such individuals of such services;*
- (8) that the applicant has participated, or will agree to participate, in the statewide coordinated statement of need process where it has been initiated by the State public health agency responsible for administering grants under part B of this subchapter, and ensure that the services provided under the comprehensive plan are consistent with the statewide coordinated statement of need.”*

*Condition*

Management was not able to provide documented evidence of supervisory review of the eligibility determination made by the program staff. Also, program personnel do not maintain a checklist to indicate that they obtained and reviewed all the applicable required documents from the applicants before qualifying them for the service.

*Cause*

Policies and procedures over the documentation of eligibility requirements have not been established sufficiently for the HIV Care Formula Grant.

*Effect*

Lack of adequate controls could lead to noncompliance with the eligibility requirements.

*Recommendation*

We recommend that management implement policies and procedures to require supervisory review of the eligibility determinations made by the program staff. The review should be documented. Also, management should develop a checklist of the items needed to qualify for the program benefits and should require the staff to check the items provided by the applicant to qualify for the service.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

DoH concurs that there is no documentation of supervisory review of eligibility of each client and will revise its procedures to include generating and maintaining the required documentation. DoH senior management will direct HAHSTA program leads to implement the recommended checklist and sampling approach to monitor compliance of eligibility review. DoH Office of Grants Management will be responsible for internal compliance monitoring of this requirement and corrective actions. HAHSTA will select a testing model that is deemed to be satisfactory and in compliance with standards of the Federal agreement.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-85</b>
<b><i>Federal Program</i></b>	<b>HIV Care Formula Grant (93.917)</b>
<b><i>Federal Award Number</i></b>	<b>2X07HA00045-20-00 (4/1/09-3/31/11) 2X07HA00045-19 (4/1/09-3/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Level of Effort</b>

*Criteria*

Under the grant agreement, the District was required to spend not less than \$9,585,885 in local funds toward the HIV Care program in the FY2010 award period.

According to 42 USC 300ff-27, “*The State will maintain HIV-related activities at a level that is equal to not less than the level of such expenditures by the State for the 1-year period preceding the fiscal year for which the State is applying for Title II/Part B funds.*”

According to 42 USC 300ff-28(b)(3), the State may not use more than 10 percent of the funds amounts received under the grant for administration.

*Condition*

Management was not able to provide documented evidence of periodic reviews of grant financial status and the reconciliation of budget to actual comparison to track the program’s compliance with the level of effort, matching, and earmarking requirements.

*Cause*

The District has not implemented a policy or procedure requiring that documentation of management review regarding periodic monitoring of compliance with the grant requirements for level of effort be maintained.

*Effect*

Lack of adequate controls could lead to noncompliance with the level of effort requirements.

*Recommendation*

We recommend that the District implement policies and procedures requiring documentation of management review of the level of effort calculation be maintained.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
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*Views of Responsible Officials*

DoH concurs that there is no documentation of regular review of reconciliation of budget to actual comparison for this requirement, but makes this exception to the facts stated in the finding: DoH and OCFO convene a monthly budget meeting to review total grant expenditures and to monitor qualifying match, level of effort, and earmarking expenditures for all DoH Federal awards with this requirement, effectively ensuring compliance. In addition, a specific documented review is conducted monthly regarding compliance with the “75/25” provision by the Program Manager. DoH will review current procedures and documentation in this area and develop a plan to clearly document monitoring in this area and compliance.



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<b><i>Finding Number</i></b>	<b>2010-86</b>
<b><i>Federal Program</i></b>	<b>HIV Care Formula Grant (93.917)</b>
<b><i>Federal Award Number</i></b>	<b>2X07HA00045-20-00 (4/1/09-3/31/11) 2X07HA00045-19 (4/1/09-3/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Procurement</b>

*Criteria*

The D.C. Procurement Practices Act of 1985 and section ST§ 2-303 of the District's procurement policies manual requires a competitive bidding process for its contracts unless the Director of Procurement or the Director's designee determines in writing that noncompetitive negotiation should be used because one of the following conditions exists:

- There is only one (1) source for the required commodity, service, or construction item.
- The contract is for the purchase of real property or interests in real property.
- The contract is with a vendor who maintains a price agreement or schedule with any Federal agency, so long as no contract executed under this provision authorizes a price higher than is contained in the contract between the Federal agency and the vendor.
- The contract is with a vendor who agrees to adopt the same pricing schedule for the same services or goods as that of a vendor who maintains a price agreement or schedule with any Federal agency, if no contract executed under this paragraph authorizes a price higher than is contained in the contract between the Federal agency and the vendor.
- Contracts for the purchase of commodities, supplies, equipment, or construction services that would ordinarily be purchased on a competitive basis when an emergency has been declared pursuant to § 2-303.12.

*Condition*

For one (1) nonsubrecipient contracts/purchase order, totaling \$876,385, of six (6) nonsubrecipient contracts/purchase orders tested, totaling \$15,991,768, the Office of Contracts and Procurement (OCP) could not provide the procurement files to test the program's compliance with the procurement requirements.

*Cause*

The District is not consistently adhering to its existing policies and procedures to maintain documentation supporting procurement transactions.

*Effect*

The District did not comply with the requirements with regard to the procurement activities for the HIV Care Formula Program.

*Recommendation*

We recommend that the District adhere to its existing policies and procedures regarding maintenance of supporting documentation for procurement transactions.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$876,385

*Views of Responsible Officials*

Thematically, the deficiencies cited in this single audit closely mirror issues reported in the FY2010 Comprehensive Annual Financial Review (CAFR). For the record, our commitment to following through on our remediation action plans remains unchanged. These cited deficiencies are correctable through the same activities defined through the CAFR, which are currently in progress.

On that note, since May 14, 2011, this administration has:

1. Delivered an agency-wide CAFR debrief to all staff and shared lessons learned and remediation action steps with both OCP-dependent and independent agencies with stand-alone procurement operations;
2. Distributed an official memo to Contracting Officers reiterating their responsibilities for maintaining complete and accurate contract files, and the consequences (penalties) for any failures to comply identified through audits and other means, which includes loss of delegated authority, suspension, and/or termination; and
3. Taken the initiative to strengthen the coordination of system upgrades and modifications to our PASS modules through Service Level Agreements (SLAs) and official Change Control procedures, which will facilitate robust electronic contract file management.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-87</b>
<b><i>Federal Program</i></b>	<b>HIV Care Formula Grants (93.917)</b>
<b><i>Federal Award Number</i></b>	<b>2X07HA00045-20-00 (4/1/09-3/31/11) 2X07HA00045-19 (4/1/09-3/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Health and Human Services</b>
<b><i>District Department</i></b>	<b>Health</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

Management was not able to provide documented evidence of review of the annual performance reports submitted to the Health and Resources and Services Administration (HRSA) as required by the grant agreement.

*Cause*

Management is not adhering to existing policies and procedures requiring management review of the Federal reports submitted for the HIV Care Formula Grant.

*Effect*

Lack of adhering to existing policies and procedures could lead to noncompliance with the reporting requirements.

*Recommendation*

We recommend that management adhere to existing policies and procedures to review all performance and special reports submitted to HRSA to ensure the program's compliance with the reporting requirements, including maintaining documentation evidencing the review performed.

*Related Noncompliance*

None

*Questioned Costs*

None

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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*Views of Responsible Officials*

DoH concurs that there is no documentation of supervisory review of required progress and special reports submitted to HRSA. HAHSTA has revised its procedures to include generating and maintaining the required documentation. DoH Office of Grants Management will establish a required approval flow and monitor compliance.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-88</b>
<b><i>Federal Program</i></b>	<b>Homeland Security Grant Cluster (97.067)</b>
<b><i>Federal Award Number</i></b>	<b>2010-SS-T0-0010 (8/1/10-7/31/13) 2009-SS-T9-0085 (8/1/09-7/31/12) 2008-SS-T8-0035 (9/1/08-8/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Homeland Security</b>
<b><i>District Department</i></b>	<b>Homeland Security and Emergency Management Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Procurement</b>

*Criteria*

According to **DC Code 1-204.51**, “Prior to the award of a multiyear contract or a contract in excess of \$1,000,000 during a 12-month period, the Mayor or executive independent agency or instrumentality shall submit the proposed contract to the Council for review and approval.”

Also, **DC Code 2-301.05(G)** states, “All contracts over a million dollars must go to the Office of the Attorney General (OAG) for a legal sufficiency review.”

According to 27 DCMR, Chapter 12:

*1202.2 [1203.2] The documentation in each contract file maintained by the contract office shall be sufficient to constitute a complete history of the transaction for the following purposes:*

- a) Providing a complete background as a basis for informed decisions at each step of the procurement process;*
- b) Supporting actions taken;*
- c) Providing information for reviews and investigations; and*
- d) Furnishing essential facts in the event of litigation.*

*Condition*

During our testwork over 65 procurement transactions (totaling \$7,948,223), we noted the following:

- Three (3) contract files, totaling \$1,772,195, were not available for review.
- There was no evidence of competition for two (2) procurement transactions.
- A cost/price analysis was not performed for one (1) procurement transaction.

*Cause*

The District did not follow its established policies and procedures.

*Effect*

Failure to follow established policies and procedures may result in unallowable costs being charged to the grant. Further, the District may not get the best price possible for the goods or services procured.

*Recommendation*

The District should follow its existing policies and procedures to ensure that procurement policies, as prescribed by 27 DCMR, are followed consistently.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

\$313,471

*Views of Responsible Officials*

Thematically, the deficiencies cited in this single audit closely mirror issues reported in the FY2010 Comprehensive Annual Financial Review (CAFR). For the record, our commitment to following through on our remediation action plans remains unchanged. These cited deficiencies are correctable through the same activities defined through the CAFR, which are currently in progress.

On that note, since May 14, 2011, this administration has:

1. Delivered an agency-wide CAFR debrief to all staff and shared lessons learned and remediation action steps with both OCP-dependent and independent agencies with stand-alone procurement operations;
2. Distributed an official memo to Contracting Officers reiterating their responsibilities for maintaining complete and accurate contract files, and the consequences (penalties) for any failures to comply identified through audits and other means, which includes loss of delegated authority, suspension, and/or termination; and
3. Taken the initiative to strengthen the coordination of system upgrades and modifications to our PASS modules through Service Level Agreements (SLAs) and official Change Control procedures, which will facilitate robust electronic contract file management.

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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-89</b>
<b><i>Federal Program</i></b>	<b>Homeland Security Grant Program (HSGP) (97.067)</b>
<b><i>Federal Award Number</i></b>	<b>2010-SS-T0-0010 (8/1/10-7/31/13) 2009-SS-T9-0085 (8/1/09-7/31/12) 2008-SS-T8-0035 (9/1/08-8/31/11)</b>
<b><i>Federal Agency</i></b>	<b>Homeland Security</b>
<b><i>District Department</i></b>	<b>Homeland Security and Emergency Management Agency</b>
<b><i>Compliance Requirement</i></b>	<b>Subrecipient Monitoring</b>

*Criteria*

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Code 31 USC § 7502: U.S. Code – Section 7502 states that each pass-through entity shall 1) provide such subrecipients the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements that govern the use of such awards; 2) monitor the subrecipient’s use of Federal awards through site visits, limited scope audits, or other means; and 3) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings.

*Condition*

During our testwork over subrecipient monitoring, we determined:

- In 4 instances out of 65, totaling \$464,092 and \$13,211,798, respectively, subrecipients were reimbursed for expenditures incurred outside of the subgrant period.
- In five (5) instances, the subrecipient grant award was increased on the last day of the grant to reimburse for expenditures incurred during the original grant period.
- The subrecipient report was not available for review for 1 out of 65 subrecipient transactions tested, totaling \$27,932.
- The report provided for review covered a period other than 2010 for 4 out of 65 subrecipient transactions tested, totaling \$1,976,181.
- For 19 out of 65 subrecipient transactions tested, the District did not check whether the subrecipient was debarred or suspended from doing business with the Federal government.

*Cause*

The District is not consistently adhering to its existing policies and procedures over subrecipient monitoring. Further, the District has not established adequate policies and procedures to ensure that it verifies whether a subrecipient is suspended or debarred.

*Effect*

Failure to adequately monitor its subrecipients could result in improper costs being charged to the grant program.

*Recommendation*

We recommend that the District institute a monitoring control to ensure that the Department of Homeland Security is adhering to its existing policies and procedures regarding subrecipient monitoring. Further, we recommend that the District establish a policy to verify that a potential subrecipient is not included on the EPLS.

*Related Noncompliance*

None

*Questioned Costs*

None

*Views of Responsible Officials*

The D.C. Homeland Security and Emergency Management Agency is the State Administrative Agent (SAA) for the HSGP grant. The SAA does not concur with the finding. Our first objection is that item #2 written into the “cause” in the finding discusses recipient debarment/suspension, which is not related in any way to the “conditions” noted in the finding.

The SAA does not concur that four (4) subrecipients were reimbursed for expenditures incurred outside the subgrant period. The SAA provided grant adjustment notices to the audit team that extended these project subgrant periods. The subrecipients met the Federal requirement to obligate funds within the Federal grant period of performance, and the payments were made during the 90-day grant liquidation period.

The SAA does not concur with the finding that five (5) subrecipient status reports were missing, since these projects had completed work before FY2010 began. The SAA provided quarterly status reports for the last reporting period that we required from these subrecipients. The SAA recognizes that the written policy on subrecipient status reports is not entirely clear on this point and will revise its standard operating procedures to clarify what reports are required from subrecipients and in what situations (project closing, etc.) a status report is not required. This revision will prevent future confusion between the SAA and auditors regarding the submission of status reports and the SAA’s follow-up responsibility with subrecipients that do not submit reports.

The SAA is open to improving its ability to effectively monitor subrecipients. Currently, the SAA does not process reimbursements for subrecipients that are delinquent on status reports, which has improved the timeliness of status report submission. In addition, the SAA has initiated a schedule of monitoring site visits and phone reports with subrecipients in FY2011 that will enhance our awareness of subrecipient activities, project progress, and ensure compliance with SAA and Federal requirements.

*KPMG’s Response*

We have read management’s response, and our findings remain as indicated. The documentation provided to us regarding the four (4) subrecipients indicate that the subrecipients incurred allowable costs in excess of the initial grant award prior to receiving authorization to incur such costs from the District. The District’s monitoring controls did not identify this overspending until the last day of the grant award period, indicating an ineffective control.



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Schedule of Findings and Questioned Costs  
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<b><i>Finding Number</i></b>	<b>2010-90</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b>P007A090836 (7/1/09-6/30/10) P033A090836 (7/1/09-6/30/10) P063P101238 (7/1/09-6/30/10) T08HP13254-01-00 (7/1/09-6/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Activities Allowed or Unallowed</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Student Financial Assistance (SFA) funds can be awarded only to students enrolled in eligible programs. Eligible programs are listed on an institution's Eligibility and Certification Approval Report (ECAR). Other programs can be added after the school's most recent certification without obtaining the Department of Education's (ED) approval if they lead to an associate, baccalaureate, professional, or graduate degree or are at least 8 semester hours, 12 quarter hours, or 600 clock hours, and they prepare students for gainful employment in the same or a related occupation of a previously ED-designated eligible program (34 CFR section 600.10(c)(2)).

*Condition*

For 31 out of 60 student beneficiary payments selected for testing of activities allowed / unallowed, the University was unable to provide documentation supporting the amounts disbursed to the students. These 31 of 60 payments tested totaled approximately \$203,714 and \$434,164, respectively.

*Cause*

The University had not developed sufficient policies and procedures to require sufficient documentation be maintained for Institutional Student Information Records (ISIR) student data that was not requested to be verified by the U.S. Department of Education.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures that ensure that (1) all ISIR documentation is maintained by University personnel; and (2) student data supporting ISIR data be maintained and readily available for inspection.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

We disagree with the scope of this finding. This finding is based on a sample of students that were not on the Report of Students Selected for Verification. Thus, the lack of documents necessary to verify funds disbursed to the students for the sample students used is mischaracterization of the condition of students' files. If the agency had been given sufficient time to produce the report requested, then the sample used would have been accurate.

Further, the University's on-site repository of COD documentation that is used to determine the eligibility for Title IV funds, was been deemed "unreliable." NOTE: Information requested by auditor was unavailable from Department of Education because the aid year is closed. Thus the only source from which we could produce the Institutional Student Information Records (ISIR) information requested was SIS Plus (SIS+). Procedurally, ISIRs are downloaded from COD SIS+. We do not print this information; it is maintained in SIS+ and all financial aid operations (awarding, packaging, verification, etc.) are executed based on this information. Since our staff does not manipulate the information, there is no need to create a hard copy.

The students used as a sample for this test were not selected for verification by the Department of Education. Therefore, these folders may contain seemingly incomplete or extraneous documentation. However, these students may have been selected by the counselor for verification for a variety of reasons: e.g., taxes, proof of income, birth certificate.

Going forward, a revised Policies and Procedures Manual has been created and corresponding operations and procedures have been re-crafted to meet Department of Education regulations, our new Banner student system functionality, and the University's financial aid packaging philosophy.

*KPMG's Response*

We have read management's response, and our findings remain as indicated. Management has indicated that it has revised its policies and procedures during FY 2011 to ensure that all required documentation is maintained to demonstrate compliance with Department of Education regulations.

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<b><i>Finding Number</i></b>	<b>2010-91</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b>P007A090836 (7/1/09-6/30/10) P033A090836 (7/1/09-6/30/10) P063P101238 (7/1/09-6/30/10) T08HP13254-01-00 (7/1/09-6/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Cash Management</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The U. S. Department of Education provides the following to assist institutions in reconciling their internal accounting records with the G5 System. Using their DUNS (Data Universal Numbering System) number, institutions can obtain a G5 External Award Activity Report (<https://www.g5.gov/>) showing cumulative and detail information for each award. The External Award Activity Report can be created with date parameters (Start and End Dates) and viewed on-line. To view each draw per award, the G5 user may click on the award number to view a display of individual draws for that award.

The *advance* payment method is the most widely used payment method. It permits institutions to draw down Title IV funds prior to disbursing funds to eligible students and parents. The institution's request must not exceed the amount immediately needed to disburse funds to students or parents. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either SFA funds or its own funds. The institution must make the disbursements as soon as administratively feasible, but no later than 3 business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to ED (34 CFR section 668.166(a)(1)). Excess cash includes any funds received from ED that are deposited or transferred to the institution's Federal account as a result of an award adjustment, cancellation, or recovery. However, an excess cash balance tolerance is allowed if that balance: (1) is less than one percent of its prior-year draw-downs; and (2) is eliminated within the next 7 calendar days (34 CFR sections 668.166(a) and (b)). Except for FPL program earnings, interest earnings greater than \$250 must be returned to ED (34 CFR section 668.163(c)(4)). Federal Perkins Loans (FPL) earnings are reinvested in the FPL fund (34 CFR section 668.163(c)(1)).

*Condition*

No documentation was provided or maintained to substantiate the amount drawn down by the University for 1 of 3 PELL cash draws selected for testing totaling \$3,810,648. Total draw downs tested were \$6,476,183.

It was also noted that for 19 of 31 Federal Family Education Loan Program (FFELP) disbursement items tested, representing \$73,910 of \$122,576, respectively, the University did not make disbursements to the student accounts within 3 days of receiving the EFT from the loan guarantee agency. Additionally, for 5 of 31 FFELP disbursement items tested, representing \$20,295 of \$122,576, respectively, the University

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was unable to provide adequate supporting documentation substantiating the date in which the EFT was received.

*Cause*

The University did not develop sufficient policies and procedures to require sufficient documentation be maintained to substantiate the amounts drawn down for PELL grants made. Additionally, policies and procedures have not been effectively implemented to ensure timely disbursement of FFELP payments to students.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University develop policies and procedures to maintain sufficient documentation to substantiate the amounts drawn down for PELL grants made, and implement procedures to ensure timely disbursement of FFELP funds to students in accordance with program requirements.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The institution will include this requirement in its revised Policies and Procedures Manual that has been created. This new document outlines updated policies, operations and procedures that meet Department of Education regulations, our new Banner student system functionality, and the University's financial aid packaging philosophy.

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<b><i>Finding Number</i></b>	<b>2010-92</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b><i>P007A090836 (7/1/09-6/30/10)</i> <i>P033A090836 (7/1/09-6/30/10)</i> <i>P063P101238 (7/1/09-6/30/10)</i> <i>T08HP13254-01-00 (7/1/09-6/30/10)</i></b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Eligibility</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Awards must be coordinated among the various programs and with other Federal and non-Federal aid (need and non-need based aid) to ensure that total aid is not awarded in excess of the student's financial need (34 CFR section 668.42, FPL, FWS, and FSEOG, 34 CFR sections 673.5 and 673.6; FFEL, 34 CFR section 682.603; Direct Loan, 34 CFR section 685.301; HPSL, PCL, and LDS, 42 CFR section 57.206; NSL, 42 CFR section 57.306(b)).

In the process of a student applying for ED Federal financial aid, an ISIR normally is sent electronically to the institution and a Student Aid Report (SAR) may be sent to the student. The original ISIR or SAR for an award year may contain codes that relate to student eligibility requirements numbers 2, 4, 5, 7, 8, and 12 in Appendix A. If the original ISIR or SAR does not contain codes relating to those eligibility requirements, and the institution has no information indicating otherwise, the student can be considered to have met them. The *ISIR Guide* contains all the ISIR and SAR codes and is available on the Internet at <http://www.ifap.ed.gov/ifap/byAwardYear.jsp?type=isirguide>.

*Condition*

For 31 out of 60 students selected for Eligibility testing, representing SFA Title IV payments of \$203,714 of 434,164, respectively, the University was unable to provide the ISIR documentation supporting the amounts disbursed to the students. As a result, eligibility of these students could not be appropriately tested and verified.

For the remaining 29 students whose files contained verification data, we were able to perform some aspects of eligibility testing. Those results are summarized below:

1. We noted that the supporting documentation for 1 of 29 students tested received an award amount of \$3,960, which is greater than the subsidized loan limit of \$3,500 for a dependent.
2. For 20 of 29 students tested, the sum of the PELL grant amount, FFELP unsubsidized amount, and FFELP subsidized amount exceeded the documented need amount. Cumulative overages for the 20 exceptions noted amount to \$116,009.

*Cause*

The University has not developed sufficient policies and procedures to require sufficient documentation be maintained for ISIR student data that was not requested to be verified by the U.S. Department of Education.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures that ensure that (1) all ISIR documentation is maintained by University personnel, and (2) student data supporting the ISIR documentation be adequately maintained. In addition, internal controls should be enhanced so to ensure students do not receive financial aid in excess of limitations.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

The institution will include this requirement in its revised Policies and Procedures Manual that has been created. This new document outlines updated policies, operations and procedures that meet Department of Education regulations, our new Banner student system functionality, and the University's financial aid packaging philosophy.

**Government of the District of Columbia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-93</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b>P007A090836 (7/1/09-6/30/10) P033A090836 (7/1/09-6/30/10) P063P101238 (7/1/09-6/30/10) T08HP13254-01-00 (7/1/09-6/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Period of Availability</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Condition*

For 31 out of 60 students selected for testing, the University was unable to provide documentation supporting the amounts disbursed to the students were disbursed within the period of availability.

*Cause*

The University had not developed sufficient policies and procedures to require sufficient documentation be maintained for ISIR student data that was not requested to be verified by the U.S. Department of Education.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures that ensure that (1) all ISIR documentation is maintained by University personnel; and (2) student data supporting ISIR data be maintained and readily available for inspection.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

Not determinable

*Views of Responsible Officials*

We disagree with the scope of this finding. This finding is based on a sample of students that were not on the Report of Students Selected for Verification. Thus, the lack of documents necessary to verify funds disbursed to the students within the period of availability for the sample students used is mischaracterization of the condition of students' files. If the agency had been given sufficient time to produce the report requested, then the sample used would have been accurate.

Further, the University's on-site repository of COD documentation that is used to determine the eligibility for Title IV funds, was been deemed "unreliable." NOTE: Information requested by auditor was unavailable from Department of Education because the aid year is closed. Thus the only source from which we could produce the Institutional Student Information Records (ISIR) information requested was SIS Plus (SIS+). Procedurally, ISIRs are downloaded from COD SIS+. We do not print this information; it is maintained in SIS+ and all financial aid operations (awarding, packaging, verification, etc.) are executed based on this information. Since our staff does not manipulate the information, there is no need to create a hard copy.

The students used as a sample for this test were not selected for verification by the Department of Education. Therefore, these folders may contain seemingly incomplete or extraneous documentation. However, these students may have been selected by the counselor for verification for a variety of reasons: e.g., taxes, proof of income, birth certificate.

Going forward, a revised Policies and Procedures Manual has been created and corresponding operations and procedures have been re-crafted to meet Department of Education regulations, our new Banner student system functionality, and the University's financial aid packaging philosophy.

*KPMG's Response*

We have read management's response, and our findings remain as indicated. Management has indicated that it has revised its policies and procedures during FY 2011 to ensure that all required documentation is maintained to demonstrate compliance with Department of Education regulations.



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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-94</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b><i>P007A090836 (7/1/09-6/30/10)</i> <i>P033A090836 (7/1/09-6/30/10)</i> <i>P063P101238 (7/1/09-6/30/10)</i> <i>T08HP13254-01-00 (7/1/09-6/30/10)</i></b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Reporting</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

*Pell Payment Data (OMB No. 1845-0039)* - All schools receiving Pell grants submit Pell payment data to the Department through the Common Origination and Disbursement (COD) System. Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. A school follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid (7 days in the case of a school using the just-in-time method). The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, and Accepted. In testing the Pell Payment origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student payment data within 30 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 30 calendar days, bi-weekly, weekly or may set up their own system to ensure that changes are reported in a timely manner.

ED Form 646-1, *Fiscal Operations Report and Application to Participate (FISAP) (OMB No. 1845-0030)* - This electronic report is submitted annually to receive funds for the campus-based programs. The school uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2010, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2010 and the *Application to Participate* for the 2011-2012 award year (FPL, FWS, FSEOG 34 CFR section 673.3; *Instruction Booklet for Fiscal Operations Report and Application to Participate*).

Department of Education Recovery Reporting guidance is located at: <http://www.ed.gov/policy/gen/leg/recovery/section-1512.html>. On this webpage, under the Section *ED Clarifying Guidance on Recovery Act Section 1512 Quarterly Reporting*, see item 3, ED Information for Section 1512 Recipient Reporting for Federal Work-Study Program Funds under the Recovery Act where there are links to memoranda issued by ED regarding FWS and reporting under Section 1512.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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*Condition*

During our testwork over the financial, special, and ARRA 1512 Reporting requirements, we determined the following:

1. For 1 of 29 tested, we noted that the verification status code is missing from the reporting data shown on the COD System.
2. For 1 of 29 tested, we noted that the CPS transaction number on the COD System did not agree with that shown on the SIS+ supporting documentation.
3. The University did not reconcile the amounts reported through the COD System to amounts reported on the SEFA for the year ended September 30, 2010. Further, for 31 out of 60 students selected, the University did not maintain documentation to demonstrate that the University followed up with a disbursement record for that student no more than 30 days before the disbursement was to be paid.
4. Management was able to provide the FISAP and the related supporting documentation for the following programs: FSEOG, FFEL, and FWS. We noted, however, when agreeing the FY2010 expenditures for the PELL program to the SEFA, that there was a difference of \$3.8M, which could not be explained by management. The SEFA and general ledger have \$4,884,978 listed as total PELL expenditures in FY2010; however, the FISAP shows \$8,660,730 for the 2009-2010 award year. No reconciliation was able to be obtained explaining the difference.
5. The University must comply with the ARRA 1512 Reporting requirement as they receive such funds under the Federal Work Study program. Upon inquiry, however, management could not provide support or demonstrate who was accountable for completing the necessary ARRA 1512 Reports.

*Cause*

The University had not developed sufficient policies and procedures to require sufficient documentation be maintained.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University:

1. Reconcile data and amounts reported through the COD system to the general ledger monthly. We further recommend that the University establish policies and procedures that ensure that all ISIR documentation is maintained by University personnel.
2. Establish policies and procedures to ensure all SFA grant amounts are completely and accurately recorded in the general ledger and the SEFA.
3. Implement policies and procedures to ensure compliance with the ARRA 1512 Reporting requirements, and that adequate supporting documentation is readily available for inspection.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

1. The named student was not selected for verification by CPS. Therefore, there the "selected for verification status" was not populated in COD. The student reported an income of \$1 and the institution selected the student for verification of income. The documentation provided by the student did not change the student's EFC since the student received "in kind" assistance.
2. The named student was paid from COD Transaction #3 on the ISIR received 11/3/2011. We received another ISIR update which resulted in no change to the student's EFC (which was zero) and resulted in no liability.
3. This finding is based on a sample of students that were not on the Report of Students Selected for Verification by COD. Thus, the lack of documents necessary to "demonstrate that the University followed up with a disbursement record for students that was no more than 30 days before the disbursement was to be paid" for the sample students that was actually used is a mischaracterization of the condition of students' files and our operations. If the agency had been given sufficient time to produce the report requested, then the sample used would have been accurate. Additionally, SEFA did not record/capture Stafford Loans because these loans were paid from a third-party.
4. DO NOT CONCUR. There is a reconciliation of the numbers and disbursements, the problem is that the auditors assigned did not request the reconciliation for these programs. Keep in mind that the Academic year begins July 1 and ends June 30, the University's fiscal year begins October 1 and ends September 30, hence you have three months of the fiscal year which are a part of the academic year. The expenditures for the two years should be combined for the total disbursement.
5. DO NOT CONCUR. All quarterly reports have been submitted to the US Department of Education for the ARRA portion of the College Work Study. Copies are available if it is identified what is needed. The inquiry did not include the College Work Study, but Scholarships for Disadvantage Students.

*KPMG's Response*

We have read management's response, and our findings remain as indicated.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-95</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b><i>P007A090836 (7/1/09-6/30/10)</i> <i>P033A090836 (7/1/09-6/30/10)</i> <i>P063P101238 (7/1/09-6/30/10)</i> <i>T08HP13254-01-00 (7/1/09-6/30/10)</i></b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Verification</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

An institution may participate under an ED-approved Quality Assurance Program (QAP) that exempts it from verifying those applicants selected by the central processor, provided that the applicants do not meet the institution's own verification selection criteria. (20 USC 1094a; HEA section 487A) (*FSA Handbook 2009-2010 Application and Verification Guide*, page AVG-82 <http://ifap.ed.gov/fsahandbook/attachments/0910AVG.pdf>) An institution not participating under an ED-approved QAP is required to establish written policies and procedures that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. Such an institution shall require each applicant whose application is selected by the central processor, based on edits specified by ED, to verify the information specified in 34 CFR section 668.56. However, certain applicants are excluded from the verification process as listed in 34 CFR section 668.54(b). The institution is not required to verify the applications of more than 30 percent of its total number of applicants selected by ED (34 CFR section 668.54(a)(2)). The institution shall also require applicants to verify any information used to calculate an applicant's expected family contribution (EFC) that the institution has reason to believe is inaccurate. Generally, the information that must be updated is the number of family members, number of family members attending postsecondary educational institutions, and the applicant's dependency status (34 CFR section 668.55). Information that must be verified or updated is adjusted gross income, U.S. income tax paid, aggregate number of family members in the household, number of family members in the household who are enrolled as at least half-time students in postsecondary educational institutions if that number is greater than one, and untaxed income and benefits including:

- Social security benefits if the institution has reason to believe that those benefits were received and were not reported or were not correctly reported;
- Child support if the institution has reason to believe child support was received;
- U.S. income tax deductions for a payment made to an individual retirement account or Keogh account;
- Interest on tax-free bonds;
- Foreign income excluded from U.S. income taxation if the institution has reason to believe that foreign income was received;

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Year Ended September 30, 2010**

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- Earned income credit taken on the applicant’s tax return; and
- All other untaxed income subject to U.S. income tax reporting requirements in the base year included on the tax return form, excluding information contained on schedules appended to such forms (34 CFR section 668.56).

Acceptable documentation for the verification is listed in 34 CFR section 668.57.

*Condition*

During our testwork over the ‘Verification’ Special Test & Provision, we requested but were not provided in a timely manner a listing of those students selected for verification during the Fall 2009 and Spring 2010 semesters. As a result, we were unable to make an appropriate sample selection and obtain the supporting documentation evidencing that the University performed the required verification procedures for the proper students.

Instead, for the sample of 60 students selected for eligibility testing, we noted evidence of verification in the case files of 29 students. Noting that while many of the student case files with verification documentation maintained therein did not correspond to the name of any student on the subsequently provided listing of those students selected for verification during the Fall 2009 and Spring 2010 semesters, we attempted to test those 29 students to determine whether the University maintained acceptable documentation of verification.

For the 29 students whose documentation was maintained, we determined the following:

- For 1 out of the 29 student files reviewed, we were unable to determine when verification was completed;
- For 6 out of the 29 student files reviewed, the information contained in student file did not agree to reported information in the SIS+;
- For 2 out of the 29 student files reviewed, complete supporting documentation was not provided; and
- For 1 out of the 29 student files reviewed, the student’s file did not contain accurate information used for verification.

*Cause*

The University had not developed sufficient policies and procedures to require sufficient documentation be maintained for ISIR student data that was not requested to be verified by the U.S. Department of Education.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures that ensure that (1) all ISIR documentation is maintained by University personnel, and (2) student data supporting ISIR data be maintained.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

We disagree with the scope of this finding. This finding is based on a sample of students that were not on the Report of Students Selected for Verification. Thus, the lack of documents necessary to verify funds disbursed to the students for the sample students used is mischaracterization of the condition of students' files. If the agency had been given sufficient time to produce the report requested, then the sample used would have been accurate.

Further, the University's on-site repository of COD documentation that is used to determine the eligibility for Title IV funds, was been deemed "unreliable." NOTE: Information requested by auditor was unavailable from Department of Education because the aid year is closed. Thus the only source from which we could produce the Institutional Student Information Records (ISIR) information requested was SIS Plus (SIS+). Procedurally, ISIRs are downloaded from COD SIS+. We do not print this information; it is maintained in SIS+ and all financial aid operations (awarding, packaging, verification, etc.) are executed based on this information. Since our staff does not manipulate the information, there is no need to create a hard copy.

The students used as a sample for this test were not selected for verification by the Department of Education. Therefore, these folders may contain seemingly incomplete or extraneous documentation. However, these students may have been selected by the counselor for verification for a variety of reasons: e.g., taxes, proof of income, birth certificate.

Going forward, a revised Policies and Procedures Manual has been created and corresponding operations and procedures have been re-crafted to meet Department of Education regulations, our new Banner student system functionality, and the University's financial aid packaging philosophy.

*KPMG's Response*

We have read management's response, and our findings remain as indicated. Management has indicated that it has revised its policies and procedures during FY 2011 to ensure that all required documentation is maintained to demonstrate compliance with Department of Education regulations.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-96</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b>P007A090836 (7/1/09-6/30/10) P033A090836 (7/1/09-6/30/10) P063P101238 (7/1/09-6/30/10) T08HP13254-01-00 (7/1/09-6/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Disbursements To or On Behalf of Students</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The payment period for a student enrolled in an eligible program that measures progress in credit hours and has standard academic terms (semesters, trimesters, or quarters), or has non-standard terms that are substantially equal in length is the academic term (34 CFR section 668.4(a)). (Non-standard terms are substantially equal in length if no term is more than 2 weeks of instructional time longer than any other term (34 CFR section 668.4(h))).

*Condition*

For 31 out of 60 students selected for testing, the University was unable to provide documentation demonstrating that the disbursement was made to the student account within the required timeframe.

Further, for the 29 students whose files contained verification documentation, we reviewed the supporting documentation of the disbursement and determined whether they were made / returned in accordance with required timeframes, and that proper documentation was obtained prior to disbursement. As a result of these tests, we noted the following:

- 16 SFA disbursements (11 PELL and 5 FFELP), corresponding to 16 of 29 students tested, occurred outside the required timeframe;
- Evidence of adherence to the documentation requirements for numerous disbursements of the 29 students tested could not be obtained:
  - *PELL*: We did not receive the Federal Schedule Payment for 28 out 28 sample items.
  - *FFELP*: We did not receive the promissory notes (17 out 17), evidence of interest counseling (17 out 17), verification documentation (1 out 17), check and EFT documentation (17 out 17), and notification letters (17 out 17).

*Cause*

The University has not developed sufficient policies and procedures to require sufficient documentation be maintained for ISIR student data for those students not requested to be verified by the U.S. Department of Education. Additionally, insufficient supporting documentation is maintained in student files to substantiate that disbursements were made in accordance with regulations.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures that ensure that (1) all ISIR documentation is maintained by University personnel, and (2) student data supporting the ISIR documentation be adequately maintained. Additionally, we recommend that internal controls be enhanced so to prevent / detect instances where inadequate documentation is maintained in the student files.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The institution will include this requirement in its revised Policies and Procedures Manual that has been created. This new document outlines updated policies, operations and procedures that meet Department of Education regulations, our new Banner student system functionality, and the University's financial aid packaging philosophy.



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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-97</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b><i>P007A090836 (7/1/09-6/30/10)</i> <i>P033A090836 (7/1/09-6/30/10)</i> <i>P063P101238 (7/1/09-6/30/10)</i> <i>T08HP13254-01-00 (7/1/09-6/30/10)</i></b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Return of Title IV Funds</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR sections 668.22(a)(1) through (a)(4)).

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFELP lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR section 668.173(b)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the: (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew (34 CFR section 668.22(j)).

*Condition*

During our testwork over the 'Return of Title IV Funds' Special Test and Provision, we determined the following:

- For 6 of the 30 withdrawal forms selected for testing 1) two (2) withdrawal forms were not signed by both the Registrar's staff and the Financial Aid department, and 2) four (4) withdrawal forms were not provided for review.
- For 7 of the 30 student files reviewed, the *Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program* form was not provided for review.

*Cause*

The University has not developed sufficient policies and procedures to require sufficient documentation be maintained and readily available to substantiate that the University is making returns of Title IV funds in the proper amount and in a timely manner and is applying the return of Title IV funds to Federal programs as required.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures to ensure that adequate supporting detail is maintained substantiating that the University is making returns of Title IV funds in the proper amount and in a timely manner and is applying the return of Title IV funds to Federal programs as required.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The University disagrees with this finding. There is no federal requirement for Financial Aid to sign off on students' withdrawal forms. All documentation requested was provided.

Going forward, a revised Policies and Procedures Manual has been created and corresponding operations and procedures have been re-crafted to meet Department of Education regulations, our new Banner student system functionality, and the University's financial aid packaging philosophy. This non-Federal requirement will be added immediately.

*KPMG's Response*

We have read management's response, and our findings remain as indicated. There was no evidence of managerial review or approval on withdrawal forms. Management has also indicated that it has revised its policies and procedures during FY 2011 to ensure that all required documentation is maintained to demonstrate compliance with Department of Education regulations.

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Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-98</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b>P007A090836 (7/1/09-6/30/10) P033A090836 (7/1/09-6/30/10) P063P101238 (7/1/09-6/30/10) T08HP13254-01-00 (7/1/09-6/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Student Status Changes</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Schools must complete and return within 30 days of receipt the Student Status Confirmation Reports (SSCR) sent by ED or a guaranty agency (*OMB No. 1845-0035*). The SSCR is transmitted electronically to National Student Loan Data System (NSLDS). The institution determines how often it receives the SSCR, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (FFELP, 34 CFR section 682.610; Direct Loan, 34 CFR section 685.309).

*Condition*

During our testwork over the ‘Student Status Changes’ Special Test and Provision pertaining to the FFELP, we noted insufficient NSLDS Enrollment Detail supporting documentation was provided by the University.

*Cause*

The University has not developed sufficient policies and procedures to require sufficient documentation be maintained and readily available to substantiate that all Student Status Change requirements have been met and recorded accurately in the Enrollment Timeline data.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures to ensure that NSLDS Enrollment Detail is maintained so that it can be tested and agreed to students’ academic files.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The University disagrees with this finding. The institution has checked with the National Student Loan Data System (NSLDS) to ensure they have routinely updated our Clearinghouse Enrollment Transmission Reports. Their records confirm that we have sent regular transmissions of updated information. NOTE: All correspondence is electronic.

Procedurally, Report RTO3292.11 is run to capture the data; the data is electronically transmitted to NSDLS; NSDLS sends a confirmation that the data has been received. If there are errors or discrepancies, NSLDS sends an electronic notification to the institution. Once the institution has corrected the file, and information transmitted to NSLDS then the institution received email confirmation that the records have been updated.

*KPMG's Response*

We have read management's response, and our findings remain as indicated. Evidence of communications with the NSLDS was not readily available.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-99</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b>P007A090836 (7/1/09-6/30/10) P033A090836 (7/1/09-6/30/10) P063P101238 (7/1/09-6/30/10) T08HP13254-01-00 (7/1/09-6/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Student Loan Repayments</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

For NSL loans after November 13, 1998, the 10-year repayment period may be extended for 10 years for any student borrower who, during the repayment period failed to make consecutive payments and who, during the last 12 months of the repayment period, has made at least 12 consecutive payments (42 USC 292r(c) and 297b(b)(8) (sections 722(c) and 836(b)(8) of PHSA); Pub. L. No. 105-392, sections 133(a)(2) and 134(a)(3)). Except as required in 42 CFR section 57.210(a), a repayment of a HPSL/PCL/LDS loan must begin one year after the student ceases to be a full-time student. For a NSL loan, repayment must begin 9 months after the student ceases to be a full-time or half-time student, except as required in 42 CFR section 57.310(a). For a FPL loan, the institution must establish a repayment plan. The repayment period begins after an initial grace period of either 6 months or 9 months after the student ceases to be at least a half-time student at an institution of higher education, depending on when the loan was made (34 CFR section 674.31(b)(2)).

Borrowers may be eligible for loan deferments or cancellations under certain circumstances. Examples of when loan payments may be deferred are when the borrower is in certain student statuses at other eligible institutions, employed as a full-time teacher at certain schools, employed full-time in other specified occupations, or serving in the military or as a volunteer in the Peace Corps, ACTION programs (AmeriCorps\*VISTA), or other programs deemed to be comparable. FPL loans may be canceled based on full-time employment as a teacher at certain schools or specified fields, other qualifying employment, military or other volunteer service, and death or disability. Cancellation rates (amount of loan that is canceled for each year of qualifying service) for FPL loans vary, depending on the criteria. Specific requirements for deferment and cancellation vary, depending on when the loan was made. To qualify for a deferment or cancellation of an FPL loan, the borrower is required to submit to the institution to which the loan is owed a written request for the deferment or cancellation, with documentation required by the institution, by the date established by the institution, unless it is an in-school deferment. For an in-school deferment, the institution may grant the deferment based on student enrollment information showing that a borrower is enrolled as a regular student on at least a half-time basis, if the institution notifies the borrower of the deferment and of the borrower's option to cancel the deferment and continue paying on the loan. Loans under the HPSL/PCL/LDS or NSL programs may be cancelled only in the event that the borrower dies or becomes disabled.

*Condition*

During our testwork over the ‘Student Loan Repayments’ Special Test and Provision, we were not provided a population of loans entering repayment during the year under audit in a timely manner.

*Cause*

The University has not developed sufficient policies and procedures to require sufficient documentation be maintained and readily available to substantiate that all Student Loan Repayment requirements have been met and that conversion to repayment and development of a repayment plan was established in a timely manner.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures to ensure that Student Loan Repayment documentation is maintained substantiating compliance with student financial assistance program cluster compliance requirements.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

Our servicer has to build the report as an ad hoc report based on what the auditor’s asked for. These reports were on queue to be run, but once the auditors declined receipt of any more documentation, this was no longer considered as needed.

*KPMG’s Response*

We have read management’s response, and our findings remain as indicated. Further, the requested report is of such a nature that it should be readily available and not needed to be produced on an “ad hoc” basis.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010**

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<b><i>Finding Number</i></b>	<b>2010-100</b>
<b><i>Federal Program</i></b>	<b>Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 93.925)</b>
<b><i>Federal Award Number</i></b>	<b>P007A090836 (7/1/09-6/30/10) P033A090836 (7/1/09-6/30/10) P063P101238 (7/1/09-6/30/10) T08HP13254-01-00 (7/1/09-6/30/10)</b>
<b><i>Federal Agency</i></b>	<b>Education</b>
<b><i>District Department</i></b>	<b>University of the District of Columbia</b>
<b><i>Compliance Requirement</i></b>	<b>Special Tests and Provisions – Institutional Eligibility</b>

*Criteria*

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

- a. An institution is not eligible to participate in Title IV programs if for the *award year* (year ending June 30) that ended during the institution’s fiscal year (34 CFR section 600.7):
  - (1) More than 50 percent of its courses were correspondence courses;
  - (2) 50 percent or more of its regular students (i.e., students enrolled for the purpose of obtaining a degree, certificate or diploma) were enrolled in correspondence courses;
  - (3) 25 percent or more of its regular students were incarcerated;
  - (4) More than 50 percent of its regular students were enrolled as “ability-to benefit students,” i.e., without a high school diploma, the recognized equivalent *and* the institution did not provide a 4- or 2-year program for which it awards a bachelor’s or associate degree, respectively.

The Higher Education Reconciliation Act of 2005 (Section 8002 of Pub. L. No. 109-171) modified the term correspondence courses to specifically exclude courses offered by telecommunications. This change was effective July 1, 2006. “Correspondence programs” and “Telecommunication programs” are defined in 34 CFR section 600.2.

*Condition*

During our testwork over the ‘Institutional Eligibility’ Special Test and Provision, we noted the following:

1. Insufficient supporting documentation was provided by the University to substantiate that no more than 25 percent of its regular students were incarcerated; and
2. Insufficient supporting documentation was provided by the University to evidence that no more than 50 percent of its regular students were enrolled as “ability-to benefit students;”

*Cause*

The University has not developed sufficient policies and procedures to require sufficient documentation be maintained and readily available to substantiate that all Institutional Eligibility requirements have been met.

*Effect*

The University may not be able to demonstrate compliance with the student financial assistance program cluster compliance requirements.

*Recommendation*

We recommend that the University establish policies and procedures to ensure that (1) data substantiating the number of incarcerated students enrolled is maintained, and (2) data substantiating the number of “ability-to benefit students” enrolled is maintained.

*Related Noncompliance*

Material noncompliance

*Questioned Costs*

None

*Views of Responsible Officials*

The institution will include this requirement in its revised Policies and Procedures Manual that has been created. This new document outlines updated policies, operations and procedures that meet Department of Education regulations, our new Banner student system functionality, and the University’s financial aid packaging philosophy.



# **Government of the District of Columbia**

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Summary Schedule of Prior Audit Findings  
and Management's Corrective Action Plan  
Year Ended September 30, 2010

**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
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<b>Department of Health Care Finance (DHCF)</b>				
2009-07	<b>US Dept of HHS</b> Medical Assistance Program Cluster and ARRA Med Assistance Program	Allowable Costs: Escheated Warrants	93.775, 93.778	Corrected.
2009-08	<b>US Dept of HHS</b> Medical Assistance Program Cluster and ARRA Med Assistance Program	Allowable Costs: Drug Rebates	93.775, 93.778	Corrected.
2009-09	<b>US Dept of HHS</b> Children's Health Insurance Program	Cash Management	93.767	Corrected.
2009-10	<b>US Dept of HHS</b> Medical Assistance Program Cluster and ARRA Med Assistance Program	Cash Management	93.775, 93.778	Corrected.
2009-11	<b>US Dept of HHS</b> Children's Health Insurance Program	Eligibility	93.767	Partially Corrected.  As the agency moves closer toward a paperless system, the reliance upon hard copy records for holding documents will diminish, with electronic filing and maintenance of documents being primarily supported through the functionality of ACEDS and the new Document Imaging Management System (DIMS).
2009-12	<b>US Dept of HHS</b> Medical Assistance Program Cluster and ARRA Med Assistance Program	Eligibility	93.775, 93.778	Partially Corrected.  Digitization of the case records and scanning of all incoming documents will further support the case record maintenance improvements.

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Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-13	<b>US Dept of HHS</b> Medical Assistance Program Cluster and ARRA Med Assistance Program	Eligibility: Medicaid Eligibility Quality Control (MEQC)	93.775, 93.778	Corrected.
<b>Department of Health (DOH)</b>				
2009-14	<b>US Dept of Housing &amp; Urban Development</b> Housing Opportunities for Persons With AIDS	Cash management: Funding Technique	14.241	Partially Corrected.  The time period between the approval of the IDIS data by HUD to the time drawdowns are initiated and received range from one to three days which is within the CMIA clearance pattern of 7 days. DOH will submit a revision to the CMIA to outline the unique draw requirements of this grant.
2009-15	<b>US Dept of HHS</b> Public Health Emergency Preparedness	Cash management: Funding Technique	93.069	Partially Corrected.  Program officials are collaborating with CDC to determine when this restriction can be lifted Management is also in the process of amending the CMIA agreement to include language that reflects that this grant operates on a manual drawdown pattern and therefore, cannot be held to the rigid requirements of the pre-established CMIA agreement.
2009-16	<b>US Dept of HHS</b> HIV Emergency Relief Project Grants	Cash management: Funding Technique	93.914	Partially Corrected.  Program officials are collaborating with CDC to determine when this restriction can be lifted Management is also in the process of amending the CMIA agreement to include

**Government of the District of Columbia  
Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
				language that reflects that this grant operates on a manual drawdown pattern and therefore, cannot be held to the rigid requirements of the pre-established CMIA agreement.
2009-17	<b>US Dept of HHS</b> HIV Care Formula Grants	Cash management: Funding Technique	93.917	Partially Corrected.  See Agency Response Above.
2009-18	<b>US Dept of HHS</b> HIV Prevention Activities	Cash management: Funding Technique	93.940	Partially Corrected.  See Agency Response Above.
2009-19	<b>US Dept of HHS</b> Healthy Start Initiative	Eligibility	93.926	Partially Corrected.  CHA's Healthy Start Initiative program utilizes operational policies and procedures (P&Ps) to provide services to eligible participants. It is the program's goal that a copy of these P&Ps is distributed to all applicable staff and staff members adhere to them.
2009-20	Not Used			
2009-21	<b>US Dept of HHS</b> Public Health Emergency Preparedness	Procurement, Suspension and Debarment	93.069	Partially Corrected.  Throughout FY 2010 and into early FY 2011, the implementation phases will progress, beginning with and continuing to include: (1) defining the user requirements; (2) customizing & developing the system; (3) conducting user testing; and (4) implementation (which includes both a communication and training plan for users). Equally critical to the successful

**Government of the District of Columbia  
Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
				implementation of the ACC module and full remediation of this finding will be the migration of the current and active contracts from OCP and the independent agencies into PASS.
<b>Department of Disability Services (DDS)</b>				
2009-22	<b>US Dept of Education</b> Vocational Rehabilitation Cluster & ARRA – Rehabilitation Svcs- Vocational Rehabilitation Grants to States	Cash management: Funding Technique	84.126, 84.390	Corrected.
2009-23	<b>Social Security Administration</b> Social Security – Disability Insurance	Cash management: Funding Technique	96.001	Corrected.
2009-24	<b>US Dept of Education</b> Vocational Rehabilitation Cluster & ARRA – Rehabilitation Svcs- Vocational Rehabilitation Grants to States	Eligibility	84.126, 84.390	Partially Corrected.  The new policy and procedures manual was approved by the State Rehabilitation Council and employee training on the manual was in the first quarter of FY 2011. Also, effective July 2011, the Federal Compliance unit within the agency will initiate random sample audits for eligibility compliance and provide monthly reports for follow-up and oversight.

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Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-25	<b>US Dept of Education</b> Vocational Rehabilitation Cluster & ARRA – Rehabilitation Svcs- Vocational Rehabilitation Grants to States	Procurement, Suspension and Debarment	84.126, 84.390	Corrected.
2009-26	<b>Social Security Administration</b> Social Security – Disability Insurance	Procurement, Suspension, and Debarment	96.001	Corrected.
2009-27	<b>Social Security Administration</b> Social Security – Disability Insurance	Reporting	96.001	Corrected.
<b>Office of the Attorney General (OAG)</b>				
2009-28	<b>US Dept of HHS</b> Child Support Enforcement	Cash Management: Funding Technique	93.563	Partially Corrected.  The funding technique was changed in the FY2011 Treasury State Agreement.  OAG conducts ongoing reviews of its policies and procedures so that improvements/compliance with the CMLA agreement can be achieved.
2009-29	<b>US Dept of HHS</b> Child Support Enforcement	Procurement, Suspension, and Debarment	93.563	Partially Corrected. OCP is responsible for the finding.  While OCP remains responsible for procuring goods and services on behalf of OAG's Child Support Enforcement Program, OAG will continue to diligently work with OCP in an effort to ensure that it adheres to all applicable Federal laws and regulations and to avoid

**Government of the District of Columbia  
Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
				future similar audit findings.
2009-30	<b>US Dept of HHS</b> Child Support Enforcement	Special Tests and Provisions: Provision of Child Support Services for Interstate Initiating Cases	93.563	Corrected.
2009-31	<b>US Dept of HHS</b> Child Support Enforcement	Special Tests and Provisions: Establishment of Paternity and Support Obligations	93.563	Corrected.
2009-32	Not Used			
<b>District of Columbia Public Schools (DCPS)</b>				
2009-33	<b>US Dept of HHS</b> Head Start (Direct Funding)	Allowable Costs: Indirect Cost Activities	93.600	Corrected.
2009-34	<b>US Dept of HHS</b> Head Start (Direct Funding)	Cash Management	93.600	Corrected.
2009-35	Not Used			
2009-36	<b>US Dept of HHS</b> Head Start (Direct and Pass-through Funding)	Matching, Level of Effort, Earmarking	93.600	Corrected.
2009-37	<b>US Dept of HHS</b> Head Start (Direct and Pass-through Funding)	Period of Availability	93.600	Corrected.
2009-38	<b>US Dept of HHS</b> Head Start (Pass-through Funding)	Reporting	93.600	Corrected.
2009-39	<b>US Dept of HHS</b> Head Start (Pass-through Funding)	Subrecipient Monitoring	93.600	Corrected.
2009-40	<b>US Dept of HHS</b> Head Start (Direct and Pass-through Funding)	Special Tests and Provisions: Governing Body Composition	93.600	Corrected.
2009-41	Not Used			

**Government of the District of Columbia  
Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-42	Not Used			
<b>Child and Family Services Agency (CFSA)</b>				
2009-43	<b>US Dept of HHS</b> Foster Care – Title IV-E and ARRA – Foster Care – Title IV-E	Allowable Costs: Indirect Cost Activities	93.658	Corrected.
2009-44	<b>US Dept of HHS</b> Adoption Assistance and ARRA - Adoption Assistance	Allowable Costs: Indirect Cost Activities	93.659	Corrected.
2009-45	<b>US Dept of HHS</b> Foster Care – Title IV-E and ARRA – Foster Care – Title IV-E	Cash Management: Funding Technique	93.658	Corrected.
2009-46	<b>US Dept of HHS</b> Adoption Assistance and ARRA - Adoption Assistance	Cash Management: Funding Technique	93.659	Corrected.
2009-47	<b>US Dept of HHS</b> Foster Care – Title IV-E and ARRA – Foster Care – Title IV-E	Eligibility	93.658	Corrected.
2009-48	<b>US Dept of HHS</b> Adoption Assistance and ARRA - Adoption Assistance	Eligibility	93.659	Corrected.
2009-49	<b>US Dept of HHS</b> Foster Care – Title IV-E and ARRA – Foster Care – Title IV-E	Procurement, Suspension, and Debarment	93.658	Corrected.
2009-50	<b>US Dept of HHS</b> Foster Care – Title IV-E and ARRA – Foster Care – Title IV-E	Subrecipient Monitoring	93.658	Partially Corrected.  Under the leadership of the new CFSA Contracts Administrator, internal protocols and procedures have been or are being



**Government of the District of Columbia  
Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
				implemented and documented to strengthen internal management and controls. The Administrator has received the requirements related to ARRA funding and will develop monitoring controls to ensure adherence with the requirements from this finding.
<b>Department of Human Services (DHS)</b>				
2009-51	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Allowable Costs: Indirect Cost Activities	93.558	Corrected.
2009-52	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Allowable Costs: Nonpayroll Activities	93.558	Partially Corrected.  DHS plans to reimburse District agencies based on expenditures and proper documentation rather than advance funds for goods and services for the TANF program. This will improve processes and procedures to ensure that proper documentation is maintained and safeguarded relating to expenditures for the TANF program.
2009-53	<b>US Dept of HHS</b> Supplemental Nutrition Assistance Program Cluster & ARRA - Supplemental Nutrition Assistance Program	Cash Management: Funding Technique	10.551, 10.561	Corrected.
2009-54	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Cash Management: Funding Technique	93.558	Corrected.

**Government of the District of Columbia  
Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-55	<b>US Dept of HHS</b> Community Services Block Grant & ARRA-Community Services Block Grant	Cash Management: Funding Technique	93.569	Corrected.
2009-56	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Eligibility	93.558	Partially Corrected.  DHS has convened a work group tasked with revising and enhancing the current combined benefits application form to be more comprehensive. The application will include a targeted question requiring TANF applicants to certify/verify that he/she or any member in their household are not fleeing felons or found guilty of a felony.
2009-57	<b>US Dept of HHS</b> Supplemental Nutrition Assistance Program Cluster & ARRA - Supplemental Nutrition Assistance Program	Procurement, Suspension, and Debarment	10.551, 10.561	Partially Corrected.  Throughout FY 2010 and into early FY 2011, the implementation phases will progress, beginning with and continuing to include: (1) defining the user requirements; (2) customizing & developing the system; (3) conducting user testing; and (4) implementation (which includes both a communication and training plan for users). Equally critical to the successful implementation of the ACC module and full remediation of this finding will be the migration of the current and active contracts from OCP and the independent agencies into PASS.

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Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-58	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Procurement, Suspension, and Debarment	93.558	Corrected.
2009-59	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Reporting	93.558	Corrected.
2009-60	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Subrecipient Monitoring	93.558	Corrected.
2009-61	<b>US Dept of HHS</b> Temporary Assistance for Needy Families (TANF)	Special Tests and Provisions: Child Support Non-Cooperation	93.558	Partially Corrected.  To ensure that documentation is properly maintained, safeguarded, and available for review, IMA has created a Case Record Management Unit (CRMU) in each Service Center to improve the maintenance and safeguarding of documents. In addition, IMA will soon be utilizing a document imaging system that is expected to improve IMA's ability to maintain and safeguard documents.
<b>Department of Employment Services (DOES)</b>				
2009-62	<b>US Dept of Labor (DOL)</b> Unemployment Ins and ARRA-Unemployment Insurance	Cash Management: Funding Technique	17.225	Corrected.
2009-63	<b>US Dept of Labor (DOL)</b> Unemployment Ins and ARRA-Unemployment Insurance	Eligibility	17.225	Corrected.

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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-64	<b>US Dept of Labor (DOL)</b> Unemployment Ins and ARRA- Unemployment Insurance	Reporting	17.225	Corrected.
<b>Homeland Security and Emergency Management Agency (HSEMA)</b>				
2009-65	<b>US Dept of Homeland Security-</b> Disaster Grants – Public Assistance	Allowable Costs: Nonpayroll Activities	97.036	Corrected.
2009-66	<b>US Dept of Homeland Security-</b> Homeland Security Grant Program	Allowable Costs: Nonpayroll Activities	97.067	Corrected.
2009-67	Not Used			
2009-68	<b>US Dept of Homeland Security-</b> Homeland Security Grant Program	Period of Availability	97.067	Corrected.
2009-69	<b>US Dept of Homeland Security-</b> Homeland Security Grant Program	Procurement, Suspension, and Debarment	97.067	Corrected.
2009-70	<b>US Dept of Homeland Security-</b> Homeland Security Grant Program	Reporting	97.067	Corrected.
2009-71	<b>US Dept of Homeland Security-</b> Homeland Security Grant Program	Special Tests and Provisions: Supplement not Supplant	97.067	Corrected.
<b>Office of the State Superintendent of Education (OSSE)- State Educational Agency</b>				
2009-72	<b>US Dept of Education –</b> Special Education Cluster	Allowable Costs: Payroll and Nonpayroll Activities.	84.027, 84.173	Corrected.

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Summary Schedule of Prior Audit Findings and  
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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-73	<b>US Dept of Agric (USDA)</b> – Child and Adult Care Food Program	Cash Management	10.558	Corrected.
2009-74	<b>US Dept of Education</b> – Title I Grants to Local Educational Agencies	Cash Management	84.010	Corrected.
2009-75	<b>US Dept of Education</b> – Special Education Cluster	Cash Management	84.027, 84.173	Corrected.
2009-76	<b>US Dept of Education</b> – Charter Schools	Cash Management	84.282	Corrected.
2009-77	<b>US Dept of Education</b> – Improving Teacher Quality State Grants	Cash Management	84.367	Corrected.
2009-78	<b>US Dept of HHS</b> Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Cash Management	93.596	Corrected.
2009-79	<b>US Dept of HHS</b> Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Eligibility	93.596	Corrected.
2009-80	<b>US Dept of Education</b> – Title I Grants to Local Educational Agencies	Matching, Level of Effort, Earmarking	84.010	Corrected.
2009-81	<b>US Dept of Education</b> – Improving Teacher Quality State Grants	Matching, Level of Effort, Earmarking	84.367	Corrected.
2009-82	<b>US Dept of Education</b> – Title I Grants to Local Educational Agencies	Reporting	84.010	Corrected.

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Management's Corrective Action Plan**

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-83	<b>US Dept of Agric (USDA)</b> – Child and Adult Care Food Program	Subrecipient Monitoring	10.558	Partially Corrected.  The Child and Adult Care Food Program (CACFP) unit in the Wellness and Nutrition Services Division (WNS) has established procedures to follow up when subrecipient organizations have been monitored and require implementation of corrective actions for failure to comply with CACFP requirements.
2009-84	<b>US Dept of HHS</b> Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Subrecipient Monitoring	93.596	Corrected.
<b>District of Columbia Public Schools (DCPS)- Local Educational Agency (LEA)</b>				
2009-85	<b>US Dept of Education</b> – Title I Grants to Local Educational Agencies	Allowable Costs: Payroll and Nonpayroll Activities.	84.010	Corrected.
2009-86	<b>US Dept of Education</b> – Improving Teacher Quality State Grants	Allowable Costs: Nonpayroll Activities.	84.367	Corrected.
2009-87	<b>US Dept of Education</b> – Title I Grants to Local Educational Agencies	Matching, Level of Effort, Earmarking	84.010	Corrected.
2009-88	<b>US Dept of Education</b> – Special Education Cluster	Matching, Level of Effort, Earmarking	84.027, 84.173	Corrected.
2009-89	<b>US Dept of Education</b> – Improving Teacher Quality State Grants	Matching, Level of Effort, Earmarking	84.367	Corrected.

**Government of the District of Columbia  
Summary Schedule of Prior Audit Findings and  
Management's Corrective Action Plan**

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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
2009-90	<b>US Dept of Education</b> – Title I Grants to Local Educational Agencies	Procurement, Suspension, and Debarment	84.010	Corrected.