



**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, 2005**

Government of the District of Columbia

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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, each major fund, and the aggregate remaining fund information of the **Government of the District of Columbia** (the District), as of and for the year ended September 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are identified below and described in greater detail in the accompanying schedule of findings and questioned costs as items 2005-01 and 2005-02.

- I. Management of the Disability Compensation Program
- II. Management of the Unemployment Compensation Trust Fund

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the items described above to be material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated January 23, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 audits, 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* which are identified below and described in greater detail in the accompanying schedule of findings and questioned costs as items 2005-03 through 2005-06.

- III. Noncompliance with Procurement Regulations
- IV. Noncompliance with the Quick Payment Act
- V. Expenditures in Excess of Budgetary Authority
- VI. Noncompliance with Financial Institutions Deposit and Investment Amendment Act

We also noted certain additional matters that we have reported to management of the District in a separate letter dated January 23, 2006. The status of the prior year instances of reportable conditions and material noncompliance is presented below:

Nature of Comment	Type of Comment in FY 2004	Current Year Status
Management of Disability Compensation Program	Reportable Condition	Reportable Condition
Unemployment Compensation Claimant File Management	Reportable Condition	Reportable Condition
Noncompliance with Procurement Regulations	Material Noncompliance	Material Noncompliance

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

BDO Seidman, LLP

Washington, D.C.
January 23, 2006



Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the **Government of the District of Columbia** (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. 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 accompanying Schedules of Expenditures of Federal Awards and our audit described below do not include the federal expenditures of the District of Columbia Water and Sewer Authority and the District of Columbia Housing Finance Agency. These component units of the District have a separate independent audit performed in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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 listed below and as found 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 federal programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to those programs.

Finding No.	Compliance Requirement
2005-09	Allowable Costs
2005-11	Eligibility
2005-18	Allowable Costs
2005-19	Allowable Costs
2005-20	Program Income
2005-21	Subrecipient Monitoring



Finding No. (cont'd)	Compliance Requirement (cont'd)
2005-22	Allowable Costs
2005-23	Allowable Costs
2005-27	Procurement, Suspension, and Debarment
2005-28	Procurement, Suspension, and Debarment
2005-31	Subrecipient Monitoring
2005-32	Subrecipient Monitoring
2005-36	Eligibility
2005-37	Eligibility
2005-38	Eligibility
2005-39	Procurement, Suspension, and Debarment
2005-41	Cash Management – Funding Technique
2005-42	Cash Management – Request for Funds
2005-43	Period of Availability
2005-44	Procurement, Suspension, and Debarment
2005-47	Allowable Costs
2005-48	Allowable Costs
2005-54	Subrecipient Monitoring
2005-57	Allowable Costs: Nonpayroll Transactions
2005-58	Allowable Costs: Payroll Transactions
2005-59	Cash Management
2005-60	Matching, Level of Effort, Earmarking
2005-61	Procurement, Suspension, and Debarment
2005-62	Program Income
2005-63	Reporting
2005-65	Special Tests and Provisions: Securing and Enforcing Medical Support Obligations
2005-66	Special Tests and Provisions: Enforcement of Support Obligations
2005-67	Special Tests and Provisions: Provision of Child Support Services for Interstate Cases
2005-71	Allowable Costs: Time and Effort Reporting
2005-72	Allowable Costs: Time and Effort Reporting
2005-73	Allowable Costs: Indirect Cost Activities
2005-74	Allowable Costs
2005-75	Allowable Costs
2005-77	Eligibility
2005-79	Matching, Level of Effort, Earmarking
2005-80	Matching, Level of Effort, Earmarking
2005-81	Matching, Level of Effort, Earmarking
2005-82	Matching, Level of Effort, Earmarking
2005-83	Matching, Level of Effort, Earmarking
2005-84	Matching, Level of Effort, Earmarking
2005-85	Matching, Level of Effort, Earmarking
2005-88	Procurement, Suspension, and Debarment
2005-89	Procurement, Suspension, and Debarment
2005-92	Procurement, Suspension, and Debarment



Finding No. (cont'd)	Compliance Requirement (cont'd)
2005-94	Reporting
2005-95	Subrecipient Monitoring
2005-96	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals
2005-97	Special Tests and Provisions: Participation of Private School Children
2005-98	Allowable Costs: Recordation of Expenditures via Transfer Journal Entries

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the requirements referred to in the first paragraph of this report that are applicable to each of its major federal programs for the year ended September 30, 2005, other than those discussed in the following paragraph. The results of our audit procedures also disclosed other instances of noncompliance with the requirements referred to in the first paragraph of this report which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as follows:

Finding No.	Compliance Requirement
2005-07	Reporting
2005-08	Davis-Bacon Act
2005-10	Eligibility
2005-12	Reporting
2005-13	Reporting
2005-14	Reporting
2005-15	Reporting
2005-17	Special Tests and Provisions: ADP Stamp for Food Stamps
2005-24	Eligibility
2005-25	Matching, Level of Effort, Earmarking
2005-26	Matching, Level of Effort, Earmarking
2005-29	Reporting
2005-30	Reporting
2005-33	Special Tests and Provisions: Independent Peer Reviews
2005-34	Allowable Costs
2005-35	Eligibility
2005-40	Reporting
2005-45	Reporting
2005-46	Special Tests and Provisions: Employer Experience Rating
2005-50	Reporting
2005-51	Reporting
2005-52	Reporting
2005-56	Special Tests and Provisions: Solicitations
2005-64	Special Tests and Provisions: Establishment of Paternity and Support Obligations
2005-68	Allowable Costs: Indirect Cost Activities
2005-93	Reporting



Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-07 through 2005-98.

A material weakness is a reportable condition in which the design or operation of one or more of internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following items to be material weaknesses:

Finding No.	Compliance Requirement
2005-09	Allowable Costs
2005-11	Eligibility
2005-18	Allowable Costs
2005-19	Allowable Costs
2005-21	Subrecipient Monitoring
2005-22	Allowable Costs
2005-23	Allowable Costs
2005-27	Procurement, Suspension, and Debarment
2005-28	Procurement, Suspension, and Debarment
2005-31	Subrecipient Monitoring
2005-32	Subrecipient Monitoring
2005-37	Eligibility
2005-38	Eligibility
2005-39	Procurement, Suspension, and Debarment
2005-44	Procurement, Suspension, and Debarment
2005-47	Allowable Costs
2005-48	Allowable Costs
2005-54	Subrecipient Monitoring
2005-57	Allowable Costs: Nonpayroll Transactions
2005-58	Allowable Costs: Payroll Transactions



Finding No. (cont'd)	Compliance Requirement (cont'd)
2005-60	Matching, Level of Effort, Earmarking
2005-61	Procurement, Suspension, and Debarment
2005-71	Allowable Costs: Time and Effort Reporting
2005-72	Allowable Costs: Time and Effort Reporting
2005-73	Allowable Costs: Indirect Cost Activities
2005-74	Allowable Costs
2005-75	Allowable Costs
2005-81	Matching, Level of Effort, Earmarking
2005-83	Matching, Level of Effort, Earmarking
2005-84	Matching, Level of Effort, Earmarking
2005-85	Matching, Level of Effort, Earmarking
2005-88	Procurement, Suspension, and Debarment
2005-89	Procurement, Suspension, and Debarment
2005-92	Procurement, Suspension, and Debarment
2005-95	Subrecipient Monitoring
2005-96	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals
2005-97	Special Tests and Provisions: Participation of Private School Children
2005-98	Allowable Costs: Recordation of Expenditures via Transfer Journal Entries

Schedules of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of the District of Columbia (the District), as of and for the year ended September 30, 2005, and have issued our report thereon dated January 23, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards are presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

BDO Seidman, LLP

Washington, D.C.
August 18, 2006



**Schedules of Expenditures
of Federal Awards**



Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by Federal Grantor

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
U.S. Department of Health and Human Services		
Public Health and Social Services Emergency Fund	93.003	\$ 432,057
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006	407,332
Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	867,608
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2,225,659
Special Programs for the Aging-Title III, Part C - Nutrition Services	93.045	2,924,542
DC Awareness & Care Program	93.051	160,325
Vital Statistics Re-engineering Program	93.066	129,825
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	1,401,656
Maternal and Child Health Federal Consolidated Programs	93.110	658,883
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	905,412
Primary Care Services-Resource Coordination and Development	93.130	189,361
Injury Prevention and Control Research and State and Community Based Programs	93.136	175,746
Projects for Assistance in Transition from Homelessness (PATH)	93.150	300,000
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	402,498
Consolidated Knowledge Development and Application (KD&A) Program	93.230	1,107,063
Abstinence Education	93.235	99,530
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	100,000
Universal Newborn Hearing Screening	93.251	102,765
State Planning Grant-Health Care access for the Uninsured	93.256	533,010
Immunization Grants	93.268	1,222,658
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	9,532,825
Minority Biomedical Research Support	93.375	20,597
Cancer Centers Support	93.397	881,208
Promoting Safe and Stable Families	93.556	1,254,317
Temporary Assistance for Needy Families	93.558	87,680,387
Child Support Enforcement	93.563	15,466,852

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by Federal Grantor

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Refugee and Entrant Assistance-State Administered Programs	93.566	1,609,996
Low-Income Home Energy Assistance Program	93.568	6,966,590
Community Services Block Grant	93.569	10,624,564
CSBG-State Wide Community Food & Nutrition	93.571	30,000
Refugee and Entrant Assistance-Discretionary Grants	93.576	137,308
Early Learning Opportunity	93.577	116,986
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	29,274,697
State Educational Training Voucher Program	93.599	271,732
Head Start - Direct Funding	93.600	6,810,658
Head Start - Pass-through Program from United Planning Organization	93.600	3,114,195
Developmental Disabilities Basic Support and Advocacy Grant	93.630	440,009
Child Welfare Services-State Grants	93.645	357,757
Social Services Research and Demonstration	93.647	48,218
Foster Care- Title IV-E	93.658	18,567,242
Adoption Assistance	93.659	11,870,539
Social Services Block Grant	93.667	7,583,545
Family Violence Prevention and Services/Grants for Battered Women's Shelters Grants to States and Indian Tribes	93.671	706,368
Chafee Foster Care Independent Living	93.674	1,092,277
State Children's Insurance Program	93.767	9,377,840
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	353,231
Demonstration to Maintain Independence and Employment	93.769	3,810,096
State Medicaid Fraud Control Units	93.775	1,180,153
State Survey and Certification of Health Care Providers and Suppliers Medical Assistance Program	93.777	2,705,366
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.778	926,131,987
Refugee Targeted Assistance Formula Grant	93.779	1,097,910
Health Careers Opportunity Program	93.802	77,109
Minority Grantsmanship Systems	93.822	324,875
Residencies and Advanced Education in the Practice of General Dentistry	93.864	5,383
HIV Emergency Relief Project Grants	93.897	38,201
HIV Care Formula Grants	93.914	27,752,195
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.917	17,550,907
	93.919	1,145,038

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by Federal Grantor

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
US DHHS SDA Speech Pathology (GRAD)	93.925	110,660
Healthy Start Initiative	93.926	4,290,172
HIV Prevention Activities-Health Department Based	93.940	5,041,291
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	708,794
Assistance Programs for Chronic Disease Prevention and Control	93.945	322,465
Trauma EMS-Bioterrorism in Rural Areas	93.952	31,538
Block Grants for Community Mental Health Services	93.958	1,077,639
Block Grants for Prevention and Treatment of Substance Abuse	93.959	6,491,079
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	1,135,066
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	394,430
Preventive Health and Health Services Block Grant	93.991	1,226,011
Maternal and Child Health Services Block Grant to the States	93.994	6,117,011
Total U.S. Department of Health and Human Services		1,247,301,244
U.S. Department of Education		
State Adult Education	84.002	1,549,391
Federal Supplemental Education Opportunity Grants	84.007	619,500
Title I Grants to Local Educational Agencies	84.010	47,675,688
Migrant Education-State Grant Program	84.011	212,551
Title I Program for Neglected and Delinquent Children	84.013	97,139
Special Education-Grants to States	84.027	14,041,914
Higher Educational Institutional Aid	84.031	1,726,655
Job Locator Development	84.033	244,121
Federal Perkins Loan Program	84.038	1,886,439
Impact Aid	84.041	1,813,689
TRIO-Student Support Services	84.042	466,766
TRIO-Talent Search	84.044	361,895
TRIO-Upward Bound	84.047	473,892
Vocational Education-Basic Grants to States	84.048	3,972,186
Federal Pell Grant Program	84.063	4,383,526
Minority Science Improvement	84.120	78,054
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	12,029,121
Rehabilitation Services-Client Assistance Program	84.161	112,311
Independent Living-State Grants	84.169	351,152

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by Federal Grantor

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Special Education-Preschool Grants	84.173	85,323
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	214,627
Special Education-Grants for Infants and Families with Disabilities	84.181	2,080,202
Safe and Drug-Free Schools and Communities-National Programs	84.184	2,158,889
Byrd Honors Scholarships	84.185	118,765
Safe and Drug-Free Schools and Communities-State Grants	84.186	1,916,939
Supported Employment Services for Individuals with Severe Disabilities	84.187	152,208
Title VII-Teacher and Personnel Grant	84.195	142,334
Even Start-State Educational Agencies	84.213	1,030,284
Partnership in Character Ed-Teaching Trad History-Smaller Learning Community	84.215	1,295,855
Assistive Technology	84.224	293,793
Vocational Education-Tech Prep	84.243	323,033
Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	84.265	23,362
State Student Incentive Grant/Supplement	84.281	266,984
Charter Schools	84.282	4,364,352
Twenty-First Century Community Learning Centers	84.287	3,905,417
Comprehensive Grant at OYSTER	84.290	356,965
Foreign Language Assistance	84.293	91,592
Title VII-Innovative Education Program	84.298	1,458,070
Education Technology State Grants	84.318	2,183,053
State Program Improvement - Special Education	84.323	1,129,732
Advanced Placement Program	84.330	301,080
Community Transition Program	84.331	(13,586)
Comprehensive School Reform Demonstration	84.332	867,831
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	785,686
Child Care Access Means Parents in School	84.335	49,378
Teacher Quality Enhancement Grants	84.336	460,656
Occupational and Employment Information State Grants	84.346	97,657
Transition to Teaching	84.350	313,221
Arts in Education Programs	84.351	25,165
Renovation,Idea,Tech-SEA	84.352	174,363
Title I Reading First State Grants	84.357	2,901,462
Title III Language Acquisition State Grant	84.365	576,374
Math Science Partnership	84.366	555,840
Title II Improving Teacher Quality	84.367	14,901,387

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by Federal Grantor

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Title VI State Assessment and Related Activities	84.369	1,583,057
Total U.S. Department of Education		<u>139,267,340</u>
U.S. Department of Transportation		
Boating Safety Financial Assistance	20.005	504,268
Highway Planning and Construction	20.205	91,338,632
Motor Carrier Safety	20.217	924,618
Federal Transit – Metropolitan Planning Grants	20.505	583,452
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	225,919
State and Community Highway Safety	20.600	1,323,166
Fatal Accident Reporting	20.603	8,595
Pipeline Safety	20.700	106,678
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	73,484
Total U.S. Department of Transportation		<u>95,088,812</u>
U.S. Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.218	43,310,311
Emergency Shelter Grants Program	14.231	245,721
HOME Investment Partnerships Program	14.239	11,995,938
Housing Opportunities for Persons with AIDS	14.241	11,916,302
National Fair Housing Training Academy	14.401	1,809,870
Fair Housing Assistance Program	14.408	38,706
Fair Housing Initiative Program (FHIP) Education and Outreach Initiative	14.409	58,114
Lead-Based Paint Hazard Control	14.900	549,186
Total U.S. Department of Housing and Urban Development		<u>69,924,148</u>
U.S. Department of Homeland Security		
Homeland Security	97.004	11,149,212
Urban Areas Security Initiative	97.008	46,760,548
CHER-CAP	97.021	3,250
Homeland Security Evaluation Program	97.066	825,611
Homeland Security	97.067	9,800,677
Total U.S. Department of Homeland Security		<u>68,539,298</u>
U.S. Department of Agriculture		
Agricultural Experiment Station	10.203	1,543,323
CES Determinants of Childhood Obesity	10.302	21,154
CES DC Food Handler Certification	10.303	11,406

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by Federal Grantor

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Cooperative Extension Service	10.500	417
Food Stamps	10.551	806,607
School Breakfast Program	10.553	3,928,187
National School Lunch Program	10.555	15,031,941
Special Milk Program for Children	10.556	10,389
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	14,646,992
Child and Adult Care Food Program	10.558	3,281,304
Summer Food Service Program for Children	10.559	2,697,610
State Administrative Expenses for Child Nutrition	10.560	391,271
State Administrative Matching Grants for Food Stamp Program	10.561	12,113,187
Commodity Supplemental Food Program	10.565	427,253
Emergency Food Assistance Program (Administrative Costs)	10.568	162,979
USDA-Nutrition Services	10.570	653,293
WIC Farmers' Market Nutrition Program (FMNP)	10.572	430,917
Administrative Reviews & Training	10.574	22,758
Senior Farmers Market Nutrition Program	10.576	138,323
Cooperative Forestry Assistance	10.664	297,141
Total U.S. Department of Agriculture		56,616,452
U.S. Department of Labor		
Labor Force Statistics	17.002	726,898
Prices and Cost of Living Data	17.003	139,633
Compensation and Working Conditions	17.005	67,000
Employment Service	17.207	3,273,051
Unemployment Insurance	17.225	14,139,347
Senior Community Service Employment Program	17.235	797,697
One-Stop Career Center Initiative	17.257	287,705
WIA Adult Program	17.258	2,923,161
WIA Youth Activities	17.259	3,861,867
WIA Dislocated Workers	17.260	3,219,998
H-1B Technical Skills Training	17.261	255,901
Youth Opportunity Grants	17.263	4,014,180
Workforce Employment and Training	17.266	466,474
Consultation Agreements	17.504	431,675
Disabled Veterans' Outreach Program (DVOP)	17.801	334,497
Local Veterans' Employment Representative Program	17.804	108,997
Total U.S. Department of Labor		35,048,081

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by Federal Grantor

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
U.S. Department of Justice		
DNA Capacity Enhancement	16.000	95,764
Money Laundering Initiative	16.000	4,752
Metro Area Fraud Task Force	16.000	13,000
Drug Interdiction	16.000	41,357
Drug Enforcement Asset Removal	16.000	9,020
Drug Enforcement	16.000	62,151
National Geospatial Intel. Ag.	16.000	110,163
Safe Street/Homicide Major Case	16.000	32,307
Vehicle Initiative Task Force	16.000	42,947
Asset Forfeiture	16.000	451,716
Washington Terrorist Task Force	16.000	11,894
State Domestic Preparedness Equipment Support Program	16.007	27,550
Arson and Explosive Task Force	16.012	1,103
Task Force on Human Trafficking	16.109	19,688
Serious and Violent Offender Reentry I	16.202	1,112,889
Juvenile Accountability Incentive Block Grants	16.523	787,853
Election Assistance for Individuals with Disabilities	16.530	62,483
Title II Formula Grant - Administration	16.540	360,730
Gang Prevention	16.544	89,708
Title V Formula Grant	16.548	(61,405)
Challenge Grant	16.549	86,589
Paul Coverdell Forensic Science	16.550	57,052
National Criminal History Improvement Program (NCHIP)	16.554	422,888
State Criminal Alien Assistance Program	16.572	42,406
Crime Victim Assistance	16.575	1,058,090
Byrne Formula Grant	16.579	2,296,894
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	171,929
STOP--Administration	16.587	561,400
Grants to Encourage Arrest Policies	16.590	549,160
Local Law Enforcement Block Grants Program	16.592	2,951,186
Residential Substance Abuse - Admin	16.593	49,300
Weed and Seed	16.595	131,753
Project Safe Neighborhood	16.609	81,354
Public Safety Partnership and Community Policing Grants	16.710	5,264,421
Enforcing Underage Drinking Laws Program	16.727	921,496

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Manage Use of Force Issues	16.733	9,917
Total U.S. Department of Justice		17,931,505
U.S. Department of Defense		
Emergency Preparedness Funding (note 5)	12.000	17,568,048
State Memorandum of Agreement Program for Reimbursement of Technical Services	12.113	254,227
National Guard Military Operations and Maintenance (O&M) Projects	12.401	71,790
Total U.S. Department of Defense		17,894,065
Environmental Protection Agency		
Air Pollution Control Program Support	66.001	987,321
State Indoor Radon Grants	66.032	176,488
Water Pollution Control-State and Interstate Program Support	66.419	1,078,332
Construction Management Assistance	66.438	435,169
Water Quality Management Planning	66.454	92,938
Nonpoint Source Implementation Grants	66.460	2,010,096
Chesapeake Bay Program	66.466	581,175
Capitalization Grants for Safe Drinking Water State Revolving Fund	66.468	22,234
Performance Partnership Grants	66.605	245,213
Surveys, Studies, Investigations and Special Purpose Grants	66.606	270,608
TSCA Title IV State Lead Grants-Certification of Lead Based Paint Professionals	66.707	169,057
Pollution Prevention Grants Program	66.708	7,500
Hazardous Waste Management State Program Support	66.801	257,030
State and Tribal Underground Storage Tanks Program	66.804	161,601
Leaking Underground Storage Tank-Trust Fund Program	66.805	345,716
Superfund State Core Program Cooperative Agreements	66.809	220,779
Brownfield Job Training Cooperative Agreements	66.815	235,402
State & Tribal Response Program Grants	66.817	276,161
Brownfields Assessment & Cleanup Cooperative Agreements	66.818	(20,439)
Total Environmental Protection Agency		7,552,381
Social Security Administration		
Social Security – Disability Insurance	96.001	6,043,222
Social Security Research and Demonstration	96.007	(64,111)
Total Social Security Administration		5,979,111

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Schedule of Expenditures of Federal Awards - by Federal Grantor

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Corporation for National and Community Service		
Retired and Senior Volunteer Program	94.002	235,106
State Commissions	94.003	120,026
Learn and Serve Community Based Program	94.004	255,165
AmeriCorps	94.006	1,594,403
Planning and Program Development Grants	94.007	19,929
Training and Technical Assistance	94.009	72,125
Senior Companion Program	94.016	307,445
Total Corporation for National and Community Service		2,604,199
U.S. Department of the Interior		
Sport Fish Restoration	15.605	794,161
State Wildlife Grants	15.634	75,956
USGS-WRRI Student Internship Program	15.805	120,517
Save America's Treasures (NEHSAT)	15.904	55,916
Historic Preservation Fund Grants-In-Aid	15.904	408,202
Outdoor Recreation-Acquisition, Development and Planning	15.916	114,500
Effects of Aluminum Laden Discharge	15.921	12,813
Total U.S. Department of the Interior		1,582,065
National Endowment for the Arts		
Promotion of the Arts-Partnership Agreements	45.025	546,284
Leadership Initiatives//Design	45.026	50,000
State Library Program	45.310	672,438
Total National Endowment for the Arts		1,268,722
U.S. Department of Energy		
National Energy Information Center	81.039	6,920
State Energy Program	81.041	315,601
Weatherization Assistance for Low-Income Persons	81.042	798,722
Energy Efficiency Renewable Energy Information	81.117	5,194
State Energy Program-Special Projects	81.119	138,358
Total U.S. Department of Energy		1,264,795
Miscellaneous		
Childrens Justice Act	13.669	(58,234)
Investigator for Sex Offense	22.000	10,216

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Schedule of Expenditures of Federal Awards - by Federal Grantor

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Equal Employment Opportunity	30.002	51,093
MUCERI	43.001	124,271
Stem Research & Training Center	47.076	437,972
Total Miscellaneous		565,318
Federal Emergency Management Agency		
FEMA 2004 Planning Grant	83.543	191,419
FEMA Cert	83.564	48,240
Total Federal Emergency Management Agency		239,659
U.S. Department of Commerce		
Chesapeake Bay Studies	11.457	211,580
Atlantic Coastal Fisheries Cooperative Management Act	11.474	26,604
Total U.S. Department of Commerce		238,184
National Archives and Records Administration		
National Historical Publications and Records Grants	89.003	2,268
Total Expenditures of Federal Awards		\$ 1,768,907,647

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2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Department of Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	\$ 14,646,992
State Administrative Matching Grants for Food Stamp Program	10.561	396,891
Commodity Supplemental Food Program	10.565	427,253
WIC Farmers' Market Nutrition Program (FMNP)	10.572	430,917
Senior Farmers Market Nutrition Program	10.576	138,323
Chesapeake Bay Studies	11.457	211,580
Atlantic Coastal Fisheries Cooperative Management Act	11.474	26,604
State Memorandum of Agreement Program for Reimbursement of Technical Services	12.113	254,227
Housing Opportunites for Persons with AIDS	14.241	11,916,302
Sport Fish Restoration	15.605	794,161
State Wildlife Grants	15.634	75,956
Compensation and Working Conditions	17.005	67,000
Air Pollution Control Program Support	66.001	987,321
State Indoor Radon Grants	66.032	176,488
Water Pollution Control-State and Interstate Program Support	66.419	1,078,332
Construction Management Assistance	66.438	435,169
Water Quality Management Planning	66.454	92,938
Nonpoint Source Implementation Grants	66.460	2,010,096
Chesapeake Bay Program	66.466	581,175
Capitalization Grants for Safe Drinking Water State Revolving Fund	66.468	22,234
Performance Partnership Grants	66.605	245,213
Surveys, Studies, Investigations and Special Purpose Grants	66.606	270,608
TSCA Title IV State Lead Grants--Certification of Lead Based Paint Professionals	66.707	169,057
Pollution Prevention Grants Program	66.708	7,500
Hazardous Waste Management State Program Support	66.801	257,030
State and Tribal Underground Storage Tanks Program	66.804	161,601
Leaking Underground Storage Tank-Trust Fund Program	66.805	345,716
Superfund State Core Program Cooperative Agreements	66.809	220,779
Brownfield Job Training Cooperative Agreements	66.815	235,402
State & Tribal Response Program Grants	66.817	276,161
Brownfields Assessment & Cleanup Cooperative Agreements	66.818	(20,439)
Safe and Drug-Free Schools and Communities-State Grants	84.186	307,034
Public Health and Social Services Emergency Fund	93.003	432,057

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Schedule of Expenditures of Federal Awards - by District Agency

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
State and Territorial and Technical Assistance Capacity		
Development Minority HIV/AIDS Demonstration Program	93.006	407,332
Vital Statistics Re-engineering Program	93.066	129,825
Maternal and Child Health Federal Consolidated Programs	93.110	622,155
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	905,412
Primary Care Services-Resource Coordination and Development	93.130	189,361
Injury Prevention and Control Research and State and Community Based Programs	93.136	175,746
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	402,498
Consolidated Knowledge Development and Application (KD&A) Program	93.230	963,749
Abstinence Education	93.235	99,530
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	100,000
Universal Newborn Hearing Screening	93.251	102,765
State Planning Grant-Health Care access for the Uninsured	93.256	533,010
Immunization Grants	93.268	1,222,658
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	9,279,810
Refugee and Entrant Assistance-Discretionary Grants	93.576	43,725
State Children's Insurance Program	93.767	9,377,840
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	353,231
Demonstration to Maintain Independence and Employment	93.769	3,810,096
State Survey and Certification of Health Care Providers and Suppliers	93.777	2,705,366
Medical Assistance Program	93.778	910,334,904
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	846,039
HIV Emergency Relief Project Grants	93.914	27,752,195
HIV Care Formula Grants	93.917	17,550,907
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	1,145,038
Healthy Start Initiative	93.926	4,290,172
HIV Prevention Activities-Health Department Based	93.940	5,041,291

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Human Immunodeficiency Virus (HIV)/Acquired		
Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	708,794
Assistance Programs for Chronic Disease Prevention and Control	93.945	322,465
Trauma EMS-Bioterrorism in Rural Areas	93.952	31,538
Block Grants for Prevention and Treatment of Substance Abuse	93.959	6,491,079
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	1,135,066
Cooperative Agreements for State-Based Diabetes Control		
Programs and Evaluation of Surveillance Systems	93.988	394,430
Preventive Health and Health Services Block Grant	93.991	1,226,011
Maternal and Child Health Services Block Grant to the States	93.994	6,117,011
Social Security Research and Demonstration	96.007	(64,111)
Total Department of Health		<u>1,052,424,616</u>
Department of Human Services		
State Administrative Matching Grants for Food Stamp Program	10.561	11,716,296
Workforce Employment and Training	17.266	466,474
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	12,029,121
Rehabilitation Services-Client Assistance Program	84.161	112,311
Independent Living-State Grants	84.169	351,152
Rehabilitation Services_Independent Living Services for Older		
Individuals Who are Blind	84.177	214,627
Special Education-Grants for Infants and Families with Disabilities	84.181	2,080,202
Supported Employment Services for Individuals with Severe Disabilities	84.187	152,208
Assistive Technology	84.224	293,793
Rehabilitation Training-State Vocational Rehabilitation Unit		
In-Service Training	84.265	23,362
Maternal and Child Health Federal Consolidated Programs	93.110	36,728
Temporary Assistance for Needy Families	93.558	87,680,387
Refugee and Entrant Assistance-State Administered Programs	93.566	1,609,996
Community Services Block Grant	93.569	10,624,564
CSBG-State Wide Comm Food & Nutrition	93.571	30,000
Early Learning Opportunity	93.577	116,986
Child Care Mandatory and Matching Funds of the Child Care		
Development Fund	93.596	29,274,697
Head Start	93.600	133,712
Developmental Disabilities Basic Support and Advocacy Grant	93.630	440,009
Social Services Block Grant	93.667	7,583,545

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	706,368
Health Care Financing Administration (Medicaid)	93.778	15,797,083
Refugee Targeted Assistance Formula Grant	93.802	77,109
Social Security – Disability Insurance	96.001	6,043,222
Total Department of Human Services		187,593,952
D.C. Public Schools		
Title I Grants to Local Educational Agencies	84.010	47,675,688
Migrant Education-State Grant Program	84.011	212,551
Title I Program for Neglected and Delinquent Children	84.013	97,139
Special Education-Grants to States	84.027	14,041,914
Impact Aid	84.041	1,813,689
Vocational Education-Basic Grants to States	84.048	3,972,186
Special Education-Preschool Grants	84.173	85,323
Safe and Drug-Free Schools and Communities-National Programs	84.184	2,158,889
Byrd Honors Scholarships	84.185	118,765
Safe and Drug-Free Schools and Communities-State Grants	84.186	1,609,905
Title VII -Teacher and Personnel Grant	84.195	142,334
Even Start-State Educational Agencies	84.213	1,030,284
Partnership in Character Ed-Teaching Trad History-Smaller Learning Community	84.215	1,295,855
Vocational Education-Tech Prep	84.243	323,033
Charter Schools	84.282	4,364,352
Twenty-First Century Community Learning Centers	84.287	3,905,417
Comprehensive Grant at OYSTER	84.290	356,965
Foreign Language Assistance	84.293	91,592
Title VII-Innovative Education Program	84.298	1,458,070
Education Technology State Grants	84.318	2,183,053
State Program Improvement - Special Education	84.323	1,129,732
Advanced Placement Program	84.330	301,080
Comprehensive School Reform Demonstration	84.332	867,831
Teacher Quality Enhancement Grants	84.336	460,656
Occupational and Employment Information State Grants	84.346	97,657
Title I Reading First State Grants	84.357	2,901,462
Transition to Teaching	84.350	900
Arts in Education Progrms	84.351	25,165

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Renovation,Idea,Tech-SEA	84.352	174,363
Title III Language Acquisition State Grant	84.365	576,374
Math Science Partnership	84.366	555,840
Title II Improving Teacher Quality	84.367	14,538,769
Title VI State Assessment and Related Activities	84.369	1,583,057
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	253,015
Refugee and Entrant Assistance-Discretionary Grants	93.576	93,583
Head Start - Direct Funding	93.600	6,542,200
Head Start - Pass-through Programs from United Planning Organization	93.600	3,114,195
Total D.C. Public Schools		120,152,883
Department of Public Works		
Cooperative Forestry Assistance	10.664	257,141
Highway Planning and Construction	20.205	91,338,632
Federal Transit – Metropolitan Planning Grants	20.505	583,452
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	225,919
State and Community Highway Safety	20.600	1,323,166
Total Department of Public Works		93,728,310
Office of the City Administrator		
Childrens Justice Act	13.669	(58,234)
Serious and Violent Offender Reentry I	16.202	1,112,889
Juvenile Accountability Incentive Block Grants	16.523	787,853
Title II Formula Grant - Administration	16.540	360,730
Title V Formula Grant	16.548	(61,405)
Challenge Grant	16.549	86,589
Paul Coverdell Forensic Science	16.550	57,052
Crime Victim Assistance	16.575	1,058,090
Byrne Formula Grant	16.579	2,224,068
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	171,929
STOP--Administration	16.587	561,400
Grants to Encourage Arrest Policies	16.590	549,160
Local Law Enforcement Block Grants Program	16.592	2,951,186
Residential Substance Abuse - Admin	16.593	49,300
Homeland Security	97.004	11,149,212
Urban Areas Initiative	97.008	46,760,548
Homeland Security Evaluation Program	97.066	825,611

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Homeland Security	97.067	9,800,677
Total Office of City Administrator		<u>78,386,655</u>
Department of Housing and Community Development		
Community Development Block Grants/Entitlement Grants	14.218	43,310,311
Emergency Shelter Grants Program	14.231	245,721
HOME Investment Partnerships Program	14.239	11,995,938
Fair Housing Initiative Program (FHIP) Education and Outreach Initiative	14.409	58,114
Lead-Based Paint Hazard Control	14.900	549,186
Total Department of Housing and Community Development		<u>56,159,270</u>
Department of Employment Services		
Labor Force Statistics	17.002	726,898
Prices and Cost of Living Data	17.003	139,633
Employment Service	17.207	3,273,051
Unemployment Insurance	17.225	14,139,347
Senior Community Service Employment Program	17.235	797,697
One-Stop Career Center Initiative	17.257	287,705
WIA Adult Program	17.258	2,923,161
WIA Youth Activities	17.259	3,861,867
WIA Dislocated Workers	17.260	3,219,998
Youth Opportunity Grants	17.263	4,014,180
Consultation Agreements	17.504	431,675
Disabled Veterans' Outreach Program (DVOP)	17.801	334,497
Local Veterans' Employment Representative Program	17.804	108,997
Total Department of Employment Services		<u>34,258,706</u>
Child and Family Services Agency		
Promoting Safe and Stable Families	93.556	1,254,317
State Educational Training Voucher Program	93.599	271,732
Child Welfare Services-State Grants	93.645	357,757
Social Services Research and Demonstration	93.647	48,218
Foster Care- Title IV-E	93.658	18,567,242
Adoption Assistance	93.659	11,870,539
Chafee Foster Care Independent Living	93.674	1,092,277
Total Child and Family Services Agency		<u>33,462,082</u>

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
State Education Office		
School Breakfast Program	10.553	3,928,187
National School Lunch Program	10.555	15,031,941
Special Milk Program for Children	10.556	10,389
Child and Adult Care Food Program	10.558	3,281,304
Summer Food Service Program for Children	10.559	2,697,610
State Administrative Expenses for Child Nutrition	10.560	391,271
Emergency Food Assistance Program (Administrative Costs)	10.568	162,979
Administrative Reviews & Training	10.574	22,758
State Student Incentive Grant/Supplement	84.281	266,984
Community Transition Program	84.331	(13,586)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	785,686
Improving Teacher Quality State Grants	84.367	362,618
Total State Education Office		<u>26,928,141</u>
Office of Budget and Planning		
Emergency Preparedness Funding (note 5)	12.000	<u>17,568,048</u>
Office of the Attorney General		
Child Support Enforcement	93.563	<u>15,466,852</u>
University of the District of Columbia		
Agricultural Experiment Station	10.203	1,543,323
CES Determinants of Childhood Obesity	10.302	21,154
CES DC Food Handler Certification	10.303	11,406
Cooperative Extension Service	10.500	417
USGS-WRRI Student Internship Program	15.805	120,517
Effects of Aluminum Laden Discharge	15.921	12,813
H-1B Technical Skills Training	17.261	255,901
MUCERI	43.001	124,271
Stem Research & Training Center	47.076	437,972
State Adult Education	84.002	1,549,391
Federal Supplemental Education Opportunity Grants	84.007	619,500
Higher Educational Institutional Aid	84.031	1,726,655
Job Locator Development	84.033	244,121
Federal Perkins Loan Program	84.038	1,886,439
TRIO-Student Support Services	84.042	466,766
TRIO-Talent Search	84.044	361,895

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
TRIO-Upward Bound	84.047	473,892
Federal Pell Grant Program	84.063	4,383,526
Minority Science Improvement	84.120	78,054
Child Care Access Means Parents in School	84.335	49,378
HBCU - Transition to Teaching	84.350	312,321
Minority Biomedical Research Support	93.375	20,597
Cancer Centers Support	93.397	881,208
Head Start	93.600	134,746
Diabetes Factors Influencing Self Care	93.779	(310)
Health Careers Opportunity Program	93.822	324,875
Minority Grantsmanship Systems	93.864	5,383
US DHHS SDA Speech Pathology (GRAD)	93.925	110,660
Senior Companion Program	94.016	307,445
Total University of the District of Columbia		<u>16,464,316</u>
Metropolitan Police Department		
DNA Capacity Enhancement	16.000	95,764
Money Laundering Initiative	16.000	4,752
Metro Area Fraud Task Force	16.000	13,000
Drug Interdiction	16.000	41,357
Drug Enforcement Asset Removal	16.000	9,020
Drug Enforcement	16.000	62,151
National Geospatial Intel. Ag.	16.000	110,163
Safe Street/Homicide Major Case	16.000	32,307
Vehicle Initiative Task Force	16.000	42,947
Asset Forfeiture	16.000	451,716
Washington Terrorist Task Force	16.000	11,894
Arson and Explosive Task Force	16.012	1,103
Task force on Human Trafficking	16.109	19,688
Gang Prevention	16.544	89,708
National Criminal History Improvement Program (NCHIP)	16.554	422,888
Firearms Traffick Task Force	16.579	72,826
Weed and Seed	16.595	131,753
Project Safe Neighborhood	16.609	81,354
Public Safety Partnership and Community Policing Grants	16.710	5,264,421
Manage Use of Force Issues	16.733	9,917
Boating Safety Financial Assistance	20.005	504,268

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<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Motor Carrier Safety	20.217	924,618
Fatal Accident Reporting	20.603	8,595
Investigator for Sex Offense	22.000	10,216
Total Metropolitan Police Department		8,416,426
D.C. Energy Office		
Energy Efficiency Renewable Energy Information	81.117	5,194
State Energy Program-Special Projects	81.119	138,358
National Energy Information Center	81.039	6,920
State Energy Program	81.041	315,601
Weatherization Assistance for Low-Income Persons	81.042	798,722
Low-Income Home Energy Assistance Program	93.568	6,966,590
Total D.C. Energy Office		8,231,385
Office on Aging		
USDA-Nutrition Services	10.570	653,293
Special Programs for the Aging_ Title VII, Chapter 2		
Long Term Care Ombudsman Services for Older Individuals	93.042	867,608
Special Programs for the Aging_ Title III,		
Part B_ Grants for Supportive Services and Senior Centers	93.044	2,225,659
Special Programs for the Aging-Title III, Part C - Nutrition Services	93.045	2,924,542
D.C. Awareness & Care Program	93.051	160,325
Centers for Medicare and Medicaid Research, Demonstrations and Evaluations	93.779	116,811
Total Office on Aging		6,948,238
Department of Mental Health		
Comprehensive Community Mental Health Services		
for Children with Serious Emotional Disturbances (SED)	93.104	1,401,656
Projects for Assistance in Transition from Homelessness (PATH)	93.150	300,000
Consolidated Knowledge Development and Application (KD&A) Program	93.230	143,314
Early Periodic Screening & Treatment to Adult Support	93.779	135,370
Residencies and Advanced Education in the Practice of General Dentistry	93.897	38,201
Block Grants for Community Mental Health Services	93.958	1,077,639
Total Commission on Mental Health Services		3,096,180
Office of the Mayor		
Forest Service Grant	10.664	40,000

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by District Agency

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
FEMA Cert	83.564	48,240
Retired and Senior Volunteer Program	94.002	235,106
State Commissions	94.003	120,026
Learn and Serve Community Based Program	94.004	255,165
AmeriCorps	94.006	1,594,403
Planning and Program Development Grants	94.007	19,929
Training and Technical Assistance	94.009	72,125
Total Office of the Mayor		2,384,994
Department of Human Rights		
National Fair Housing Training Academy	14.401	1,809,870
Fair Housing Assistance Program	14.408	38,706
Equal Employment Opportunity	30.002	51,093
Total Department of Human Rights		1,899,669
Office of Inspector General		
State Medicaid Fraud Control Units	93.775	1,180,153
Alcoholic Beverage Regulation Administration		
Enforcing Underage Drinking Laws Program	16.727	921,496
Office of the Chief Financial Officer		
Food Stamps	10.551	806,607
D.C. Public Library		
Save America's Treasures (NEHSAT)	15.904	55,916
State Library Program	45.310	672,438
National Historical Publications and Records Grants	89.003	2,268
Total D.C. Public Library		730,622
Commision on Arts and Humanities		
Promotion of the Arts-Partnership Agreements	45.025	546,284
Office of Municipal Planning		
Historic Preservation Fund Grants-In-Aid	15.904	408,202
Leadership Initiatives//Design	45.026	50,000
Total Office of Municipal Planning		458,202

Government of the District of Columbia

Schedule of Expenditures of Federal Awards - by District Agency

Year ended September 30,

2005

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Emergency Management Agency		
State Domestic Preparedness Equipment Support Program	16.007	27,550
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	73,484
FEMA 2004 Planning Grant	83.543	191,419
CHER-CAP	97.021	3,250
Total Office of Emergency Management Agency		295,703
Department of Parks and Recreation		
Outdoor Recreation-Acquisition, Development and Planning	15.916	114,500
Public Service Commission		
Pipeline Safety	20.700	106,678
D.C. National Guard		
National Guard Military Operations and Maintenance (O&M) Projects	12.401	71,790
Board of Elections & Ethics		
Election Assistance for Individual with Disabilities	16.530	62,483
Department of Corrections		
State Criminal Alien Assistance Program	16.572	42,406
Total Expenditures of Federal Awards		\$ 1,768,907,647

Government of the District of Columbia

Notes to Schedules of Expenditures of Federal Awards Year Ended September 30, 2005

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, 2005. HFA and WASA contract for separate audits in compliance with Office of Management 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 (CFDA). Federal award program titles not presented in the Catalog are identified by the Federal Agency number followed by (.000).

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.

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.

Government of the District of Columbia

Notes to Schedules of Expenditures of Federal Awards Year Ended September 30, 2005

3. Federally
Funded Loan
Programs

Home Investment Partnership Program (CFDA # 14.239)

The amount in the accompanying schedules does not include \$18,389,101 of outstanding loans at September 30, 2005 as well as the value of new loans of \$3,305,259 made during the fiscal year, less adjustments and principal payments of \$2,209,548.

Federal Perkins Loan Program (CFDA # 84.038)

The amount in the accompanying schedules includes the outstanding balance of loans receivable of \$1,886,439 at September 30, 2005.

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' Loans for Undergraduate Students Program. New loans, disbursed by lending institutions, were made to students enrolled at the University of the District of Columbia for \$4,477,715 during the year ended September 30, 2005; this amount is not included in the Schedules.

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

During fiscal year 2005, the District received cash rebates from infant formula manufacturers in the amount of approximately \$4.1 million 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.

5. Emergency
Preparedness
Funding

During fiscal year 2005, the District expended \$17,568,049 in Emergency Preparedness Funding (CFDA # 12.000). These expenditures were made by the following District agencies or for the following purposes:

2005 Inauguration	\$ 8,328,136
Metropolitan Police Department	6,710,609
Fire and Emergency Medical Services	2,042,609
Department of Public Works	259,099
Department of Transportation	137,789
Emergency Management Agency	89,807
	<u>\$ 17,568,049</u>

Government of the District of Columbia

Notes to Schedules of Expenditures of Federal Awards Year Ended September 30, 2005

6. **Research and Development Programs** The District receives and expends federal funding for various research and development programs. The aggregate amount of such expenditures for the year ended September 30, 2005, did not equal an amount that would constitute a major program under the guidelines of OMB Circular A-133.

7. **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.

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Urban Areas Security Initiative	97.008	\$ 46,370,206
Community Development Block Grants/Entitlement Grants	14.218	32,249,250
HIV Emergency Relief Project Grant	93.914	25,348,396
Homeland Security Cluster	97.004 / 97.067	20,056,031
Housing Opportunities for Persons with AIDS	14.241	8,876,013
Title I Grants to Local Educational Agencies	84.010	7,537,586
HIV Care Formula Grants	93.917	6,017,233
Charter Schools	84.282	3,264,359
Block Grant for Prevention and Treatment of Substance Abuse	93.959	3,206,123
Local Law Enforcement Block Grants Program	16.592	2,888,120
Byrne Formula Grant	16.579	2,090,698
Title II Improving Teacher Quality	84.367	1,805,365
Maternal and Child Health Services Block Grant to the States	93.994	1,578,921
Low-Income Home Energy Assistance Program	93.568	1,503,362
Safe and Drug-Free Schools and Communities-National Programs	84.184	1,481,067
Twenty-First Century Community Learning Centers	84.287	1,425,989
Education Technology State Grants	84.318	1,180,450
HIV Prevention Activities – Health Department Based	93.940	1,139,556
Special Education Cluster	84.027	1,057,541
Crime Victim Assistance	16.575	1,008,656
Vocational Education-Basic Grants to States	84.048	724,552
Title I Reading First State Grants	84.357	292,698
Head Start	93.600	179,068

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ yes <u> X </u> no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	<u> X </u> yes _____ none reported
• Noncompliance material to financial statements noted?	<u> X </u> yes _____ no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	<u> X </u> yes _____ no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	<u> X </u> yes _____ none reported

Except for CFDA #93.926, Healthy Start Initiative, all other major programs as identified on pages 35 and 36 have at least one reportable condition.

Type of auditors' report issued on compliance for major programs:	Qualified
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Material noncompliance:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.241	Housing Opportunities for Persons with AIDS
16.575	Crime Victim Assistance
16.579	Byrne Formula Grant
16.592	Local Law Enforcement Block Grants Program
17.225	Unemployment Insurance
84.010	Title I Grants to Local Educational Agencies
84.027 84.173	Special Education Cluster

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education-Basic Grants to States
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States
84.184	Safe and Drug-Free Schools and Communities-National Programs
84.282	Charter Schools
84.287	Twenty-First Century Community Learning Centers
84.318	Education Technology State Grants
84.357	Title I Reading First State Grants
84.367	Title II Improving Teacher Quality
93.914	HIV Emergency Relief Project Grants
93.917	HIV Care Formula Grants
	Centers for Disease Control and Prevention-Investigations
93.283	/Technical Assistance
93.940	HIV Prevention Activities-Health Department Based
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.563	Child Support Enforcement
	Child Care Mandatory and Matching Funds of the Child Care
93.596	Development Fund
93.600	Head Start
93.658	Foster Care- Title IV-E
93.775 93.777	Medical Assistance Program Cluster
93.778	
93.994	Maternal and Child Health Services Block Grant to the States
97.004 97.067	Homeland Security Cluster
97.008	Urban Areas Initiative

Any audit findings disclosed that are required to
to be reported in accordance with section
.510(a) of Circular A-133?

yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.551 10.561	Food Stamp Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.241	Housing Opportunities for Persons with AIDS
16.575	Crime Victim Assistance
16.579	Byrne Formula Grant
16.592	Local Law Enforcement Block Grants Program
17.225	Unemployment Insurance

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
84.010	Title I Grants to Local Educational Agencies
84.027 84.173	Special Education Cluster
84.048	Vocational Education-Basic Grants to States
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States
84.184	Safe and Drug-Free Schools and Communities-National Programs
84.282	Charter Schools
84.287	Twenty-First Century Community Learning Centers
84.318	Education Technology State Grants
84.357	Title I Reading First State Grants
84.367	Title II Improving Teacher Quality
	Centers for Disease Control and Prevention-Investigations
93.283	/Technical Assistance
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance Program
	Child Care Mandatory and Matching Funds of the Child Care
93.596	Development Fund
93.600	Head Start
93.658	Foster Care- Title IV-E
93.775 93.777	Medical Assistance Program Cluster
93.778	
93.914	HIV Emergency Relief Project Grants
93.917	HIV Care Formula Grants
93.926	Healthy Start Initiative
93.940	HIV Prevention Activities-Health Department Based
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
96.001	Social Security – Disability Insurance
97.004 97.067	Homeland Security Cluster
97.008	Urban Areas Security Initiative

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 5,306,723

Auditee qualified as low-risk auditee?

_____ yes X no

Schedule of Findings and Questioned Costs

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Section II - Financial Statement Findings

2005-01 Management of the Disability Compensation Program

The District through the Office of Risk Management (ORM) administers a disability compensation program under Title XXIII of the District of Columbia Comprehensive Merit Personnel Act of 1978.

Actuarial Analysis

The most recent actuarial loss reserve analysis on this program was performed in fiscal year 2002. It was previously recommended that an actuarial analysis be performed during fiscal year 2004. During the planning stage of the 2005 audit, we recommended an actuarial valuation be performed for fiscal year 2005.

However, due to various issues, an accurate and complete actuarial valuation was not able to be implemented in a timely manner during fiscal year 2005. ORM did engage an actuary to perform this analysis but was not able to provide complete and accurate detailed information in a timely basis to allow the actuary to perform a complete and accurate valuation. The report provided by the actuary, dated December 15, 2005, had substantial limitations such that we were unable to rely on it as a basis for determining the liability to include in the Comprehensive Annual Financial Report (CAFR). For example, the report questioned the claims database, indicated that no historical and projected measures of exposure were provided by ORM, and used an alternate actuarial method that is not the most reliable under generally accepted actuarial principles.

ORM personnel represented in both fiscal years 2004 and 2005 that they are in the process of doing the following:

- Reviewing active claim files to determine if the recorded reserve is accurate and complete. Reviewing claim files is necessary prior to an actuarial analysis. Incomplete information cannot result in a complete and accurate actuarial valuation, as the actuary is utilizing this information in its analysis.
- Developing an effective managerial system to file and maintain both open and closed claims files.

For fiscal years 2003, 2004, and 2005, ORM has performed rollforward procedures in order to estimate the District's disability liability at year-end. Using data that is more than one year old as a basis for rollforwards could lead to significant differences between the estimated liability and the actual results.

Management's Response:

PRM Consulting (PRM) completed the September 30, 2005 actuarial valuation reports for the District's two workers compensation programs (DCP and Uniformed Workers) and their general liability program on December 15, 2005 and a supplemental report for Uniformed Members was completed on January 14, 2006.

District financial accountants initially indicated that the Uniformed Members reports would not be required. PRM was then notified in the first week of December to complete a report for Uniformed Members and that report was delivered on January 14, 2006.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

ORM recognizes the importance of a complete and accurate claims review. We would like the auditors to comment on the completeness and accuracy of the 39 disability claims selected for test work. This will allow PRM and ORM to assess the effectiveness of the current administration of claims.

Since the lack of maintenance of complete historical claim files at DOES and the District is well known, ORM may be limited in being able to re-create any missing claim files. However, we can take steps to ensure that the claims review process will result in accurate claims information. This audit information is essential to ORM's successful claims administration.

The first actuarial analysis was actually performed in fiscal year 2001. For fiscal years 2002, 2003 and 2004, as mentioned earlier, rollforward procedures were used to estimate liabilities. This process was implemented by the Office of Financial Information Systems.

Database Issues

The ORM does not maintain a centralized database which tracks all claims. Currently, claims are maintained in two locations; (i) ORM maintains claims for civilian and noncivilian employees while (ii) the Metropolitan Police Department maintains claims for uniformed personnel.

ORM represents that it is working with a new third-party administrator in its efforts to build a more complete and accurate database. Through our testwork, we determined that certain reserves were not removed timely once a claim was determined to be closed. This leads to the increased risk that the data which is utilized for the District's roll-forward procedures could be inaccurate.

Furthermore, the accuracy of the underlying data used in the District's analysis has proven difficult to assess due to weaknesses in the maintenance of supporting claims files. During our audit process, 6 out of 45 disability claim case files, selected for testwork, could not be located for our review. This issue was identified in the prior year as well.

We recommend that ORM continue to work with its third-party administrator to ensure that its database is complete and accurate. ORM representatives indicate this will be done in the current fiscal year. Once complete, ORM should contract for an actuarial reserve loss analysis to be performed for fiscal year 2006 and each year thereafter.

Management's Response:

The claims for uniformed personnel are not maintained by ORM (this is a legislated mandate) or by the Metropolitan Police department. Rather, they are maintained by PFC, LLC. The District has a three-year contract with PFC to provide medical services through its affiliate medical service providers to duty-injury uniformed members. It is not clear whether PFC actually maintains claim paid loss reserve information for individual uniformed members.

A complete claims review is underway. ORM and its third party administrator are in the process of assessing the level of claim audit data needed to produce the most complete and accurate claim information for both open and closed claims.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

2005-02 Management of the Unemployment Compensation Trust Fund (UCTF)

The District's Department of Employment Services (DOES) is responsible for the administration of the Unemployment Compensation Program. While performing our testwork, we noted the following:

- One of the requirements for claimant eligibility is to ensure that the claimant was unemployed through no fault of his/her own. To support this, a "Separation of Fact Finding Notification" is sent to the last 30-day employer requesting separation information. The employer must respond within 30 days; a lack of response from the employer constitutes an acceptance of the claim and therefore makes the claimant eligible for benefits.

While testing internal controls over benefit payments, we observed that for 28 of the 45 claimants selected, there was no documentation to determine if the claimant met all of the eligibility requirements necessary to receive unemployment benefits or that the employer concurred that the claimant was laid off through no fault of his/her own.

This is due to the fact that when a claimant is laid off work, a file is not created. Files are only created when there is an issue with the claim that has to be resolved (i.e. if the reason for being laid off is in question or if the amount of wages earned by the claimant during the period is in question). Without a file, the "Separation Fact Finding Notification", or other supporting documentation to review, it is difficult to determine if the claimant is in fact eligible to receive benefits.

Evidence noting that all criteria have been met for eligibility of benefits should be maintained either in hard copy or electronically for each claimant. This information should be maintained and be accessible for review.

Management's Response:

In the 28 cases cited by the auditor, the claimant had indicated on his or her initial claim application that the reason for separation was laid off due to lack of work. Nothing was received from the employer to contradict this. In such cases no file folder is made, consistent with the written recommendation of the DOL's Regional Office.

In the summer of 2004, the Regional Office conducted an onsite review of benefit operations. One of its recommendations was for the District to cease its practice of making claim folders in cases where the claimant was laid off due to lack of work. The Regional Office maintained that the District's procedure diverted staff from dealing with contested cases (folders had to be made, documents had to be associated with the folder including the initial claim form, the monetary determination form, and the separation response if any from the employer, and then the assembled folder had to be filed). Additionally this procedure cluttered the restricted file areas with case folders that involved no eligibility issues.

The Regional Office's recommendation also made the point that fewer and fewer initial claims were being filed on paper, as claimants utilized the WEB. Our Department accepted this recommendation and ceased making folders in cases where the claimant had indicated "laid off due to lack of work" and the employer either did not return the separation request or confirmed that the separation was due to lack of work.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

In the 28 cases referenced by the auditor, the claimant did in fact indicate on the initial claim application that he or she was laid off due to lack of work and nothing was received from the employer to indicate that there was a separation issue. Hence no file folders were made in these cases.

- As noted in a prior review performed by the U.S. Department of Labor (DOL), the Tax Division has not complied with the requirement to conduct payroll audits of 2% of the employers remitting tax receipts. As a result, the Tax Division is in direct violation of DOL's compliance requirement.

Management has represented that the Tax Division has not had sufficient staff to conduct the required number of annual audits. In addition, some of the Tax Examiners need additional training and resources to conduct the audits more efficiently and effectively.

As a further benefit of conducting these required audits, the Tax Division can minimize the amount of uncollectible accounts written off annually.

Management's Response:

The Tax Division has two new tax examiners who are being trained. While the goal will be to perform the required number of audits, DOES may not reach that goal in fiscal year 2006.

- Employer tax receipts are processed by a vendor who submits a report of remittances received to DOES. However, no reconciliation is performed to ensure taxes reportedly remitted by the vendor agree with the amounts deposited and recorded in SOAR.

Management's Response:

Management is developing procedures to accomplish a monthly reconciliation of the Tax System to SOAR. SOAR is already reconciled to the bank on a monthly basis.

- Accounts receivable information and the allowance for doubtful accounts are posted to SOAR once a year (at year end). As a result of untimely reconciliations, the accounts receivable balance at year end is overstated by approximately \$10.6 million. The receivable established in fiscal year 2004, in the amount of \$10,045,022, was not reversed in fiscal year 2005 and one employer's penalty assessment for delinquent taxes was erroneously calculated resulting in an additional overstatement of \$608,325

We recommend that a reconciliation of the detail to the accounts receivable control be made at the end of each month and that any reconciling items be investigated and cleared promptly.

Management's Response:

The contractor who maintains our automated Tax System will provide a monthly report to the Financial Reporting Unit. The report will include a detailed list of the accounts that comprise the current receivable balance, the amount of tax, interest, and penalties. With this report, a monthly adjustment will be entered in SOAR for the employer tax receivable.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

A quarterly adjustment will be done on the claimant receivable. For claimants, the quarterly report will include a detailed list of the accounts that comprise the current receivable balance, the date the claim was established, and the activities that occurred during the quarter.

The adjusting entries were entered in SOAR and are reflected in the financial statements. The financial statements are not overstated. Management will inspect the account balances closely and reconcile the accounts receivable and post to SOAR on a monthly basis to minimize the risk of future material misstatements.

- As of September 30, 2004, revenues for Temporary Emergency Unemployment Compensation (TEUC) benefits were posted twice, resulting in a \$6.3 million overstatement in amounts due from the Federal government, revenue, and restricted net assets for unemployment compensation benefits. None of this revenue was collected in fiscal year 2005.

The financial statements from fiscal year 2004 will be restated to show what the account balances would have been if the transaction had been recorded correctly.

Management's Response:

Management concurs with this finding.

2005-03 Noncompliance with Procurement Regulations

The District's procurement transactions are primarily governed by statute, as well as rules and regulations outlined in the District of Columbia Municipal Regulations (DCMR). In addition, the Mayor, Chief Financial Officer, and Director of the Office of Contracting and Procurement (OCP) can issue directives, orders, and memorandums governing procurement actions.

We noted the following findings during our audit process:

Procurement Files Review

- One (1) procurement file was not provided.
- For two (2) transactions selected, the files did not contain relevant documentation to support the amount awarded.
- For one (1) contract modification for information technology services, the sole source determination and finding document and the requisition was not signed by the Contracting Officer.
- Evidence of Council approval for contracts over \$1,000,000 was not documented for two (2) contracts selected for testing.
- We also noted that at Child and Family Services Agency (CFSA), a requisition provided did not agree to the contract awarded and changes were made to the document which were unexplainable by the Agency's contracting personnel.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Section 1203.7 of the DCMR states that files shall be maintained at organizational levels that ensure effective documentation of contracts, ready accessibility to principal users, and conformance with any regulations or procedures for file location and maintenance.

We recommend that OCP review its current controls over document maintenance and retrieval. Special focus should be placed on ensuring that all agencies conform to the regulations and are accountable at a centralized level. Management at the contracting offices should perform a periodic review and design checklists which must be approved by supervisory personnel prior to being filed.

Management's Response:

The Document Maintenance and Retrieval City-Wide initiative that is projected to begin implementation in fiscal year 2007 will provide for the centralized record system that is recommended. It will be designed to interface with the Procurement Automated Support System (PASS) so as to compile PASS documents into a centralized electronic file. In the interim, OCP will revise its current policy and contract file checklist to provide for increased quality control. Supervisors will be required to review contract files upon award and certify that the files contain requisite documents. The contract file checklist will be modified to contain a signature line for the supervisor's signature. Additionally, accuracy and completeness of contract files will be an evaluation factor in annual supervisor and contract specialist performance evaluations.

Database Review

- We noted data input errors relating to procurement type, award amounts, award period, etc.
- The database contained contracts with the same contract number and different vendor names, award dates, and procurement methods.
- For some contracts selected, the database did not identify the procurement method and contract numbers used.
- We noted that some contracts covering the same vendor, award date, and amounts were entered multiple times.
- We noted that one (1) grant was included as a contract and as such we were unable to test the applicable requirements.
- We noted that the Department of Mental Health (DMH) and CFSA do not have databases which track all contracts; instead contracts are entered into an Excel spreadsheet for which the agencies could not confirm its completeness.

We recommend that the District strengthen controls over its contracting database. It is critical that periodic reviews are conducted during the year to ensure the integrity of the database. Commodity managers should be responsible for the review of the information and a report documenting any errors and their disposition should be communicated to senior management.

We also recommend that the District consider the design and maintenance of a centralized tracking system with information that identifies the amount and status of each contract entered into.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Management's Response:

OCP recognizes the need to further strengthen controls over its contracting database and to have a centralized tracking system. This will be accomplished when the Contract Compliance and Sourcing Modules are incorporated into PASS to make it a fully functional electronic procurement system. In the interim, OCP will improve the integrity of its Contract Activity Database (CADS) by retraining personnel on its use and by enforcing our quality control requirements for monthly reviews of data entered into the database.

Compliance with Regulations as outlined in the DCMR

- Twelve (12) contracts were in excess of the \$1,000,000 ceiling but there was no evidence of approval from the Council.
- Sixteen (16) transactions were recorded as accrued expenses but were not supported by valid task orders prior to the services being rendered. Thirteen (13) of these transactions were recorded by DMH and three (3) by the District of Columbia Public Schools (DCPS).
- Support for twelve (12) contracts which exceeded the dollar threshold for small purchases was not provided.
- Seven (7) contracts lacked documentation in support of the rationale to limit competition (4 were identified during our work performed at CFSA and 3 were identified during our work performed at OCP).
- The determination and findings was not provided for a sole source contract. Hence we were unable to test whether the rationale to limit competition was reasonable.
- Documentation to indicate the history of procurement was missing from one (1) file at CFSA.

Purchase Order Splitting

- Three (3) vendors, for which short-term purchase orders were individually less than \$1,000,000 but cumulatively totaling over \$1,000,000 each, were issued to the same vendor for similar services within a twelve month period.
- Invoice splitting appeared to exist with twenty (20) vendors who provided similar services with different purchase orders.

We recommend that OCP and all independent agencies review their current contracting procedures with special focus on the contracting officers or designees and their responsibilities for ensuring compliance with contract dollar limitations and the approval process. The commodity managers should meet with senior procurement personnel to review the status of certain contracts during the year and action should be taken to remedy deficiencies cited.

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Management's Response:

OCP has implemented measures to ensure adherence to policies regarding contract dollar limits and Council review requirements and shall continue to focus on compliance in these areas. We do, however, consider the finding on splitting contracts to be due to a difference in interpretation.

The issuance of multiple purchase orders or contracts to a vendor does not automatically constitute a splitting of requirements for either Council review or small purchase limitation purposes. D.C. Official Code sec. 1-204.51(b)(1) modifies the District's Home Rule Act to include the requirement for Council review of million dollar contracts. The provision specifically states:

No contract involving expenditures in excess of \$1,000,000 during a 12-month period may be made unless the Mayor submits the contract to the Council for its approval and the Council approves the contract (in accordance with criteria established by the Council).

The Council's criteria are set forth in D.C. Official Code sec. 2-301.05a, of which subsection (a) states:

Pursuant to §1-204.51 ("FRMAA"), 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) shall submit the proposed contract to the Council for review and approval in accordance with the criteria established in this section.

Each of the quoted provisions references a contract that during a 12-month period exceeds one million dollars. Neither provision requires, either explicitly or implicitly, that all purchases to a particular vendor during a 12-month period be totaled and that the total be used as a basis for determining whether Council review is necessary. The statutory provisions are clear that the requirement for review is determined on a contract-by-contract basis.

While neither provision mentions a prohibition against splitting of contracts, OCP applies a good faith approach and does not split contracts to avoid Council review. If OCP reasonably believes that a contract will exceed one million dollars, OCP obtains Council review and approval. On the other hand, if OCP awards two contracts for similar goods or services during the course of a 12-month period to the same contractor, and the two contracts total over one million dollars, Council review is not automatically invoked. As mentioned above, the Council review requirements are on a contract-by-contract basis and each contract should be considered separately.

If the fact that the two contracts are for similar goods or services raises a concern, there are still additional factors to be considered, since splitting of contracts requires an element of intent to do so. The provisions referenced above do not set forth what these additional factors are; however, by analogy to the relevant factors for determining whether purchases have been split to avoid small purchase thresholds, examples of these other factors include:

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(1) Did the contracting officer have advance knowledge of the total requirement? (2) Were the requirements separated into smaller contracts simply to avoid Council review and approval? (3) Was there a valid reason to separate a larger requirement into smaller contracts, such as lack of available funding to procure the total requirement? (4) Was the total requirement separated into smaller contracts to enable small, local, or disadvantaged businesses to participate in the procurement? [See Nash and Cibinic, Formation of Government Contracts, Third Edition, 1998, at p. 988-989]

Taking into account that the Council provisions require review on a contract-by-contract basis and not by aggregation of dollar amounts of multiple contracts, and that there are many factors to look at in determining whether a contracting officer intentionally split a contract to avoid Council review, it is clear that all contracts awarded in a 12-month period should not be aggregated to determine whether Council review is required. Further, it is clear that contracts for similar goods or services during a 12-month period should not be aggregated merely because they are for similar goods or services, unless there is an assessment of factors such as those listed above and there is a determination that a contracting officer intentionally split the contracts.

As to small purchases and whether purchases were split to keep them within the small purchase threshold, a similar analysis applies. D.C. Official Code §2-303.21 sets forth the small purchase limits of \$500,000 for the Metropolitan Police Department and the Office of the Chief Technology Officer and \$100,000 for all other agencies. It further states that:

Procurement requirements shall not be parceled, split, divided, or purchased over a period of time in order not to exceed the dollar limitation for use of these small purchase procedures.

This provision does not define what constitutes whether requirements are "parceled, split, divided, or purchased over a period of time," but it does include the element of "intent" by stating that they cannot be split "in order not to exceed the dollar limitation for use of these procedures." The element of intent requires an examination of factors similar to those described above in the discussion of determining whether contracts were split to avoid Council review. [See Nash and Cibinic, Formation of Government Contracts, Third Edition, 1998, at p. 988-989]. Again, it is not appropriate to simply total all purchases to a vendor, even if the purchases are for similar goods or services, and reach the conclusion that the purchases were split to avoid small purchase thresholds.

2005-04 Noncompliance with the Quick Payment Act

The Quick Payment Act of 1984 states, in part, the following:

In accordance with rules and regulations issued by the Mayor of the District of Columbia ("Mayor"), each agency of the District of Columbia government ("District"), under the direct control of the Mayor, which acquires property or services from a business concern but which does not make payment for each complete delivered item of property or service by the required payment date shall pay an interest penalty to the business concern in accordance with this section on the amount of the payment which is due.

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Specifically, the due dates required are as follows:

- The date on which payment is due under the terms of the contract for the provision of the property or service;
- 30 calendar days after receipt of a proper invoice for the amount of payment due;
- In the case of meat or a meat food product, a date not exceeding seven calendar days after the date of delivery of the meat or meat food product; and
- In the case of agricultural commodities, a date not exceeding seven calendar days after the date of delivery of the commodities.

Furthermore, the act addresses various requirements for payment of interest penalties and includes provisions regarding required reports as follows:

- Each District agency shall file with the Mayor a detailed report on any interest penalty payments made.
- The report shall include the numbers, amounts, and frequency of interest penalty payments, and the reasons the payments were not avoided by prompt payment, and shall be delivered to the Mayor within 60 days after the conclusion of each fiscal year.
- The Mayor shall submit to the Council within 120 days after the conclusion of each fiscal year a report on District agency compliance with the requirements.

For the year ended September 30, 2005, we noted many instances where the District failed to comply with the Quick Payment Act.

Management's Response:

Payments to suppliers of goods or services should not be made without certification that the goods and or services have been received. Vendor payments associated with procurement activities are initiated through the Procurement Automated Support System (PASS). Payments are approved only after program operations have recorded the receipt of goods or services in PASS. PASS will not generate the payments until the receipt is recorded. The "receipt of goods and services recordation process" has not always been timely, and has occasionally resulted in untimely payments to vendors. The OCFO staff has increased its efforts to assist program operations in the timely recording of the receipt of goods/services. We are confident that the OCFO's support will significantly improve the timeliness of payments to vendors.

2005-05 Expenditures in Excess of Budgetary Authority

The Anti-Deficiency Act states, in part, the following:

A District agency head, deputy agency head, agency chief financial officer, agency budget director, agency controller, manager, or other employee may not: (1) Make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund.

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The Home Rule Act states, in part, the following:

No amount may be obligated or expended by any officer or employee of the District of Columbia government unless such amount has been approved by Act of Congress, and then only according to such Act.

Section 301 of the D.C. Appropriations Act 2005, enacted October 18, 2004, states, in part, the following:

Whenever in this Act, an amount is specified within an appropriation for particular purposes or objects of expenditure, such amount, unless otherwise specified, shall be considered as the maximum amount that may be expended for said purpose or object rather than an amount set apart exclusively therefore.

The District's basic financial statements state in note 1, "Appropriated actual expenditures and uses may not legally exceed appropriated budget expenditures and uses at the function level. A negative expenditure variance in the budgetary comparison statement for a particular function is a violation of the Anti-Deficiency Act and the District of Columbia Anti-Deficiency Act. Also, a violation of the Anti-Deficiency Act exists if there is a negative expenditure variance for a particular purpose or object of expenditure within an appropriation."

At September 30, 2005, the Department of Mental Health (DMH) had overspent its local budget by \$4.1 million, thus violating the Anti-Deficiency and Home Rule Acts.

Management's Response:

As of September 30, 2005, DMH had overspent its revised local budget of \$185.2 million by \$4.1 million, thereby violating the District's Anti-Deficiency Act of 2002. The \$4.1 million overspending reflected a \$7.1 million write-off of Medicaid account receivables deemed to be uncollectible for fiscal years 2004 and 2003, offset partly by \$3 million in underspending of personal services (\$1.3 million) and non-personal services (\$1.7 million). In addition, the District provided \$15 million from the Contingency Cash Reserve to enable DMH to pay estimated outstanding amounts due to public health providers for court-mandated services to avoid a potential disruption of ongoing mental health services. The additional \$15 million in expenditures represented higher-than-budgeted operating service levels. Without the \$15 million from the Contingency Cash Reserve, the Comprehensive Annual Financial Report (CAFR) would have reported a \$19.1 million local budgetary deficit instead of the \$4.1 million for DMH.

2005-06 Noncompliance with Financial Institutions Deposit and Investment Amendment Act

(A) For general deposit and investment requirements, the Act, among other requirements, dictates the following:

The Mayor, or the CFO pursuant to Section 47-351.2(c), shall not allow the amount of District funds deposited or placed for the provision of financial services in a single eligible financial institution to exceed the lesser of either:

- a) Twenty-five (25) percent of the total assets of the eligible financial institution, exclusive of the District funds; or

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- b) Twenty-five (25) percent of the total District funds available for deposit or investment as of the date of such deposit or placement and as of the end of each fiscal quarter thereafter.

Our compliance testwork revealed 8 instances of non-compliance with the aforementioned provision where deposits held by a single institution exceeded 25% of all District deposits. These violations occurred throughout the fiscal year. We recommend that the Office of Finance and Treasury (OFT) closely monitor the District's deposit percentages with all financial institutions, to ensure compliance with these requirements.

Management's Response:

Management concurs. A procedure has been established and is being followed daily to ensure that the District meets its 25% limitation requirement.

(B) For collateral requirements, the Act, among other requirements, dictates the following:

Except for securities directly purchased without a repurchase agreement and money market funds, an eligible financial institution must at all times provide collateral equal to at least 102% of the District funds held by the eligible financial institution for deposits and investments that are not fully federally insured.

During our procedures, we noted two instances of non-compliance with the aforementioned provision, where the collateral held by the District's investment custodians was less than 102% of the value of the particular investment. We recommend that OFT closely monitor the collateral held by the custodians, to ensure that the District remains in compliance with the requirements of this law.

Management's Response:

The procedure is for the Investment Custodial Bank (M&T Bank) to monitor the 102% limitation on a daily basis. If a deficiency is discovered, the Investment Custodial Bank will notify OFT which will then request additional collateral from the financial institution.

In the two instances reported, the District's Investment Custodial Bank (M&T Bank) detected the deficiencies on the dates of occurrence and informed OFT of the deficiencies. OFT then requested and received additional collateral from the stated financial institutions. OFT has provided supporting documentation of the collateral requests showing the resultant increase in collateral by the financial institution.

(C) Additionally, we noted that the Office of Finance and Treasury had executed a contract with a non-insured financial institution without following the District's policy and procedures.

Management's Response:

Management concurs and is handling the situation appropriately.

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Section III – Federal Award Findings and Questioned Costs

District Agency – District of Columbia Energy Office (DCEO)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance Reporting</u>	<u>Questioned Costs</u>
2005-07	U.S. Department of Health and Human Services (DHHS) Low Income Home Energy Assistance Program CFDA Number 93.568		Not Determinable

Criteria or Specific Requirement – According to 45 CFR 96.82, DHHS requires each year a report of: "(a) The number and income levels of the households assisted by LIHEAP funds during the preceding fiscal year; and (b) The number of households assisted by LIHEAP funds during the preceding fiscal year that contain one or more individuals who are 60 years or older and the number which contain one or more individuals who are handicapped."

Condition – DCEO was unable to provide the underlying support or evidence of management review for data included in the "Annual Report on Households Assisted by LIHEAP."

Context – Condition identified per review of DCEO's compliance with the grantor agency's reporting requirements.

Effect – There is a possibility of inaccurate information being transmitted to the grantor agency.

Cause – The process of documenting and monitoring compliance with this specific grant requirement was not functioning as intended.

Recommendation – We recommend that DCEO adopt a policy to ensure that supporting documentation for all reports related to federal grants are adequately documented, reviewed, maintained, and available.

Views of Responsible Officials and Planned Corrective Actions – A report from the DCEO database was provided, but those numbers include all clients who received benefit payments, not just the clients whose payments were charged to the LIHEAP grant. To complete the Household report, the program manager had to estimate the number of LIHEAP clients using the total amount of benefit payments charged to LIHEAP, the average payment per client, and the poverty and household distribution obtained from the database. These calculations were not filed with the Household report, and DCEO was unable to provide them. In the future, the Program Manager will work closely with the Grants Management Specialist to assure that the calculations are accurate and documented properly. Copies of this documentation, along with copies of the reports subsequently submitted to DHHS, will be filed by both the Program Manager and the Grants Management Specialist, assuring that the reports and documentation will be available upon request. In addition, the data on all Household reports will be marked as estimates where the report asks "Does the data below include estimated figures?"

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District Agency – District Department of Transportation (DDOT)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-08	U.S. Department of Transportation Highway Planning and Construction CFDA Number 20.205	Davis-Bacon Act	Not Determinable

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

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

- Lack of evidence that a contract specialist reviewed 15 of 77 certified payroll registers located.
- The wages for 2 of the 77 employees selected appeared to be less than the required prevailing rate.

Context – This is a recurring issue from the prior year. The exceptions for reviewing payroll were mainly due to receiving notice of the prior year's comment from the predecessor auditor towards the end of the fiscal year 2005 and a lack of time to address for fiscal year 2005. In the case of the 2 items below the prevailing wage rate, these appear to be isolated incidents.

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

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

Recommendation – There should be a system in place to ensure a consistent review amongst the contract specialists of the certified payrolls.

Views of Responsible Officials and Planned Corrective Actions – There is a system in place to conduct random spot checks of payroll reviews by the specialist. In this instance, the subject payroll was not selected for review. The employee responsible for the infraction retired recently. The contractor has been cited for the Davis-Bacon violation and DDOT is in the process of collecting restitution.

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District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-09	U.S. Department of Health and Human Services Child Care Mandatory & Matching Funds of the Child Care Development Fund CFDA Number 93.596	Allowable Costs	\$73,418

Criteria or Specific Requirement – OMB Circular A-87 cost principles state that charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, should be based on payroll documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official(s) of the government entity.

Condition – Appropriate documentation supporting payroll costs, as specified by OMB Circular A-87, was not maintained for 1 of the employees selected for testing.

Context – Condition identified per review of DHS' compliance with specified requirements and this appears to be an isolated incident. Questioned costs represent total payroll costs charged to the federal program for this employee.

Effect – DHS is not in compliance with the payroll effort reporting and certification requirements of OMB Circular A-87.

Cause – Management has not incorporated a formal process to allocate hours worked by employees among the various programs on which the employees worked.

Recommendation – Where employees work solely on a single federal program, charges for their salaries and wages should be supported by periodic certifications in accordance with OMB Circular A-87. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documents in accordance with OMB Circular A-87.

Views of Responsible Officials and Planned Corrective Actions – The Deputy Administrator for Programs (formerly Deputy Director in fiscal year 2005) for the Early Care and Education Administration (formerly the Office of Early Childhood Development) is responsible for the overall program operations of the Administration. The Infants and Toddlers with Disabilities Office (formerly Early Intervention Program Division) is one of the programs in the ECEA. The ITDO is the designated District of Columbia State Part C Office and is responsible for administering the Individuals with Disabilities Education Act (IDEA). It is 100 percent federally funded by the U.S. Department of Education, Office of Special Education Programs.

As a result of the retirement of the program manager for the ITDO (EIPD) on September 30, 2004, the Deputy Administrator for Programs (Deputy Administrator) functions as the acting program manager until such a time a new program manager is hired.

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During this interim period, a portion of the Deputy Administrator's time (20 percent from 10/1/04 – 3/31/05 and 40 percent from 4/1/05 – 9/30/05) was allocated to the ITDO, and was certified accordingly on the OMB A-87 certifications. During this time period, the Deputy Administrator continued to carry out all responsibilities required by the Child Care and Development Fund State Block Grant by working additional hours throughout work weeks. The allocation of time was an estimate based on activities documented on calendars. The additional hours of work were documented on the Administration's daily sign-in/out sheets. The corrective action plan is as follows:

- a. Effective December 1, 2005, the Deputy Administrator documents time spent by program on daily time sheets; the time sheets were certified by the Administrator.
- b. The ECEA has selected a program manager for the ITDO and expects the new program manager to report to duty before September 30, 2006.

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District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-10	U.S. Department of Health and Human Services Child Care Mandatory & Matching Funds of the Child Care Development Fund CFDA Number 93.596	Eligibility	\$14,509.73

Criteria or Specific Requirement – Per 45 CFR section 98.20(a), in order to be eligible for services under §98.50, a child shall:

- (1) (i) Be under 13 years of age; or,

(ii) At the option of the Lead Agency, be under age 19 and physically or mentally incapable of caring for himself or herself, or under court supervision;
- (2) Reside with a family whose income does not exceed 85 percent of the State's median income for a family of the same size; and
- (3) (i) Reside with a parent or parents (as defined in §98.2) who are working or attending a job training or educational program; or

(ii) Receive, or need to receive, protective services and reside with a parent or parents (as defined in §98.2) other than the parent(s) described in paragraph (a)(3)(i) of this section.

45 CFR 92.42, retention and access requirements for records Part (b) states, (1) except as otherwise provided, records must be retained for three years from the starting date. In addition, sound internal controls require that adequate supporting documentation be maintained.

Condition – 1 of the 112 case files selected for testing did not contain documentation verifying parental activity which is one of the requirements for determining eligibility.

2 of the 112 case files selected for testing could not be located during our testing of eligibility requirements.

Context – Condition identified per review of DHS' compliance with the grantor agency's requirements. Questioned costs represent the total amount of benefits paid on behalf of the 3 participants for fiscal year 2005.

Effect – Without adequate support, ineligible participants may receive child care benefits they are not entitled to receive.

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Cause – In the first case, it is uncertain why the supporting documentation was not in the file. Additionally, along with the case files maintained at DHS, providers also maintain case files for the participants in their respective program. The files are periodically reviewed and moved around which may cause a file to be misplaced.

Recommendation – A review of case files should be performed on a periodic basis to ensure proper and adequate documentation is maintained in each participant's case file.

Further, case files should be maintained in a central location and access to the files should be limited to authorized personnel only. For the child care providers trained to determine eligibility at their respective centers, the original file should be submitted to the Office of Early Childhood Development and a shadow file should be maintained at the respective center.

Views of Responsible Officials and Planned Corrective Actions – The Early Care and Education Administration (ECEA, formerly the Office of Early Childhood Development) has taken steps to resolve the issued identified as follows:

- a. The ECEA is working with the District Office of Personnel to realign the functions of the Administration. One of the realignment proposals will be the establishment of the Intake Unit, the Continuation Services Unit, the Eligibility Monitoring Unit, and the Records Management Unit. The separation of the Intake and Continuation Services Unit (into the Intake, Continuation Services and Eligibility Monitoring units) will reduce the supervisor's span of control so that the supervisor can provide more timely quality assurance oversight. The new Eligibility Monitoring Unit will have one additional Eligibility Monitor to increase the percentage of eligibility case files reviewed at the provider sites.
It would also allow the Eligibility Monitor time to conduct random checks of terminated case files. Additionally, the new Records Management Unit will be responsible for maintaining all case files to guard against misplacement of files or information.
- b. The ECEA is developing a plan to secure appropriate equipment to scan all case files. The paper files will be indexed, stored, and secured to guard against misplacement or loss.
- c. The Supervisor for the Intake and Continuation Services Unit (ICSU), Child Care Services Office, has completed the analysis and redistribution of the workload among all case workers to improve operational efficiency.
- d. The ICSU Supervisor will continue to review case files monthly for quality assurance through random sampling, and continue to provide individual or group training to workers if findings are noted.
- e. The Eligibility Monitors continue to monitor providers who conduct eligibility determinations for ECEA to ensure the eligibility determination, documentation, and recordkeeping comply with the ECEA policies and procedures.
- f. The ICSU Supervisor and the Eligibility Monitors continue to provide Eligibility Institutes and technical assistance to providers who conduct eligibility determinations for ECEA. The last Eligibility Institute was conducted on June 30, 2006.

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- g. Interns from the University of the District of Columbia, Center for Applied Research, and Urban Policy are conducting a 100 percent review of all case files in the ICSU to ensure that the case files comply with the ECEA policies and present findings to the ICSU Supervisor monthly. The ICSU Supervisor uses the findings as coaching tools with the social services representatives.
- h. ICSU will continue to locate the 2 missing case files. One of the two missing case files was a case assigned to an employee who was terminated in July 2005; the other case was assigned to a provider. The cases were terminated in December 2004 and August 2005, respectively.
- i. The ICSU Supervisor has emphasized to the case workers in staff meetings the importance of maintaining case files to guard against misplacement or loss, and that proper maintenance of their assigned case files will be included as part of the case workers' performance expectation.

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District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-11	U.S. Department of Education Vocational Rehabilitation Grants to States CFDA Number 84.126	Eligibility	Not Determinable

Criteria or Specific Requirement – (I) The State Vocational Rehabilitation (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 (as per Section 102(a)(6) of the Act (29 USC 722(a)(6)):

- 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; or
- 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.

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(II) 34 CFR Part 361.45(d) *Development of the individualized plan for employment (IPE) - mandatory procedures* states, the designated State unit must ensure that:

- a) The IPE is a written document prepared on forms provided by the State unit;
- b) The IPE is developed and implemented in a manner that gives eligible individuals the opportunity to exercise informed choice;
- c) The IPE is agreed to and signed by the eligible individual or, as appropriate, the individual's representative and approved and signed by a qualified vocational rehabilitation counselor employed by the designated State unit; and
- d) A copy of the IPE and a copy of any amendments to the IPE are provided to the eligible individual or, as appropriate, to the individual's representative, in writing and, if appropriate, in the native language or mode of communication of the individual or, as appropriate, the individual's representative.

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(III) An individual who is a beneficiary of Social Security Disability Insurance or a recipient of Supplemental Security Income is presumed to be eligible for Vocational Rehabilitation (VR) services (provided that the individual intends to achieve an employment outcome consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual) unless the State VR Agency can demonstrate by clear and convincing evidence that such individual is incapable of benefiting in terms of an employment outcome from VR services due to the severity of the disability of the individual (Section 102(a)(3) of the Act (29 USC 722(a)(3))).

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A client can also be presumed eligible if the client has an obvious mental or physical impairment (i.e., blind, in a wheelchair, etc.) or has support from a medical provider/rehabilitation program of a mental or physical impairment. In all instances, the client must provide proof, and this documentation should be maintained in the file.

Condition – (I) Eligibility determinations within 60 days of the initial application to the program were not performed for 4 of the 20 items selected for testing.

(II) 2 of the 20 clients sampled had inconsistent application dates in the file versus the date recorded in the system, which could potentially cause an issue with the 60-day eligibility requirement. One of the incorrect dates resulted in a client's eligibility determination extending beyond 60 days. The other instance had no bearing on timeliness of eligibility determinations.

(III) 1 of the 20 clients sampled was receiving Vocational Rehabilitation Services without an approved Individual Plan for Employment (IPE).

(IV) 1 of the 20 clients sampled was presumed eligible based upon the client indicating it received Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits. However, there was no supporting documentation in the file (i.e., a letter from the Social Security Administration (SSA) or a copy of the client's pay stub) to support this assertion.

Context – (I) The 4 instances noted that were not in compliance with the 60-day eligibility requirement represents 20% of the population sampled.

(II) While there were only 2 instances out of the 20 clients sampled where inconsistent application dates were noted, there is the potential that more instances exist.

(III) There was only 1 instance noted in the 20 items sampled where a client was receiving services without an approved IPE. Although the issue appears isolated, the IPE is a major component to eligibility as it is the tool used to move clients through the program and measure their readiness for successful employment.

(IV) There was only 1 instance noted in the 20 items sampled supporting documentation for eligibility that was missing. Although the issue appears isolated, establishing eligibility is a major criteria to a client receiving benefits through the program.

Effect – DHS is not in compliance with the eligibility requirements of the program. Clients may receive services they are not entitled to receive.

Cause – The process of documenting and monitoring compliance with this specific grant requirement was not functioning as intended.

Recommendation – (I) Rehabilitation Specialists should perform the eligibility determinations within the 60 days as required.

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When prevailing circumstances exist to extend beyond the 60 days, sufficient documentation should be included in the case file. In addition, the Client Rehabilitation Information System (CRIS) should notify the Rehabilitation Specialists and/or supervisors within 10 days of a case approaching the 60-day mark.

(II) DHS should ensure the date on the Clients Rights and Responsibilities form signed by the client is the same date entered in the system as the application date.

(III) DHS should immediately prepare and approve an IPE to be signed by the Rehabilitation Specialist and the client.

(IV) DHS should obtain a copy of the letter from the SSA or a copy of the client's pay stub to support the presumptive eligibility determination made. In addition, the supervisory review should note whether sufficient documentation exists for the eligibility determination.

Views of Responsible Officials and Planned Corrective Actions – The conditions described above are a result of the Rehabilitation Counselors having large caseloads and limited staff in the Client Services Division in the Rehabilitation Services Administration.

- a. The "Things to Do List" was implemented this fiscal year in our automated system. This procedure will allow Counselors, Section Supervisors, and Branch Chiefs to review cases requiring movement from application to eligibility and development of the Individualized Plan for Employment (IPE). Section Supervisors are required to review their staff's list on monthly basis.
- b. Alerts in intervals of 15 days after application is being developed in our automated system for Counselors, Supervisors, and Branch Chiefs to assist in complying with the 60 day eligibility mandate.
- c. Section Supervisors will discuss and train their staff on using the Waiver of 60 Day Eligibility form when there are unforeseen circumstances that precludes the counselor from complying with the 60 day mandate.
- d. Training will be provided to counselors to ensure that they enter the case movements on the dates that the action was taken and to insure that dates in the case files are consistent with the dates in the automated system.
- e. Training will be provided to ensure that counselors document the reason for the discrepancies of the dates in the case files versus the automated system.
- f. Effective January 2006, the time frame for developing the Individualized Plan for Employment (IPE) was extended from 60 days to 90 days. This will allow the Counselors the necessary time to complete thorough comprehensive assessments of the clients' vocational potential.
- g. Section Supervisors will continue to review and approve IPEs and authorizations for service implementation within the new guidelines.
- h. New procedures are being developed to insure that the Counselor receive appropriate documentation from their clients who are receiving SSI or SSDI benefits before a client is presumptively made eligible for vocational rehabilitation services.
- i. A new responsibility has been added to the clients' rights and responsibilities form for clients who receive SSI or SSDI benefits.
