

Government of the District of Columbia

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

Views of Responsible Officials and Planned Corrective Actions – The following is noted:

- (a) Had not completed signed semi-annual certifications for employees who worked 100% on the grant and personnel activity reports for employees who worked less than 100% of the time on the grant.

Semi-annual certifications are provided with the program's OCSE – 157 report submission. The auditors were provided an unsigned semi-annual certification from the OCSE-396A report. An approved certification is available for review. All of the program staff work 100% of the time on the grant.

- (b) Was unable to provide personnel actions for 7 employees.

OAG human resources staff recently hired a new manager who is charged with updating personnel files for all of the employees. The missing personnel actions for the 7 employees will be requested from D.C. Office of Personnel.

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District Agency – Office of Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-59	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Cash Management	Not Determinable

Criteria or Specific Requirement – District agencies with expenditures over \$5,500,000 are required to prepare and submit on a monthly basis a Cash Management Improvement Act (CMIA) report that summarizes the results of their request of funds from the federal government and the amount of interest owed to/from the federal government.

Further, the Child Support Enforcement grant requires that 50% of program income received during the year be subtracted from each drawdown request.

Condition – OAG prepared one Cash Management Improvement Act (CMIA) report during the fiscal year and the following was noted:

- 1) The CMIA report did not include all program income received during the year. OAG excluded approximately \$859,887 in program income from the report. The program income was related to prior fiscal years.
- 2) Program income received during the year was not netted against each transaction reported in the CMIA report. OAG only netted the program income against one or two transactions that occurred during the month.
- 3) The paid date for one of the transactions reflected in the report was incorrect.
- 4) The interest liability total excluded the interest calculations for the months of June through September. The total amount of interest excluded was \$15,721.

In addition, OAG only performed one drawdown the entire fiscal year.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 14 transactions reflected in the one CMIA report prepared during the fiscal year.

Effect – The interest liability calculated for the grant appears to be misstated. The report reflects a net interest amount owed from the federal government of \$81,482.

Cause – OAG was not properly monitoring the employee who performed the drawdowns.

Recommendation – We recommend OAG consider the following corrective actions:

- a. Perform drawdowns on a more regular basis.

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- b. Reflect all program income received during the year in its CMIA report, regardless if the program income is related to a prior fiscal year.
- c. Net program income against each paid transaction.
- d. Submit the CMIA reports on a monthly basis.
- e. Assign an independent employee to verify the accuracy of the information and calculations in the CMIA reports.

Views of Responsible Officials and Planned Corrective Actions – The following is noted:

- (a) The CMIA report did not include all program income received during the year. OAG excluded about \$859,887 in program income from the report. The program income was related to prior fiscal years.

OAG is not clear on how the auditor arrived at the excluded program income total of \$859,887. The spreadsheet provided by the auditors indicated a variance of \$50,000 between the CMIA report and Program Income reported for fund 200 (Federal Grant) in the system of record (SOAR). Program income recorded in the CMIA report matched Program income recorded in SOAR for the period ending 9/30/2005. OAG will need to review this finding with the auditors for clarification.

- (b) Program income received during the year was not netted against each transaction reported in the CMIA report. OAG only netted the program income against one or two transactions that occurred during the month.

Program income was netted against transactions in the period it was received. CMIA instructions were not clearly communicated to OAG regarding this procedure. OAG will net program income against each transaction reported in the CMIA report in the future.

- (c) The paid date for one of the transactions reflected in the report was incorrect.

It is not clear which transaction this finding is referring to. OAG will need to review this finding with the auditors for clarification.

- (d) The interest liability total excluded the interest calculations for the months of June through September. The total amount of interest excluded was \$15,721.

The Office of Finance and Treasury (OFT) provides OAG the CMIA template for reporting purposes. It appears portions of the interest calculation were modified causing the incorrect interest calculations for the period noted by the auditors. This error was not noticed by OAG or OFT who reviews the report. Future CMIA reports will be reviewed to ensure the interest calculations are accurate before final submission.

In addition, OAG prepared six (6) CMIA reports during fiscal year 2005. The auditors were initially provided one report. Subsequently, additional reports were located and are available for review.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-60	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Matching, Level of Effort, Earmarking	\$118,627

Criteria or Specific Requirement – The program requires grantees to match 34% of the program costs excluding laboratory costs. A 10% match is required for laboratory costs.

OMB Circular A-102 Common Rule states that matching funds must be allowable under OMB Circular A-87 cost principles. As a result, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards; be allocable to federal awards under the provisions of the Circular; and be adequately documented to be allowable under federal awards.

Condition – OAG charged payroll and nonpayroll transactions to its local fund (matching costs) that were not in accordance with OMB Circular A-87 cost principles. Payroll costs were not supported by semi-annual certifications or personnel activity reports and by some personnel action forms. Nonpayroll transactions were not adequately supported and included a late fee cost.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 77 transactions totaling \$916,361.

Effect – The transactions are considered unallowable, under OMB Circular A-87 cost principles, to meet matching requirements.

Cause – For payroll transactions, OAG provided no reason for not completing the semi-annual certifications and personnel activity reports and not providing some of the personnel action forms.

For nonpayroll transactions, OAG charged the remaining balances of some purchase orders as expenditures to the grant; OAG misplaced supporting documentation for some of the expenditures selected for review; OAG did not maintain the supporting documentation for transactions charged to an employee's credit card; and OAG did not properly monitor disbursements charged to the grant.

Recommendation – We recommend OAG establish policies and procedures to ensure that payroll costs are supported by semi-annual certifications and/or personnel activity reports and personnel actions forms and that nonpayroll costs are adequately supported by invoices or receipts and exclude any unallowable costs under OMB Circular A-87 cost principles.

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Views of Responsible Officials and Planned Corrective Actions – The following is noted:

Payroll Transactions:

- (a) OAG provided no reason for not completing the semi-annual certifications and personnel activity reports and not providing some of the personnel action forms.

Semi-annual certifications are provided with the program's OCSE – 157 report submission. The auditors were provided an un-signed semi-annual certification from the OCSE-396A report. An approved certification is available for review.

Non-payroll Transactions:

- (b) OAG charged the remaining balances of some purchase orders as expenditures to the grant.

OAG has replaced the previous financial manager responsible for Child Support Services Division. New procedures have been initiated which provide two levels of management review of charges prior to submission of the report to the Federal Regional Office.

- (c) OAG misplaced supporting documentation for some of the expenditures reviewed.

OAG will provide staff training in file management to responsible staff members and perform periodic reviews by the accounting manager of reported transactions to ensure proper filing of supporting documentation.

- (d) OAG did not maintain the supporting documentation for transactions charged to an employee's credit card.

OAG's accounting manager will ensure supporting documentation for employee credit card charges is reviewed and available in OAG files in the future. The agency fiscal officer will conduct periodic reviews to ensure compliance with this procedure.

- (e) OAG did not properly monitor the disbursements charged to the grant.

OAG has replaced the previous financial manager responsible for Child Support Services Division. New procedures have been initiated which provide two levels of management review of charges prior to submission of the report to the Federal Regional Office.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-61	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circular A-102 Common Rule requires procurements to be competitively bid and the contract files to document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis of contract price. In addition, the Common Rule requires that a cost or price analysis be performed in connection with procurement actions.

Condition – There was no evidence documented in the procurement file for a vendor with respect to the rationale used to select the vendor for services or the performance of a cost or price analysis of the vendor's proposed costs.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed all procurements over \$25,000. The total number of procurement transactions reviewed was 6.

Effect – The vendor's costs may not be reasonable in comparison to other similar procurements.

Cause – The District Procurement Office did not provide a reason for documenting its vendor selection rationale and its cost or price analysis of the vendor's proposed costs.

Recommendation – We recommend the District's Procurement Office document in its vendor procurement files the rationale for selecting a particular vendor and its cost or price analysis of a vendor's proposed costs.

Views of Responsible Officials and Planned Corrective Actions – The Office of Contracting and Procurement (OCP) is the agency with procurement authority for the District of Columbia Government. OCP policies and procedures require that their procurement files contain the rationale used to select vendors for services or the performance of a cost or price analysis of the vendor's proposed costs. OAG is not responsible for this function.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-62	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Program Income	Not Determinable

Criteria or Specific Requirement – The Child Support Enforcement grant allows 50% of the program income received to be used towards enhancing the program's operations and the remaining 50% to be applied against cash drawdowns. OMB Circular A-102 Common Rule requires that all program income be recorded in the grantee's accounting records.

Condition – The Child Support Program Office tracks the program income received from custodial and non-custodial parents in its system and then forwards the information to the accounting department for deposit and recording into SOAR. There was an unreconciled difference of \$462,840 between the Child Support System records and the SOAR records for program income received during the fiscal year.

Context – This is a condition identified per review of OAG's compliance with specified requirements. The Child Support System and SOAR reflected program income of \$5,426,939 and \$4,964,099, respectively.

Effect – There appears to be some program income not reflected in SOAR and users of the information produced from SOAR may be relying on incorrect data.

Cause – OAG does not perform reconciliations between the Child Support System and SOAR records.

Recommendation – We recommend OAG perform monthly reconciliations and any variances between the two systems should be investigated and corrected accordingly.

Views of Responsible Officials and Planned Corrective Actions – OAG believes this finding may be the result of a timing difference at the end of the fiscal year between the deposits and recording of transactions by the Office of Finance and Treasury. OAG will maintain a monthly reconciliation report for all program income received.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-63	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Reporting	Not Determinable

Criteria or Specific Requirement – The U.S. Department of Health and Human Services requires OAG to submit quarterly SF-272 Federal Cash Transaction Reports. Financial reports submitted to the federal government should be based on the accounting records of an entity.

Condition – OAG was unable to provide the Federal Cash Transaction Report for the quarter ended December 31, 2004. It also was unable to provide supporting documentation for its quarter ended June 30, 2005 report, which was also not signed. This report reflected a negative disbursement amount of \$8,070,067.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We selected 2 quarterly reports to review.

Effect – The quarterly reports may not accurately reflect OAG's cash transactions for the grant.

Cause – OAG was unable to locate the missing December 31, 2004 quarterly report and the supporting documents for the June 30, 2005 quarterly report because the employee who was responsible for preparing the reports was no longer with the Agency.

Recommendation – We recommend OAG assign two or more employees the responsibility of preparing and maintaining the reports and supporting documents that are submitted to the federal government.

Views of Responsible Officials and Planned Corrective Actions – OAG has initiated the procedure recommended by the auditors of assigning two employees the responsibility of preparing and maintaining the reports and supporting documents that are submitted to the federal government.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-64	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Special Tests and Provisions: Establishment of Paternity and Support Obligations	Not Determinable

Criteria or Specific Requirement – According to 45 CFR 303.4, a IV-D agency must within 90 calendar days of locating the alleged father or non-custodial parent, regardless of whether paternity has been established, establish an order to support or complete service of the process necessary to commence proceedings to establish a support order and, if necessary, paternity (or document unsuccessful attempts to serve process), in accordance with the State's guidelines defining diligent efforts under 45 CFR 303.3.

Condition – There was no evidence in 2 case files that OAG established paternity within 90 days for recipients whose child was born out of wedlock and in 1 case file that OAG established support obligation within 90 days.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 77 case files that had been opened and closed in fiscal year 2005.

Effect – OAG may not be establishing paternity and support obligations in a timely manner.

Cause – Information required in determining OAG's compliance was not documented in the case file or in the Child Support System.

Recommendation – We recommend OAG perform independent reviews of the case files and the case notes in the Child Support System to ensure that information is updated and correct.

Views of Responsible Officials and Planned Corrective Actions – In the Paternity and Support Findings, Case 381089*1 is noted as an exception because CSSD failed to obtain a paternity and support order within the time frames. However, this is an interstate case in which the District of Columbia is the initiating jurisdiction. Under federal regulations, the responding jurisdiction has the responsibility to obtain a paternity and support order within the time frames.

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District Agency – Office of Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-65	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Special Tests and Provisions: Securing and Enforcing Medical Support Obligations	Not Determinable

Criteria or Specific Requirement – The IV-D agency must, unless the custodial parent and child(ren) have satisfactory health insurance other than Medicaid, petition the court or administrative authority to include health insurance that is available to the non-custodial parent at reasonable cost in new or modified court or administrative orders for support.

The IV-D agency must petition the court or administrative authority to include medical support as prescribed in 45 CFR 303.31(b).

Condition – We noted the following:

- 1) There was no evidence in 3 case files that OAG had determined whether the custodial parent had satisfactory health insurance other than Medicaid.
- 2) There was no evidence in 1 case of OAG petitioning the court or administrative authority for health insurance coverage in cases when the custodial parent and child did not have satisfactory health insurance.
- 3) There was no evidence in 1 case where medical support was ordered by OAG informing the custodial parent of whether health insurance had been obtained by the agency or absent parent.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 77 case files that had been opened and closed in fiscal year 2005.

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

Cause – OAG does not have adequate resources to identify and enforce medical support obligations.

Recommendation – We recommend OAG either request additional local funds or use its program income to hire additional staff for its medical support unit.

Views of Responsible Officials and Planned Corrective Actions – The D.C. Council did not pass the Child Support and Welfare Reform Compliance Amendment Act of 2000, which implemented the requirement to include medical support in every child support order, until February 16, 2001.

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This law defined "medical support" as an order that (1) either party provide private health insurance for the child; (2) the noncustodial parent pay the unreimbursed medical costs borne by the government for a child whose medical coverage is provided through Medicaid; (3) the noncustodial parent pay the unreimbursed medical costs borne by the custodial parent when medical insurance is not available. Pursuant to these provisions, Cases 183746*1 and 109329*1 have valid medical support orders entered.

In Case 381089*1, an exception is noted because CSSD failed to obtain a medical support order within the time frames. However, this is an interstate case in which the District of Columbia is the initiating jurisdiction. Under federal regulations, the responding jurisdiction has the responsibility to obtain a medical support order within the time frames.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-66	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Special Tests and Provisions: Enforcement of Support Obligations	Not Determinable

Criteria or Specific Requirement – The IV-D agency must take appropriate enforcement action within no more than 30 calendar days of identifying a delinquency or other support-related non-compliance with the order or the location of the non-custodial parent, whichever occurs later.

Condition – There was no evidence in 7 case files of OAG initiating enforcement action against the non-custodial parents who were delinquent in their support obligations. In addition, OAG had 1 case file listed in its system as an open case when it should have been indicated as a closed case.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 77 case files that had been opened and closed in fiscal year 2005.

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

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

Recommendation – We recommend OAG either request additional local funds or use its program income to hire additional staff for its enforcement unit.

Views of Responsible Officials and Planned Corrective Actions – The audit cites the requirement that CSSD initiate enforcement action within 30 days of delinquency. "Enforcement actions" for these purposes include any action that is not tax intercept," including reporting the debt to the national credit bureaus, suspending the noncustodial parent's license, and contacting the noncustodial parent in order to collect on the debt.

For enforcement mechanisms that require service of process, CSSD has until 60 days after service of process completed to initiate enforcement action. Under District of Columbia law, enforcement by means of contempt requires service of process.

Furthermore, the law implementing the 30 day time frame did not go into effect until October 1, 1990. Several of the orders included as exceptions in the audit finding were entered before the existence of the named criteria for enforcing support orders.

For each of these functions, federal law requires that CSSD employ automated data processing to not only perform the IV-D functions, but also to maintain the "data necessary to meet Federal reporting requirements." In October 2003, the District of Columbia's automated child support system was certified by the federal Office of Child Support Enforcement as being in compliance with federal regulations.

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It is this system, called the District of Columbia Child Support Enforcement System (DCCSES), by which CSSD maintains records of its compliance with all aspects of federal law.

In the area of enforcement for example, federal and District of Columbia law requires that CSSD report to national credit bureaus any child support debt that is \$1,000 or more. As per federal requirements, this process is automated such that DCCSES sends a monthly update to the national credit bureaus, Equifax and TransUnion, with the amount of arrears owed by noncustodial parents who meet the thresholds for reporting. The electronic submission is recorded in DCCSES for federal reporting purposes.

The same is true for many of the IV-D activities that are mandated to have automated processes, such as credit bureau, tax refund intercept, wage withholding, case closure, and intra-agency referrals. The only available hardcopy evidence of these actions in the following cases is a printout from the certified DCCSES system: 123208*1, 118749*1, 164339*2, 365129*1, and 153533*2.

Enforcement under the federal regulations also requires that there be a valid support order to be enforced. In several of the noted exception cases, the support orders have either been suspended, dismissed, or the IV-D cases closed or pending closure pursuant to federal case closure criteria (124308*1, 114939*1, 123649*2).

Finally, CSSD notes that prior to recent legislation, the D.C. Superior Court served as the State Disbursement Unit for the District of Columbia. Prior to the Uniform Interstate Family Support Act, which permitted states to do direct wage attachments outside of their jurisdictions, wage liens issued against noncustodial parents working in the District of Columbia were issued by the Paternity and Support Clerk's Office of the D.C. Superior Court. In order to record these cases, a docket number was assigned by the Clerk's Office. In the cases of 163595*1 and 153179*1, a "W" docket number was assigned to denote that the case involved only a request to initiate wage withholding. As wage withholding is the District of Columbia's only involvement in these cases, no further enforcement is appropriate.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-67	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Special Tests and Provisions: Provision of Child Support Services for Interstate Cases	Not Determinable

Criteria or Specific Requirement – According to 45 CFR, the IV-D agency for initiating cases must within 20 calendar days of determining that the non-custodial parent is in another State, and if appropriate, receipt of any necessary information needed to process the case, refer any interstate IV-D case to the responding State's interstate central registry for action. The IV-D agency must provide the responding State with any requested additional information or notify the responding State when the information will be provided within 30 calendar days of receipt of the request for information by submitting an updated form, or a computer-generated replica in the same format and containing the same information, and any necessary additional information. The IV-D agency must notify the responding State within 10 working days of receipt of new information on a case by submitting an update form and any necessary additional documentation.

The IV-D agency for responding cases must provide location services within 75 calendar days of receipt of Interstate Child Support Enforcement Transmittal Form if the request is for location services or if the form or documentation submitted does not include adequate location information on the non-custodial parent. The IV-D agency must notify the initiating State within 10 calendar days of locating the non-custodial parent.

Condition – We noted the following during our procedures:

- 1) There was no evidence for 1 initiating interstate case of OAG responding to a letter from another State requesting additional documentation within the required timeframe.
- 2) OAG had 12 cases coded incorrectly as interstate cases in its Child Support Systems. OAG had coded 7 cases as initiating and 5 as responding. All the cases were local.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 77 case files that had been opened and closed in fiscal year 2005.

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

Cause – It appears that OAG does not have adequate resources to correct miscodings and to accurately track and process its interstate cases.

Recommendation – We recommend OAG either request additional local funds or use its program income to hire additional staff for its interstate case unit.

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Views of Responsible Officials and Planned Corrective Actions – CSSD did not incorrectly identify the listed cases as local cases as the named cases were formerly local cases and during fiscal year 2005, became interstate initiating cases when CSSD discovered that the noncustodial parents' resided in different jurisdictions. Therefore, during the fiscal year, these cases were both local and interstate cases.

Nor did CSSD incorrectly identify Cases 173055*1 and 372992*1 as local cases. CSSD notes that these cases are included on the spreadsheet of interstate cases provided as part of the audit case sampling process.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-68	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number 93.563	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – OAG has an approved 10% indirect rate agreement with the federal government that is calculated based on direct wages.

Condition – OAG did not record the indirect costs that were included in its quarterly reports of expenditures and estimates in its SOAR accounting system.

Context – This is a condition identified per review of OAG's compliance with specified requirements. OAG included indirect costs in its quarterly reports of expenditures and estimates totaling \$812,436.47.

Effect – The Child Support Enforcement grant fund expenditures stated in SOAR may be understated. OAG is also not requesting reimbursement for the indirect costs since the costs are not reflected in SOAR.

Cause – Indirect costs were not recorded in SOAR because a budget had not been established in the system for the costs.

Recommendation – We recommend OAG establish a budget for indirect costs in its SOAR accounting system and record any calculated indirect costs in the system accordingly.

Views of Responsible Officials and Planned Corrective Actions – OAG will implement the auditors' recommendations. Indirect costs will be recorded in SOAR.

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2005-69

This finding # was not used.

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2005-70

This finding # was not used.

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District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-71	U.S. Department of Education	Allowable Costs: Time and Effort Reporting	\$138,919
	Title I CFDA Number 84.010		
	Special Education Cluster CFDA Numbers 84.027 and 84.173		
	Vocational Education – Basic Grants to States CFDA Number 84.048		
	Safe and Drug Free Schools and Communities CFDA Number 84.184		
	Reading First State Grants CFDA Number 84.357		
	Improving Teacher Quality State Grants CFDA Number 84.367		

Criteria or Specific Requirement – OMB Circular A-87 cost principles state that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports that must (a) reflect an after the fact distribution of the actual activity of each employee; (b) account for the total activity for which each employee is compensated; (c) be prepared at least monthly and coincide with one or more pay periods, and (d) be signed by the employee.

Condition – DCPS did not complete and submit semiannual time and effort certifications to substantiate payroll charges as follows:

- 1) 44 of 49 Title 1 sample items totaling \$87,659.
- 2) 10 of 10 Special Education Cluster sample items totaling \$20,748.
- 3) 8 of 8 Vocational Education sample items totaling \$4,269.
- 4) 13 of 13 Safe and Drug Free Schools and Communities sample items totaling \$8,222.

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- 5) 10 of 10 Reading First State Grants sample items totaling \$11,176.
- 6) 16 of 16 Improving Teacher Quality State Grants sample items totaling \$6,845.

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

Title I: The total amount of the sample selected was \$100,659. Total payroll charged to the Title I program for fiscal year 2005 was \$22,525,282.

Special Education Cluster: Total payroll charged to the Special Education program for fiscal year 2005 was \$4,030,245.

Vocational Education: Total payroll charged to the Vocational Education program for fiscal year 2005 was \$1,239,421.

Safe and Drug Free Schools and Communities: Total payroll charged to the Safe and Drug Free Schools and Communities program for fiscal year 2005 was \$677,822.

Reading First State Grants: Total payroll charged to the Reading First State Grant program for fiscal year 2005 was \$1,644,509.

Improving Teacher Quality State Grants: Total payroll charged to the Improving Teacher Quality State Grants program for fiscal year 2005 was \$5,343,634.

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

Cause – DCPS appears to lack a system of internal controls that adequately ensures time and effort reports are completed in a timely manner to substantiate payroll charges to federal award programs.

Recommendation – DCPS must implement procedures to ensure it is in compliance with OMB Circular A-87 in supporting its payroll costs charged to federal awards.

Views of Responsible Officials and Planned Corrective Actions – We will work to insure that when employees work on multiple activities or cost objectives, a distribution of their salaries or wages are supported by personnel activity reports. The charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

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District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-72	U.S. Department of Health and Human Services Head Start CFDA Number 93.600	Allowable Costs: Time and Effort Reporting	Not Determinable

Criteria or Specific Requirement – OMB Circular A-87 cost principles state that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports that must (a) reflect an after the fact distribution of the actual activity of each employee; (b) account for the total activity for which each employee is compensated; (c) be prepared at least monthly and coincide with one or more pay periods, and (d) be signed by the employee.

Condition – DCPS did not complete and submit semiannual time and effort certifications to substantiate payroll charges for 21 of 21 Head Start sample items selected for testing.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. Total payroll charged to the Head Start program for fiscal year 2005 was \$8,195,191.

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

Cause – DCPS appears to lack a system of internal controls that adequately ensures time and effort reports are completed in a timely manner to substantiate payroll charges to federal award programs.

Recommendation – DCPS must implement procedures to ensure it is in compliance with OMB Circular A-87 in supporting its payroll costs charged to federal awards.

Views of Responsible Officials and Planned Corrective Actions – As a part of the corrective action plan following the 2002 U.S. Department of Health and Human Services on-site review, the Head Start program developed a cost allocation plan utilizing the authorized enrollment as the methodology for allocating personnel costs for split-funded personnel. This plan was accepted by U.S. DHHS reviewers in January 2004 and documentation is maintained demonstrating each affected employee and their respective funding sources.

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

In May 2006, the Head Start program received written instructions regarding the semi-annual time and certification process implemented by the Office of Federal Grants Programs. Therefore, in addition to the process certified by U.S. DHHS, we will also follow the guidelines prescribed by the Office of Federal Grants.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-73	U.S. Department of Education Vocational Education – Basic Grants to States CFDA Number 84.048 Twenty-First Century Community Learning Centers CFDA Number 84.287 Education Technology State Grants CFDA Number 84.318 Reading First State Grants CFDA Number 84.357	Allowable Costs: Indirect Cost Activities	\$155,856

Criteria or Specific Requirement – OMB Circular A-87 requires that all departments or agencies of a governmental unit desiring to claim indirect costs under federal awards prepare an indirect cost rate proposal and related documentation to support those costs. This was done by DCPS and a fixed rate of 9.47% was approved.

Condition – DCPS utilized an Indirect Cost Rate Agreement that was approved by the U.S. Department of Education on September 30, 2005 with an effective period October 1, 2004 through September 30, 2005. This agreement allows DCPS to charge indirect costs to federal programs at a specified percentage. A rate of 9.47% is allowed to be applied to federal programs that require a restricted indirect cost rate. The approved cost rate is applied to total direct costs less equipment expenditures, alterations and renovations, flow-through funds and the portion of sub-awards in excess of \$25,000.

DCPS manually calculates indirect costs annually based on expenditures posted in its accounting system, SOAR. A journal entry is then made to post the indirect costs to each grant.

During our review of indirect costs, we noted that DCPS calculated and charged indirect costs to federal programs which exceeded the maximum allowed under the approved Indirect Cost Rate Agreement. Specifically, we noted the following:

- 1) DCPS charged the Vocational Education Basic-Grants to States program \$176,420 in indirect costs instead of the maximum amount of \$147,831 based on allowable expenditures, resulting in an excess charge of \$28,589.
- 2) DCPS appears to have overcharged the Twenty-First Century Community Learning Centers program by \$7,262. Based on federal expenditures of \$3,287,268, the maximum chargeable indirect costs should have been \$311,304. However, DCPS charged the program \$318,566 as indirect costs for fiscal year 2005.

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

- 3) DCPS calculated and charged indirect costs totaling \$119,429 to the Education Technology State Grants program. We requested certain supporting documentation to validate the indirect costs charged to the grant but DCPS was unable to provide this information. Therefore, we cannot confirm that the indirect costs charged to the grant were valid.
- 4) DCPS charged the Reading First State Grants program \$15,638 in indirect costs instead of the maximum allowable amount of \$15,062, resulting in an overcharge of indirect costs of \$576.

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

Effect – DCPS appears to have overcharged its federal programs.

Cause – DCPS' accounting system is not capable of calculating and recording indirect costs for federal programs. In addition, since the process is manual, DCPS personnel may incorrectly calculate indirect costs on unallowable expenditures.

Recommendation – We recommend that DCPS consider an automated system for calculating indirect costs for federal programs to ensure that indirect costs are only calculated on allowable expenditures. In addition, we recommend DCPS comply with the approved U.S. Department of Education Indirect Cost Rate Agreement in effect and charge indirect costs to federal grants based on the approved rate or maintain supporting documents explaining any variations.

Views of Responsible Officials and Planned Corrective Actions – DCPS disagrees and takes exception to the audit finding and recommendation. DCPS charged all indirect costs based on the United States Department of Education and OMB guidelines. In addition, DCPS has a policy and procedure to ensure compliance with the applicable laws and regulations related to indirect costs.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-74	U.S. Department of Education Vocational Education – Basic Grants to States CFDA Number 84.048	Allowable Costs	\$85,366

Criteria or Specific Requirement – This program is authorized by the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III), as amended, Pub. L. 105-332, which is codified at 20 USC 2301 *et seq.* Certain requirements applicable to the Perkins III grants are contained in the Workforce Investment Act of 1998 (WIA), Pub. L. 105-220.

The State must allocate and use funds for the following statutorily prescribed activities or programs (referred to as the "basic programs"):

- 1) Secondary school vocational education programs, postsecondary, and adult vocational education programs (Perkins III, Title I-C);
- 2) State programs and State leadership activities (Perkins III, Section 124); and
- 3) State administration (Perkins III, Section 121).

Condition – For 2 of 26 Vocational Education sampled items selected for testing, we noted that the related expenditures were for construction and renovation activities.

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

Effect – DCPS is in direct violation of granting agency and compliance requirements. The use of funds for construction and renovation work is not part of the allowable costs under the provisions of the grant.

Cause – The Office of Career and Technology Education (CTE) appeared to be aware of these expenses but did not consider these expenses as being "construction" related.

Recommendation – We recommend careful, regular, and multiple layer review of account postings to ensure the accuracy of all revenue and expense accounts.

Views of Responsible Officials and Planned Corrective Actions – DCPS disagrees with the audit finding and recommendation. The Office of Career and Technical Education (OCTE) believes that this finding is principally based, like the equivalent finding by the U.S. Office of Vocational and Adult Education (OVAE) site visit team last March, on expenditure coding errors on the part of procurement staff of the DCPS Office of Contracts and Acquisitions (OCA).

We remain strongly committed to the view that none of our expenditures have violated the EDGAR prohibition on the use of federal funds for construction (Education Department General Administrative Regulations, 34 CFR sections 76.533).

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

EDGAR in fact offers no definition of the term "construction." But the title and wording of the applicable section make it clear that what the regulation seeks to prohibit is the use of federal funds to support the construction of buildings.

That section in its entirety reads as follows: "Section 76.533 Acquisition of real property; construction. - No State or subgrantee may use its grant or subgrant for acquisition of real property or for construction unless specifically permitted by the authorizing statute or implementing regulations for the program."

Under earlier iterations of federal vocational-technical education legislation, construction was specifically permitted and frequently pursued. In the State of Maine, to take a notable example, an entire statewide network of regional vocational-technical centers was constructed in the 1970s, primarily through the leveraging of federal funds.

None of the four reauthorizations of the Carl D. Perkins Act have of course included such authorization—and DCPS, in common with other Perkins State eligible agencies, has always been fully mindful of that fact, and has never entertained proposals to engage in building construction utilizing Perkins funds.

The particular expenditures which have been questioned in this finding were indeed coded as "construction" by procurement staff. But in reality, they constituted classroom and shop reopening and refurbishing projects—primarily clean up, paint up, fix up activities—which in no case and to no degree reached the threshold of building construction.

This is not in any way to suggest that these expenditures represented the "highest and best" uses of Perkins funds. We would of course much prefer to be making "higher order" expenditures, rather than basic ones. But they were absolutely essential prerequisites to any additional, more advanced program development and improvement activities, the fundamental mandate of the Perkins Act.

OCTE has been engaged for not quite four years in an ambitious effort to rebuild and renew career-technical education in the District almost from scratch, after its near dissolution during the 1990s. Just clearing out and equipping suitable space has often been the unavoidable foundation of our subsequent work, with respect to many high schools and program areas. To take an obvious case in point, the creation of the widely anticipated Cardozo Construction Academy, strongly supported by both employers and the community at large, would have been blocked at its very outset if OCTE had declined to make one of the expenditures which would be disallowed by this finding.

All that said, it should also be emphasized that OCTE has recently been assured, following the OVAE site visit, that sufficient District funds have been appropriated for upcoming program years to obviate any need to commit Perkins funds to facility upgrades and renovations. In addition, OCTE has prepared an explicit assurance that it will not engage in construction, to be submitted to OVAE as a revision to the D.C. Approved State Plan, and has attached a parallel assurance to the grant agreements that must be signed by every local recipient of Perkins funds.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-75	U.S. Department of Health and Human Services Head Start CFDA Number 93.600	Allowable Costs	Not Determinable

Criteria or Specific Requirement – In accordance with the Financial Assistance Award, paragraph 5, we noted that the recipient organization (i.e. DCPS) must carry out the details outlined in the grant, in accordance with the application made and approved by the Department of Health and Human Services (DHHS).

Condition – DCPS did not have a complete set of the grant agreement (including all annexures).

Context – This is a condition identified per review of DCPS' compliance with specified requirements. DCPS has not maintained Financial Assistance Award letters and subsequent amendments (1 through 5), including attachments A through C for the United Planning Organization (UPO) contract.

Effect – It is not possible to clearly determine the nature of activities that DCPS is required to perform under this grant. It is possible that there are terms and conditions in the grant that DCPS may not have adhered to or complied with.

Cause – Comprehensive policies and procedures are not in place to ensure the maintenance of necessary supporting documentation.

Recommendation – We recommend that DCPS adopt a system to ensure that all documentation related to the awarding of contracts and grants are properly maintained and available for review when requested.

Views of Responsible Officials and Planned Corrective Actions – A system must be in place to maintain and make available all documentation related to the awarding of contracts and grants. The documents must be available for tracking and record keeping purposes. The documents will be made available upon request.

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2005-76

This finding # was not used.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-77	U.S. Department of Education Vocational Education – Basic Grants to States CFDA Number 84.048	Eligibility	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement (Perkins Act) has certain guidelines for selecting subrecipients.

Condition – DCPS does not appear to be following these guidelines. The guidelines state that funding should be made in a specified ratio partially based on total enrollments in the school and partially based on the poverty levels of the children enrolled in the school. The compliance requirement (Perkins Act) also specifies that the amount to be spent on a public charter school subrecipient must be in the “same manner” as the non charter school subrecipient.

DCPS appears to consider the charter schools and the public schools as a single consortium and allocates a sum of money to this consortium from the grant it receives from the U.S. Department of Education. However the basis of the allocation of the funds was not supported during the audit process. The DCPS allocation plan proposes 75% funding for the public schools, and 25% funding for the public charter schools, with these percentages provided to those schools that are part of the consortium.

The compliance supplement states that DCPS would have been allowed to distribute funds on a competitive basis or any other method (a method not specified by the Perkins Act), only if the amount reserved for secondary education was less than 15%. However, we noted that the amount reserved for secondary education is well above 15%; hence DCPS does not have the option to deviate from the guidelines.

We also noted that while the planned funding was approximately 25% for public charter schools, the actual amount provided to public charter schools was less than 7% of the total vocational education grant expenditures in fiscal year 2005.

Based on the above facts, we conclude that funds were not disbursed to public charter schools in the same manner as public schools.

Context – This is a condition identified per review of DCPS' compliance with specified requirements and it impacts both public schools and charter schools.

Effect – DCPS' method of allocation to the Local Educational Agencies (LEA) appears to be arbitrary and constitutes a failure to meet the requirements of the Perkins Act. Support for the allocation was not able to be provided during the audit. This may result in valid programs remaining unfunded and may also lead to funding of unplanned programs at some of the schools.

Government of the District of Columbia

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

Cause – There appears to be a lack of understanding or agreement of the interpretations under the Perkins Act and its application to the DCPS' environment.

Recommendation – DCPS should take steps to ensure that funding to the individual LEAs is done on the basis specified in the Perkins Act. We noted that the U.S. Department of Education, in a recent site visit report, has stated that "while the Perkins III legislation provides various mechanisms for funding charter schools, the process used by the DCPS amounts to the use of funding pools determined by type of institution which is not permitted by legislation."

We also concur with the U.S. Department of Education report stating that the District can no longer be considered as a single consortium (i.e. a single LEA) since at least 3 other charter school LEAs exist (i.e. requested funding under this program), and they are eligible for funding.

Views of Responsible Officials and Planned Corrective Actions – As a matter of record, the Office of Career and Technical Education (OCTE) believes that the allocation process it has been using is neither arbitrary, inequitable, or improper. OCTE further contends that the mechanism it has employed to date is fully consistent with section 131—specifically, with section 131(g), *the only paragraph applicable to the unique circumstances of the District of Columbia*—and has been repeatedly approved by the U.S. Department of Education.

Section 131(b) sets forth a formula for allocating the "85% portion" of Perkins Title I funds among the local educational agencies (LEAs) within each State. The formula allocates the total available funds among all eligible recipients in proportion to the specific share of the total State population in selected age groups represented in the service area of each recipient.

But the District is unique among Perkins recipients in that it hosts multiple local educational agencies that all share the same service area—namely, *the entire District*. Each DC LEA serves the same percentage of the total State population in the age groups specified in section 131(b)—namely, 100%.

As a result, sections 131(b)(1)&(2) *cannot* be employed as basis for allocating funds among secondary eligible recipients in the District. Under these circumstances, the District has assumed it had no choice but to employ the provisions of section 131(g), which were specifically promulgated to meet the needs of any local educational agencies that, under the provisions of section 131(b), cannot obtain an allocation that is "sufficient to conduct a program which meets the requirements of section 135."

Section 131(g) encourages all LEAs in such circumstances to "form a consortium or enter into a cooperative agreement with an area vocational and technical education school," in order to "operate programs that are of sufficient size, scope, and quality to be effective."

In the District, *no* LEA can obtain *any* allocation under section 131(b), since the formula can't be applied. Thus, *all* LEAs are eligible to take advantage of the provisions of section 131(g). As detailed in our *Approved State Plan* (page 10-11), and *repeatedly reiterated in documents submitted for OVAE approval* (our *Consolidated Annual Reports*, for example), the District's policy has been to define the DCPS career-technical education programs as a district-wide, virtual "area vocational and technical education school," and then to invite all DC LEAs interested in participating in the Perkins program to constitute a "District of Columbia Consortium for Secondary Career-Technical Education."

Government of the District of Columbia

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

At the present time, a total of four LEAs have signed the cooperative agreements establishing the consortium: DCPS itself (the host system of just over a dozen public high schools that currently operate State-approved CTE programs), and three public charter high schools that are focused on CTE programming.

For planning purposes, for the 2006 program year, we earmarked 75% of the 85% portion for DCPS and 25% for the charter schools, to ensure that adequate funds were set aside for applications from charter schools; broadly speaking, 75% and 25% represented the respective shares of the total school population that were enrolled in public schools and public charter schools during that time period.

But regardless, grants of Perkins funds to individual charter schools have been made independently of each other, on a stand-alone, rolling basis. No arbitrary limits have been imposed; rather, *all grants have been made strictly on the basis of demonstrated need and conformity to State standards of quality, performance, and service.*

OCTE remains convinced that this process has been entirely equitable, and entirely proper relative to the overarching goal of using federal funds to foster programs that are of sufficient size, scope, and quality to be effective.

That said, OCTE has no objection, in principle, to exploring an alternative approach to establishing a funding formula for Perkins allocations in the District of Columbia that has been proposed by the site visit monitoring team from the Office of Vocational and Adult Education: that is, to employ the same formula used to allocate Title I funds under the Elementary and Secondary Education Act, as Revised (i.e., the No Child Left behind Act).

While equally *ad hoc* from the standpoint of the *literal* language of the Carl D. Perkins Act, this strategy has the benefit of being demonstrably faithful to the *intent* of the Perkins section 131(b) formula, to allocate funds in proportion to the level of poverty among the student population served.

OCTE has requested that the DCPS Office of Federal Grant Programs provide us access to the current table of allocation percentages under ESEA Title I. If it proves workable and acceptable to *adapt for Perkins purposes the funding methodology used to allocate ESEA Title I funds among DCPS and public charter schools*, it will obviate the need for a virtual DC-wide CTE consortium, which was promulgated simply to establish a statutory foundation for making Perkins awards under 131(g) in a context in which 131(b) seemed inapplicable.

Instead, OCTE will create a new award process revolving around local applications under section 134 submitted annually by each eligible recipient (i.e., DCPS-the-LEA and every CTE-participating public charter high school [five as of this writing]). The guidelines for this process will be incorporated into the *District of Columbia State Plan Revisions* which will be forwarded to OVAE by the specified compliance date of August 18, 2006.

Government of the District of Columbia

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2005-78

This finding # was not used.

Government of the District of Columbia

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-79	U.S. Department of Education Vocational Education – Basic Grants to States CFDA Number 84.048 Twenty-First Century Community Learning Centers CFDA Number 84.287 Education Technology State Grants CFDA Number 84.318 Improving Teacher Quality State Grants CFDA Number 84.367	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The State and its subgrantee may use funds for grant activities that shall supplement, and shall not supplant, non-federal funds expended to carry out such programs.

Condition – The requirement states that federal funds should not be used for programs which had been funded by nonfederal funds in the preceding year. It is noted that some of the major programs selected for testing did not have any nonfederal component attached to them and for others (i.e. Title I), there is no requirement for DCPS to track nonfederal funds usage separately.

It appears from data provided that DCPS has increased its federal and nonfederal spending during fiscal 2005 on an overall basis for all of the major programs. However, this data was not sufficient to identify if DCPS met this requirement on a grant-by-grant basis.

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

Effect – Because DCPS is not able to provide conclusive evidence that it is attempting to meet this requirement, it has the effect of not meeting the requirements of the OMB A-133 Compliance Supplement.

Cause – DCPS has not set up its systems to separately track the amount of local expenditures incurred on a program level. DCPS is only able to track, through the SOAR system, the amount of federal grant expenditures on a consolidated basis. Therefore, the system at DCPS cannot provide information on whether supplanting has occurred on a grant-by-grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. DCPS must set up a process to track funds on both a federal and a nonfederal basis and on a grant-by-grant basis. This should be monitored and reviewed at regular intervals.

Government of the District of Columbia

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

If there is any supplanting, the DCPS' funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – DCPS will continue to monitor costs to ensure that DCPS is in compliance with all federal policies and procedures which include the percentage required in meeting the objectives that are required by the grant. This will include the requirements for matching, level of effort, and earmarking for all grants. (Please use this response for CFDA 84.048, 84.287, 84.318).

The SEA does not concur with this finding. A-133 clearly defines under Level of Effort that an LEA exercising school wide program does not have to separately track Federal program funds once they reach the school. A school wide school is required to use Title I funds to support its school wide program to supplement the total amount of funds that would, in the absence of the Federal funds, be made available from state or local funds sources for that school, including funds needed to provide services that are required by law for children with disabilities and children with Limited English proficiency (Title I, Part A, Section 1114). The school wide program is not required to demonstrate that any particular services or costs is supplementary to the services or costs regularly provided in that school to all students.

DCPS LEA FY05 consolidated application clearly defined its goals and objectives and its intention in the use of Title I funds, to support the school wide program activities, which included professional development to teachers to improve the quality of instruction, parental involvement to increased parent participation in decisions made by the schools, and supplementary services and transportation services to support extra instructional services or transportation to the neediest children. These required program activities meet the intent and purposes of Title I to serve the low-achieving students. In addition, DCPS LEA did not demonstrate its Title I funds were used to support programs or services that are required by law such as for children with disabilities and Limited English proficiency.

Lastly, DCPS LEA could not have implemented its school wide program activities mandated under NCLB because there were no additional funding sources available to support these programs in FY 05.

The analysis to determine that supplement not supplant occurred in an LEA exercising school wide program should have not be done based on Federal versus non-federal funds, because school wide program's strategy is to strengthen the academic program of the LEA.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-80	U.S. Department of Education Special Education Cluster CFDA Numbers 84.027 and 84.173	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The Special Education Cluster has specific requirements for maintenance of effort that are established by the U.S. Department of Education. The requirements state that DCPS may not, on either a total or per capita basis, reduce the amount of State financial support for Special Education in the current fiscal year below the amount of financial support provided in the previous fiscal year. In addition, DCPS must expend an amount of local funds for the education of children with disabilities that is at least equal on either an aggregate or per capita basis, to the amount of local funds expended in the prior year.

Condition – DCPS did not have the necessary systems in place to provide us with information which may have indicated its compliance with these requirements at both the State Educational Agency (SEA) and Local Educational Agency (LEA) levels.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. Although the controls were not established or monitored during the fiscal year under audit, DCPS represents it was in compliance with the requirements at the end of the year.

Effect – Without effective controls in place and monitoring during the year, DCPS may not identify potential noncompliance with the requirements of this grant.

Cause – DCPS' systems were not able to provide the requisite information necessary to determine that these requirements were being met.

Recommendation – DCPS needs to establish the necessary systems to ensure it can monitor and support that it is in compliance with these requirements throughout a fiscal year and not just at year-end.

Views of Responsible Officials and Planned Corrective Actions – DCPS will continue to monitor costs to ensure that DCPS is in compliance with all federal policies and procedures in meeting the required objectives of the grant.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-81	U.S. Department of Education Vocational Education – Basic Grants to States CFDA Number 84.048	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – There is a subrecipient earmarking requirement which states that "subrecipients under the secondary school vocational education programs and post secondary and adult vocational education programs may use no more than 5% of those funds for administrative costs."

Condition – DCPS was not able to provide any reports received for each of the subrecipients which showed the amounts spent by the subrecipients on administrative costs. As a result of the lack of subrecipient monitoring, DCPS is unable to provide data that the subrecipients did not exceed the earmarked amounts for administrative expenses.

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

Effect – Since DCPS did not adequately monitor its subrecipients, DCPS cannot determine whether it is in compliance with this requirement.

Cause – Failure to adhere to the condition related to subrecipient earmarking is directly linked to the lack of subrecipient monitoring performed by DCPS during the fiscal year.

Recommendation – DCPS should set up proper policies and procedures for subrecipient monitoring and ensure the implementation of such policies and procedures.

Views of Responsible Officials and Planned Corrective Actions – DCPS agrees with the audit finding and recommendation. Since the grants to charter schools did not authorize expenditures at any level for administrative costs, the risk that the 5% ceiling was exceeded by any subrecipient should be minimal, except in an instance of a wholesale violation of the terms of a grant award. However, with respect to the general issue of subrecipient monitoring, OCTE concurs broadly with the recommendation to increase our level of effort. Staff reductions due to attrition and reassignments, combined with an informal hiring freeze in sectors of DCPS Central Administration, reduced the State Administration Unit within OCTE to approximately 40% of the minimum level required to meet all State-level responsibilities under the Carl D. Perkins Act. A recent reorganization of the Division of Academic Services (DAS) has established a finance and administration unit with greatly expanded capabilities. Beginning with the current program year, 7-1-06 through 6-30-07, DAS will carry out systematic and periodic compliance monitoring of OCTE sub recipients, including site visits, on not less than a semi-annual basis.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-82	U.S. Department of Education Education Technology State Grants CFDA Number 84.318	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – An SEA may retain no more than 5 percent of its annual allocation for State-level activities. Of the amount retained for State-level activities, no more than 60 percent may be used for administrative purposes.

Condition – In accordance with the provisions of the program, DCPS may set aside 5% of the grant amount for state activities, including a maximum of 3% for state administration expenses.

We noted that DCPS had earmarked the entire 5% or \$165,215 as 'state activity' expenditures in its SOAR accounting system. Of the \$165,215, a maximum of \$99,129 could be spent on state administration expenses. However, DCPS did not account for expenses separately and charged all 5% to state activities. Accordingly, since there was no separate amount earmarked for state administration expenses within SOAR, it is possible that the maximum amount for state administration expenses could have exceeded the maximum of \$99,129.

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

Effect – DCPS appears to be in violation of the required earmarking requirements.

Cause – DCPS did not earmark in its accounting system for state administration, but spending amounts earmarked for state activities on state administration.

Recommendation – DCPS should earmark amounts stipulated for state administration in its budget and charge administration expenses to the relevant earmarked amounts.

Views of Responsible Officials and Planned Corrective Actions – The SEA does not concur with this finding. A-133 clearly defines under Level of Effort that an LEA exercising school wide program does not have to separately track Federal program funds once they reach the school. A school wide school is required to use Title I funds to support its school wide program to supplement the total amount of funds that would, in the absence of the Federal funds, be made available from state or local funds sources for that school, including funds needed to provide services that are required by law for children with disabilities and children with Limited English proficiency (Title I, Part A, Section 1114). The school wide program is not required to demonstrate that any particular services or costs is supplementary to the services or costs regularly provided in that school to all students.

Government of the District of Columbia

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

DCPS LEA FY05 consolidated application clearly defined its goals and objectives and its intention in the use of Title I funds, to support the school wide program activities, which included professional development to teachers to improve the quality of instruction, parental involvement to increased parent participation in decisions made by the schools, and supplementary services and transportation services to support extra instructional services or transportation to the neediest children. These required program activities meet the intent and purposes of Title I to serve the low-achieving students. In addition, DCPS LEA did not demonstrate its Title I funds were used to support programs or services that are required by law such as for children with disabilities and Limited English proficiency.

Lastly, DCPS LEA could have not implemented its school wide program activities mandated under NCLB because there were no additional funding sources available to support these programs in FY05.

The analysis to determine that supplement not supplant occurred in an LEA exercising school wide program should have not be done based on Federal versus non-federal funds, because school wide program's strategy is to strengthen the academic program of the LEA.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-83	U.S. Department of Education Vocational Education – Basic Grants to States CFDA Number 84.048	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – A State must match, from non-federal sources and on a dollar-for-dollar basis, the funds reserved for administration of the State plan. The matching requirement may be applied overall, rather than line-by-line to State administrative expenditures (Perkins III, section 112(b); 20 USC 2322).

Condition – While substantiating whether DCPS had met the non-federal matching requirements, we noted that DCPS did not maintain adequate documentation supporting payroll costs which has been utilized to fulfill its matching requirement under this program. DCPS could not provide documentation such as the employee's appointment letters, terms and conditions of employment, allowable deductions and allowances, pay grade and step, and changes in pay information, since these documents are not maintained in personnel files.

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

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses used to meet matching requirements

Cause – DCPS is utilizing the Comprehensive Automated Personnel and Payroll System (CAPPS) to distribute full-time salaries among multiple organizational codes using a complex allocation mechanism. DCPS is unable to track how amounts are allocated from the CAPPS system to the SOAR general ledger. DCPS is therefore, unable to provide support for amounts recorded in its general ledger.

Recommendation – DCPS should ensure it can document how employee salaries and wages allocated to the general ledger are supported to meet the requirements of its grants.

Views of Responsible Officials and Planned Corrective Actions – Following a methodology formally approved by the U.S. Office of Vocational and Adult Education, DCPS meets the requirement under Perkins section 112(b)—for a dollar-for-dollar match of funds for State administration made available under section 112(a)(3)—with an annual "State" appropriation of \$250,000. The long-established policy of the State Office of Career and Technical Education (SOCTE) has been, and remains, to commit this entire amount to the personnel costs of SOCTE staff performing functions mandated under section 112(a)(3). This practice is carefully documented in the budget and personnel records of SOCTE. If there has been a determination that the CAPPS system allocates personnel resources in a "complex" manner which is inconsistent with SOCTE's clearly-defined budget and explicit records, any corrective actions must necessarily lie outside our area of responsibility.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-84	U.S. Department of Health and Human Services Head Start CFDA Number 93.600	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The Head Start Delegate Agency Agreement with United Planning Organization (UPO) requires DCPS to match 75% of federal amounts passed through from UPO.

Condition – Procedures revealed that DCPS had only matched approximately 66%.

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

Effect – Not tracking expenditures for matching requirements results in noncompliance with specified regulations.

Cause – Policies and procedures were not functioning as intended.

Recommendation – DCPS should establish procedures designating a staff person responsibility to monitor expenditures made during the year to ensure matching requirements are met.

Views of Responsible Officials and Planned Corrective Actions – The Office of Head Start program disagrees with this finding. The matching requirement for UPO has been met and has been demonstrated through payment of salaries for Head Start classroom teachers and local funding from the Department of Human Services used to support operations at the Frederick Douglass Phase II Center. In addition, the delegate portion of the UPO grant has been audited by the accounting firm, Gardiner, Kamyra and Associates, Inc., who received the A-133 contract. DCPS has complied with all of GKA's requests for documentation.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-85	U.S. Department of Health and Human Services Head Start CFDA Number 93.600	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – Charges to federal awards for salaries and wages, whether treated as direct or indirect costs, must be based on payroll documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

Condition – DCPS' Office of Human Resources (OHR) did not maintain adequate documentation supporting payroll costs for 3 out of 45 payroll items selected for review. In addition, we noted that OHR could not provide documentation such as the employee's appointment letters, terms and conditions of employment, allowable deductions and allowances, pay grade and step, and changes in pay information, since these documents are not maintained in personnel files.

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

Effect – DCPS' payroll expenditures charged to the federal grants listed above are not supported as required. Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures.

Furthermore, the lack of authorization of expenditures may lead to expenses being incurred, which are not allowed under the terms of the federal awards. The absence of the review of allocations could lead to amounts being incorrectly allocated to federal awards.

Cause – DCPS is utilizing the Comprehensive Automated Personnel and Payroll System (CAPPS) to distribute full-time salaries among multiple organization codes using a complex allocation mechanism. DCPS is unable to track how amounts are allocated from the CAPPS system to the SOAR general ledger. DCPS is therefore unable to provide support for amounts recorded in its general ledger.

Recommendation – OHR should ensure it can document how employee salaries and wages allocated to the general ledger are supported to meet the matching requirements of its grants.

Views of Responsible Officials and Planned Corrective Actions – DCPS disagrees and believes payroll items are adequately supported.

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2005-86

This finding # was not used.

Government of the District of Columbia

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2005-87

This finding # was not used.

Government of the District of Columbia

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-88	U.S. Department of Education Title I CFDA Number 84.010 Special Education Cluster CFDA Numbers 84.027 and 84.173 Vocational Education – Basic Grants to States CFDA Number 84.048 Safe and Drug Free Schools and Communities CFDA Number 84.184 Charter Schools CFDA Number 84.282 Twenty-First Century Community Learning Centers CFDA Number 84.287 Education Technology State Grants CFDA Number 84.318 Reading First State Grants CFDA Number 84.357 Improving Teacher Quality State Grants CFDA Number 84.367	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – According to 45 CFR 76, non-federal entities are prohibited from contracting with, or making sub-awards under covered transactions to parties that are suspended or debarred, or whose principals are suspended or debarred.

Condition – For all 215 procurement transactions sampled, DCPS was unable to provide supporting documentation, showing evidence that the vendors had been pre-checked and compared with the published list of suspended and debarred vendors.

Context – This is a condition identified per review of DCPS' compliance with specified requirements and a recurring issue from prior years.

Government of the District of Columbia

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

Effect – DCPS could inadvertently contract with or make subawards to parties that are suspended or debarred from doing business with the federal government.

Cause – DCPS does not have controls in place to ensure that vendors and subrecipients are not suspended or debarred from receiving federal funds. DCPS has no process to obtain or retain documentation for the grant files to demonstrate compliance has been met.

Recommendation – DCPS should develop procedures to ensure suspension and debarment requirements are met and documented.

Views of Responsible Officials and Planned Corrective Actions – The Office of Contracts and Acquisitions (OCA) response is as follows: Pursuant to the CFO Audit in March 2004, the District of Columbia Public Schools, OCA was advised that "DCPS lacks controls for obtaining certifications of suspension and debarments". Specifically, the finding suggested that procedures should be developed for each procurement office on how to identify any suspended and/or debarred vendors prior to setting up contracts greater than or equal to \$100,000. In addition, the audit indicated that "training should be conducted for procurement specialists".

In response to this audit, OCA:

- Provided continuous individualized training to the Contract Specialist and various Program Staff (upon request) on how to access the website for Excluded Parties for both the District-www.OCP.DC.GOV and Federal- www.EPLS.GOV;
- Required documentation of debarment and suspension for all contracts submitted to the Board of Education (\$100K) and the City Council (\$1 million);
- Formalized this directive February 16, 2006 by issuing Directive Number GA-8000-D-2006 for all contracts and purchase orders of equal or greater than \$100K;
- Developed a Contractor's Affidavit-Suspension, Debarment, Exclusion and Cost and Pricing Data for completion by proposed contractors; and
- Issued a memorandum to the Executive Directors for the Offices of Federal Grants Programs and Local Educational Agency Grant Program regarding the directive and policy.

In light of the above, OCA does not concur that this is a pervasive issue and a repeat finding from past years. Conversely, per this fiscal year 2005 audit, OCA has been provided a copy of the relevant Circular for Debarment and Suspension and advised that documentation of suspension and debarment should be retained in the contract file for every dollar expended using grant funds. To address this audit requirement, OCA will implement the following:

- Create and issue an additional directive requiring documentation of debarment or suspension for all grant funded small purchases under \$100,000 by October 31, 2006 or earlier;
- Implement the directive with continuous training commencing October 31, 2006 or earlier;
- Ensure that each contract file contains documentation of debarment and suspension; and
- Conduct random contract file reviews to monitor the implementation of the directives.

Government of the District of Columbia

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-89	U.S. Department of Health and Human Services Head Start CFDA Number 93.600	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – According to 45 CFR 76, non-federal entities are prohibited from contracting with, or making sub-awards under covered transactions to parties that are suspended or debarred, or whose principals are suspended or debarred.

Condition – For all 22 procurement transactions sampled, DCPS was unable to provide supporting documentation, showing evidence that the vendors had been pre-checked and compared with the published list of suspended and debarred vendors.

Context – This is a condition identified per review of DCPS' compliance with specified requirements and a recurring issue from prior years.

Effect – DCPS could inadvertently contract with or make subawards to parties that are suspended or debarred from doing business with the federal government.

Cause – DCPS does not have controls in place to ensure that vendors and subrecipients are not suspended or debarred from receiving federal funds. DCPS has no process to obtain or retain documentation for the grant files to demonstrate compliance has been met.

Recommendation – DCPS should develop procedures to ensure suspension and debarment requirements are met and documented.

Views of Responsible Officials and Planned Corrective Actions – The Office of Contract and Acquisitions agrees with the finding and recommendation. Since the September 2005 review by the Office of Compliance, the Office of Contracts and Acquisitions (OCA) has reconfigured its office, added additional personnel, developed performance measures and implemented policies and procedures to strengthen the procurement process. In addition, OCA has attempted to foster a constructive collaborative working relationship with its process partner, the Office of Facilities Management to improve the procurement process. Since the September 2005 review, the Chief Procurement Officer has taken critical steps to sure up the written policies and procedures associated with the procurement of goods and services for DCPS. A manager whose sole role is developing procedures, policies, and administrative issuances has been brought on board. In addition, performance measures have been developed and disseminated and all OCA employees have to satisfy annual training requirements. The Chief Procurement Officer has recognized that accurate and consistent documentation is critical to the procurement process and OCA employees have been directed to keep and maintain their files in a consistent manner. There has been an administrative directive issued exclusively addressing the establishment and maintenance of the contract files.

Government of the District of Columbia

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

The Chief Procurement Officer has informed all employees that any deviation from the procurement regulations of Title 27DCMR, including Chapter 17 that addressed emergency procurements will not be tolerated.

Since the initial review in September 2005, the following has occurred: Implementation of the performance measures, establishment of annual training requirements, and utilization of PASS which facilitates and expedites all procurements, including emergencies.

Government of the District of Columbia

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2005-90

This finding # was not used.

Government of the District of Columbia

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2005-91

This finding # was not used.

Government of the District of Columbia

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-92	All major programs selected at DCPS as identified at pages 35-36.	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – This finding addresses the procurement function for DCPS, as a whole.

Condition – During September 2005, the Office of Compliance reviewed DCPS' procurement procedures and noted the following:

- 1) The Office of Contracts Administration (OCA) and the Office of Facilities Management (OFM) did not provide the necessary training to their staff on the roles and responsibilities in the procurement process. The Compliance team found that both the OFM project managers (PM) were not aware of their responsibilities as the contracting officer's technical representatives (COTR) and the OCA contracting specialists overstepped their roles by providing technical information on projects to potential vendors without consulting with the applicable PMs.
- 2) The Office of Compliance also noted that the OCA and the OFM maintained independent databases that were not verified with the information in either the District Government's procurement system (ADPICS) or the system of accounting and reporting (SOAR). These databases did not provide unified information to either the OCA or the OFM to track the status of the procurement transactions.
- 3) Additionally, neither the OCA nor the OFM had written policies and procedures covering the procurement of goods and services for use in DCPS facilities. The Compliance team found that timelines for various procurement actions had not been established. Policies for recurring procurement of goods or services had not been established. It was found that the scope of work statements for some of the procurement actions were either vague or poorly written which allowed potential vendors wide latitudes in preparing bids for projects.
- 4) The Office of Compliance also noted that the procurement process is disjointed and fraught with:
 - Missing or incomplete documents and procurement files;
 - Delays in the issuance of invitation for bid (IFB) and requests for proposals (RFP); and
 - Delays in the award of purchase orders, contracts, and notices to proceed to contractors.
- 5) There is also an inadequate understanding of roles and responsibilities between OFM and OCA in the procurement process. The OCA's Construction Unit did not effectively track the time necessary to review the bid documents, process purchase orders, and prepare recommendations for contract awards. Because the Unit does not effectively track this data, OCA management is unable to identify the causes of the delays and to provide remedial action before critical projects and procurements are delayed.

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

- 6) OCA and OFM did not comply with the prescribed regulations for awarding of emergency procurements. The Office of Compliance identified the absence of documentation and the required tracking of emergency procurement actions by the Unit. This caused breakdowns in the procurement process for both construction and maintenance projects. The failure of both the OCA and the OFM to properly identify and track these emergency procurements resulted in awards that did not comply with the emergency and competitive procurement regulations in Title 27 of the District of Columbia Municipal Regulations (27 DCMR).

Context – The finding is based on the report of the Office of Compliance and appears to be a systemic issue.

Effect – The lack of supporting documentation, authorization, and review of expenditures may lead to expenses being incurred which are not allowed under DCPS' internal policies and under the conditions of federal awards. Additionally, the disjointed systems in place at both the OCA and the OFM could result in higher costs to DCPS.

Cause – The finding is based on the report of the Office of Compliance.

Recommendation – Procurement staff must be properly trained. DCPS must deploy resources to track the training status of all employees especially in the procurement department. The OCA and the OFM must work in synchronizing the databases. They must also have proper policies and procedures in place and ensure that procurement practices are adhering to the specified policies.

We refer to the full report for detailed explanations and recommendations.

Views of Responsible Officials and Planned Corrective Actions – The following responses are noted in correlation to the conditions identified above:

- 1) Since the September 2005 review by the Office of Compliance, the Office of Contracts and Acquisitions (OCA) has reconfigured its office, added additional personnel, developed performance measures, and implemented policies and procedures to strengthen the procurement process. In addition, OCA has attempted to foster a constructive collaborative working relationship with its process partner, the Office of Facilities Management to improve the procurement process.
- 2) With the implementation of the DCPS Procurement Automated Support System (PASS), the challenge of two seemingly incompatible data base systems becomes moot. In addition to centralizing, facilitating and expediting procurement requests, the PASS system also ensures that the procurement process is truly transparent. At any given time the program office, the procurement office, and even the financial office can access the system to be enlightened as to the status of any procurement request. Any procurement request can be definitively tracked.
- 3) Since the September 2005 review, the Chief Procurement Officer has taken critical steps to sure up the written policies and procedures associated with the procurement of goods and services for DCPS. A manager whose sole role is developing procedures, policies, and administrative issuances has been brought on board. In addition, performance measures have been developed and disseminated and all OCA employees have to satisfy annual training requirements.

Government of the District of Columbia

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

- 4) The Chief Procurement Officer has recognized that accurate and consistent documentation is critical to the procurement process and OCA employees have been directed to keep and maintain their files in a consistent manner. There has been an administrative directive issued exclusively addressing the establishment and maintenance of the contract files.

Delays can be attributed to a number of factors and/or variables: internal and external and without being provided specific instances to address or refer, it is difficult to respond to the comment. OCA employees have been apprised that any delays requested or caused by external factors are to be appropriately documented.

- 5) OCA has implemented an automatic procurement system that will assist both OCA and OFM in tracking the procurement from inception to execution. At any given time an OCA or OFM employee can inquire and ascertain the status of any procurement request. Historically, any delays associated with procurement generally stem from the failure to provide essential documentation: a clear defined scope of work, an itemized and detailed government estimate, and sufficient funding to award the proposed procurement action.
- 6) The Chief Procurement Officer has informed all of his employees that any deviation from the procurement regulations of Title 27DCMR, including Chapter 17, that addressed emergency procurements will not be tolerated. Since the initial review in September 2005, the following has occurred: Implementation of performance measures, establishment of annual training requirements, and utilization of PASS which facilitates and expedites all procurements, including emergencies.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-93	U.S. Department of Education Safe and Drug Free Schools and Communities CFDA Number 84.184	Reporting	Not Determinable

Criteria or Specific Requirement – The U.S. Department of Education requires DCPS to submit the final performance report 90 days after the end of the grant.

Condition – DCPS could not provide documented evidence that the fiscal year 2005 annual performance report was prepared by management and submitted to the U.S. Department of Education. A report was filed in February 2005 titled 'Final Report' but we noted that the grant ran all the way through September 2005, hence another report was due by December 31, 2005. Further, the report filed in February 2005 did not appear to have the necessary approval sign-offs.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. We did not note controls in place to prevent the situation from re-occurring.

Effect – The lack of filing a report is a violation of the grant terms and conditions.

Cause – There does not appear to be a system in place at DCPS to monitor the reporting information related to this grant including the timely filing of reports. Much of the program was handled by a third party, Triad Health Management, whose responsibilities included preparation of the necessary reports.

Recommendation – We recommend DCPS adopt processes and oversight systems so that the DCPS is able to adequately ensure the timely filing of required reports.

Views of Responsible Officials and Planned Corrective Actions – DCPS disagrees with the finding and recommendation. DCPS submitted a final report which includes program evaluation information pertinent to the grant's goals and objectives of determining the efficacy of new types of service delivery models.

Government of the District of Columbia

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-94	U.S. Department of Health and Human Services Head Start CFDA Number 93.600	Reporting	Not Determinable

Criteria or Specific Requirement – Per the grant award, semi-annual financial reports are required to be submitted 30 days after the end of the second and fourth quarter of the grant period.

Condition – A semi-annual financial status report was due to be filed on September 30, 2005 but was submitted on November 8, 2005.

Additionally, DCPS was unable to provide any support for the local matching portion numbers that were reported on the semi-annual financial status report, including payroll costs and in-kind contributions. With respect to the payroll costs, the numbers on the report could not be verified since it had not been reconciled to the DCPS accounting system. With respect to the in-kind contributions, \$6 per square foot was utilized for purposes of estimating the in-kind contributions for usage of classroom space. There was no adequate support detailing how the rate of \$6 per square feet was determined.

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

Effect – Failure to submit reports on time could result in suspension or termination of funding. In addition, weak internal controls over supporting documentation could lead to disallowed costs.

Cause – Policies and procedures were not functioning as intended.

Recommendation – DCPS should establish policies and procedures over the maintenance of underlying data and also should establish policies to ensure reports are submitted on a timely basis.

Views of Responsible Officials and Planned Corrective Actions – The Office of Head Start Program disagrees with this finding and takes exception. DCPS files all its reports to the ACF Region III Office in a timely fashion. DCPS has documentation of all payroll salaries of the Head Start classroom teachers, the primary source of the non-federal share. In fiscal year 2006, the Budget Office created a separate program code so that the salaries would be reflected on SOAR. The auditor questioned the use of square footage and the calculation for space costs. These terms were derived by the Realty Office and the calculations were accepted by three federal fiscal reviewers in April 2006. The Head Start Program will continue to work with Realty and consult with OFOS to ensure that the square footage and utility costs are updated.

Government of the District of Columbia

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-95	U.S. Department of Education Special Education Cluster CFDA Numbers 84.027 and 84.173 Vocational Education – Basic Grants to States CFDA Number 84.048 Charter Schools CFDA Number 84.282	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – As required by the Common Rule, grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity. The Single Audit Act also requires pass-through entities to monitor subrecipients' use of federal awards through site visits, limited scope audits, or other means.

Condition – DCPS cannot provide evidence that it is properly monitoring subrecipients during fiscal year 2005 as required under OMB Circular A-133 guidelines. We noted the following:

- 1) Special Education Cluster: It appears as though no site visits were conducted during the year. DCPS also has not obtained financial reports and performance reports from each subgrantee as required per the sub grant agreements or applications. We did note that during fiscal year 2006, DCPS had begun conducting site visits, interviews, and financial reviews of subrecipients related to the 2005 Special Education IDEA, Part B grant. The targeted deadline of completion was July 15, 2006.
- 2) Vocational Education – Basic Grants to States: It appears as though no site visits were conducted during the year. DCPS also did not carry out the monitoring procedures specified in the grant agreements with its subrecipients. There are several reports such as financial, performance, and fixed assets inventory reports which the subrecipients are required to submit. No evidence was provided concerning the submission of these reports.
- 3) Charter Schools: For 3 of 13 sample items we selected to test, DCPS could not provide any financial and programmatic reports from subrecipients as required by the grant award compliance requirement and the DCPS State Educational Agency (SEA).

Context – This is a condition identified per review of DCPS' compliance with specified requirements and appears to be a systemic issue.

Government of the District of Columbia

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

Effect – Lack of monitoring during the fiscal year could result in subrecipients not using federal funds for the purposes that DCPS or the federal agency intends. This could lead to improper usage and/or waste of the funds and increases fraud risks. DCPS has no method of knowing how the funds are actually being used if it does not perform the required monitoring.

Cause – Comprehensive policies and procedures are not in place to ensure adequate subrecipient monitoring occurred in during fiscal year 2005 and evidence of actual subrecipient monitoring was not provided by DCPS during the audit.

Recommendation – DCPS should set up proper policies and procedures for subrecipient monitoring and ensure the implementation of such policies and procedures. These policies may include the following:

- Reviewing the financial and programmatic reports received from subrecipients
- Documenting the results of the review of subrecipient reports
- Following up on past-due reports by sending out reminder letters and taking disciplinary action by withholding funding
- Maintaining a log of reports outstanding and received

In addition, DCPS must carry out regular site visits and interviews and perform regular financial reviews for its subrecipients in a timely manner to identify any potential noncompliance.

Views of Responsible Officials and Planned Corrective Actions – The following is noted:

Special Education Cluster: DCPS will set a system in place to ensure proper tracking of subrecipient monitoring for FY 2006. DCPS has procedures in place; adequate staff must be available to implement the procedures.

Vocational Education – Basic Grants to States: The Office of Career and Technical Education (OCTE) concurs broadly with this finding, and with the recommendation to increase our level of effort. Staff reductions due to attrition and reassignments, combined with an informal hiring freeze in sectors of DCPS Central Administration, reduced the State Administration Unit within OCTE to approximately 40% of the minimum level required to meet all State-level responsibilities under the Carl D. Perkins Act. A recent reorganization of the Division of Academic Services (DAS) has established a finance and administration unit with greatly expanded capabilities. Beginning with the current program year, 7-1-06 through 6-30-07, DAS will carry out systematic and periodic compliance monitoring of OCTE sub recipients, including site visits, on not less than a semi-annual basis.

Charter Schools: DCPS will set a system in place to ensure proper tracking of subrecipient monitoring for FY 2006. DCPS has procedures in place; adequate staff must be available to implement the procedures.

Government of the District of Columbia

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-96	U.S. Department of Education Title I CFDA Number 84.010	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals	Not Determinable

Criteria or Specific Requirement – Per the No Child Left Behind Act (Title I, Section 1119(a) of ESEA (20 USC 6319(a)); 34 CFR sections 200.55, 200.56 and 200.58) all teachers hired after the first day of the 2002-2003 school year and paraprofessionals hired after January 8, 2002 must meet the Highly Qualified Teachers and Paraprofessionals standards as outlined in the Act.

Condition – The Office of Human Resources (OHR) could not provide documentation that the teachers and paraprofessionals hired after implementation of the No Child Left Behind Act met the Act's standards of a highly qualified teacher or paraprofessional.

- 1) For 2 of 36 teachers selected, OHR could not provide evidence that the teacher had a current teaching certificate or license.
- 2) For 1 of 9 paraprofessionals selected, OHR could not provide evidence that these individuals met the specified educational requirements to be considered highly qualified.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. Additionally, an audit conducted by the U.S. Department of Education in February 2006, noted "The DC SEA informed the ED team that it had not verified the college transcripts of the paraprofessionals who responded to the survey. In the absence of a tracking system, the DC SEA is unable to monitor the progress of the paraprofessionals toward meeting the highly qualified requirements within the required time frame" (Indicator 2.1 – Department of Education Student Achievement and School Accountability Program (SASA) office report).

Effect – Lack of proper supporting documentation could result in noncompliance with the applicable special tests and provisions of the grant agreement and other federal regulations.

Cause – DCPS failed to ensure it retained the necessary supporting documentation to verify that individuals met the highly qualified teachers and paraprofessionals requirements.

Recommendation – OHR should improve its document retention function and hiring practices to ensure that the supporting documents for all teachers and paraprofessionals is retained and that the federal requirements for hiring highly qualified teachers and paraprofessionals is followed and can be substantiated.

Views of Responsible Officials and Planned Corrective Actions – DCPS recognized this deficiency prior to the audit, and has worked diligently to rectify data collection deficiencies by programming the new position of Licensure Administrator in the fiscal year 2006 budget.

Government of the District of Columbia

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

The Licensure Administrator was hired in July 2005, and the selected applicant brings extensive highly qualified and certification experience to DCPS. The Licensure Administrator serves a critical role in the Department of Human Resources' (DHR) mission of ensuring that the District of Columbia Public Schools (DCPS) attracts, recruits, hires, and maintains highly qualified teachers, administrators, service providers, and instructional paraprofessionals.

The Administrator is the DHR's source for obtaining and providing information on the licensure/highly qualified status of DCPS employees to the Chief Business Operations Office, Superintendent, Board of Education, and the state and the federal government. The administrator is also the DCPS point of contact for responses the NCLB's *Parents Right to Know* provision.

The Licensure Administrator not only assumes DCPS' responsibility for tracking certification and highly qualified licensure status information on all personnel, including administrators, teachers, paraprofessionals, and service providers, but is also responsible for developing systems and resources to help them achieve such status.

The DCPS Local Educational Agency (LEA) paraprofessional data collection for school year 2005-06 was due from the schools on May 17, 2006. At the conclusion of the data analysis in July, 2006, the Licensure Administrator will be able to provide system-wide and individual school listings of all of the paraprofessionals in the DCPS LEA and their status towards meeting the highly qualified requirements for non-instructional and instructional paraprofessionals.

If it is discovered that there are persons who do not possess a high school diploma working in instructional support positions, they will be moved to duties in the food services, cafeteria or playground supervision, personal care services, non-instructional computer assistance, or a similar area which is not considered the role of "paraprofessional" as defined by Title I, Section 1119(g) (2).

In addition, the DHR is on track to provide school year 2005-06 highly qualified teacher data to the state no later than August 2006. During the 2006-07 school years, teachers who have not yet met the requirements will be placed on individualized Highly Qualified Action Plans that will be monitored by the Licensure Administrator to ensure their completion by the end of the school year.

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

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-97	U.S. Department of Education Twenty-First Century Community Learning Centers CFDA Number 84.287	Special Tests and Provisions: Participation of Private School Children	Not Determinable

Criteria or Specific Requirement – Compliance requirements dictate that a State Educational Agency (SEA), Local Educational Agency (LEA), or any other educational service agency (or consortium of such agencies) receiving financial assistance under an applicable program must provide eligible private school children and their teachers or other educational personnel with equitable services or other benefits under these programs.

Condition – DCPS did not have sufficient documentation to prove that all subrecipients of this award were carrying out meaningful consultations with private schools. While DCPS provided some subrecipient evidence of initial consultations, evidence of subrecipients following through on those consultations was not provided for a majority of the subrecipients. Therefore, we were not able to conclude that students and teachers of private schools had been treated equitably.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. Consultation records were not available for 2 of the 6 subrecipients and 2 other subrecipients did not provide any follow-up data.

Effect – DCPS cannot provide evidence that eligible private school children and their teachers or other educational personnel were provided with equitable services or other benefits under these programs as required.

Cause – DCPS should have requested and obtained private school participation details from each of the prospective subrecipients prior to the funding being distributed. This was not done comprehensively. This resulted in applicants being funded by the grant even though they had not properly submitted consultation details.

DCPS also could not provide documentation showing that the subgrantees who had stated during the initial consultations with private schools there was possible future interest, had carried out any form of follow up action and reported on the same.

Recommendation – DCPS needs to implement processes and procedures to ensure the required consultations are conducted and documented to meet the compliance requirements. DCPS must improve its monitoring process related to these types of compliance findings. In addition, DCPS needs to address its policies and procedures to improve the timeliness and accuracy of its reporting process.

Views of Responsible Officials and Planned Corrective Actions – The Office of SEA concurs with the finding and recommendation. The Office of SEA is aware that this condition existed in school year '04-05 and has taken steps to adequately address this issue.

Government of the District of Columbia

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

The Office of SEA provided written evidence to the auditors that an amendment was distributed for RFA #0628-04 that requested applicants submit information regarding consultation with non-public schools. This amendment was issued on July 8, 2004, and we are currently ensuring that appropriate consultation and follow-up is being conducted.

Government of the District of Columbia

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

2005-98 Allowable Costs: Recordation of Expenditures via Transfer Journal Entries

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2005-98	U.S. Department of Education Special Education Cluster CFDA Numbers 84.027 and 84.173	Allowable Costs: Recordation of Expenditures via Transfer Journal Entries	\$60,030

Criteria or Specific Requirement – The lack of proper expenditure allocation to grants during the course of the fiscal year and a single journal entry expenditure re-allocation by journal entries at fiscal year-end coupled with the inability of DCPS to provide supporting documentation is a violation of the Code of Federal Regulations.

Condition – For 1 of the 29 disbursement sample items tested for allowability of costs, we noted there was a transfer of expenditures made via a journal entry. This journal entry related to non-federal programmatic expenditures which had not been charged to the federal grant at the time the transactions occurred. Instead, a journal entry was prepared at year-end to transfer and reflect these transactions as federal Special Education Cluster expenditures.

The journal entry selected for testing was for \$2,000,000. Per our review of the supporting documents provided, it was noted one invoice totaled \$698,558, but the actual payment made amounted to \$758,588. This results in an overpayment of \$60,030. DCPS was unable to provide adequate details of why this was overpaid or provide adequate details of any adjustment which was made against this payment.

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

Effect – It is possible that federal grants may be overcharged.

Cause – DCPS does not allocate expenses to federal and non-federal components on an invoice-by-invoice basis. Instead, a year-end transfer entry is processed.

Recommendation – DCPS should allocate each and every amount entered into its general ledger, either through invoices, other payments, etc. into a federal and a non-federal component at the time of entry rather than through a transfer entry at year-end. If transfers at year-end are determined to be the appropriate treatment, adequate supporting documentation should be maintained.

Views of Responsible Officials and Planned Corrective Actions – DCPS disagrees and takes exception with the audit finding and recommendation. DCPS has sufficient supporting documents for more than \$90 million in Special Education non-public tuition.

**Summary Schedule of
Prior Audit Findings and
Management's Corrective
Action Plan**

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Individual Responsible for Corrective Action Plan:

Willadene Tolmachoff
 Government of the District of Columbia
 Office of Integrity and Oversight
 Audit Manager
 202-442-8277

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Housing and Community Development (DHCD)				
04-04	Community Development Block Grant	Allowable Costs - Cost Allocation Plan	14.218	Repeated. Finding No. 2005-19.
04-05	Community Development Block Grant	Allowable Costs - Payroll	14.218	Repeated. Finding No. 2005-18.
District Agency: Office of the City Administrator (OCA)				
04-06	Byrne Formula Grant Program	Allowable Costs - Payroll	16.579	Repeated. Finding No. 2005-47.
04-07	Local Law Enforcement Blocks Grant Program	Allowable Costs - Payroll	16.592	Repeated. Finding No. 2005-47.
04-08	Crime Victim Assistance	Allowable Costs - Payroll	16.575	Repeated. Finding No. 2005-47.
District Agency: Department of Employment Services (DOES)				
04-09	Unemployment Insurance	Cash Management	17.225	Repeated. Finding No. 2005-42.
04-10	Youth Opportunity Grant	Cash Management	17.263	This program was not selected as a major program for testing in fiscal year 2005. Similar Finding No. 2005-42.

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: District Department of Transportation (DDOT)				
04-11	Highway Planning and Construction	Davis-Bacon Act	20.205	Partially corrected. Finding No. 2005-08.
District Agency: District of Columbia Public Schools (DCPS)				
04-12	Title I, Special Education Cluster, Improving Teacher Quality	Allowable Costs - Payroll	84.010, 84.027, 84.173, 84.367	Repeated. Finding No. 2005-71.
04-13	Title I, Special Education Cluster, Improving Teacher Quality	Allowable Costs - Accrued expenses	84.010, 84.027, 84.173, 84.367	Partially corrected. Finding No. 2005-98.
04-14	Special Education Cluster, Improving Teacher Quality	Allowable Costs - Lack of supporting documentation	84.027, 84.173, 84.367	Corrected.
04-15	Title I, Reading First State Grants, Improving Teacher Quality	Allowable Costs	84.010, 84.357, 84.367	Partially corrected. Finding No. 2005-98.
04-16	Title I, Reading First State Grants	Equipment and Real Property Management	84.010, 84.357	Corrected.
04-17	Special Education Cluster	Level of Effort	84.027, 84.173	Repeated. Finding No. 2005-80.
04-18	Special Education Cluster	Allowable Costs	84.027, 84.173	Repeated. Finding No. 2005-92.
04-19	Title I, Special Education Cluster, Reading First State Grants, Improving Teacher Quality, Title VI State Assessment, Head Start	Procurement, Suspension, and Debarment	84.010, 84.027, 84.173, 84.357, 84.367, 84.369, 93.600	Repeated. Finding No. 2005-88.

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: District of Columbia Public Schools (DCPS) - cont'd.				
04-20	Title I	Reporting	84.010	Corrected.
04-21	Title I, Special Education Cluster, Improving Teacher Quality	Subrecipient Monitoring	84.010, 84.027, 84.173, 84.367	Partially corrected. Finding No. 2005-95.
04-22	Finding number not used in fiscal year 2004.			
04-23	Finding number not used in fiscal year 2004.			
04-24	Title I	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals	84.010	Repeated. Finding No. 2005-96.
District Agency: Department of Human Services (DHS)				
04-25	Vocational Rehabilitation	Eligibility	84.126	Repeated. Finding No. 2005-11.
04-26	Child Care Cluster	Eligibility	93.596	Repeated. Finding No. 2005-10.
District Agency: Office of Attorney General (OAG)				
04-27	Child Support Enforcement	Allowable Costs	93.563	Repeated. Finding No. 2005-57.
04-28	Finding number not used in fiscal year 2004.			
04-29	Child Support Enforcement	Eligibility	93.563	Partially corrected. Finding No. 2005-64 through 2005-67.
04-30	Child Support Enforcement	Procurement, Suspension, and Debarment	93.563	Repeated. Finding No. 2005-61.

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Office of Attorney General (OAG) - cont'd.				
04-31	Child Support Enforcement	Special Test Provisions: Establishment of Paternity and Support Obligations	93.563	Partially Corrected. Finding No. 2005-64.
04-32	Child Support Enforcement	Special Test Provisions: Enforcement of Support Obligations	93.563	Partially Corrected. Finding No. 2005-66.
04-33	Child Support Enforcement	Special Test Provisions: Securing and Enforcing of Medical Support Obligations	93.563	Partially corrected. Finding No. 2005-65.
04-34	Child Support Enforcment	Special Test Provisions: Provision of Child Support Services for Interstate Cases	93.563	Partially Corrected. Finding No. 2005-67.
District Agency: District of Columbia Energy Office (DCEO)				
04-35	Low Income Energy Assitance Program	Allowable Costs	93.568	Corrected.
04-36	Low Income Energy Assitance Program	Reporting	93.568	Partially corrected. Finding No. 2005-07.
District Agency: Child and Family Services Agency (CFSA)				
04-37	Foster Care	Eligibility	93.658	Repeated. Finding No. 2005-37.
04-38	Foster Care	Eligibility	93.658	Repeated. Finding No. 2005-38.
District Agency: Department of Health (DOH)				
04-39	Housing Opportunities for People with AIDS	Allowable Costs	14.241	Repeated. Finding No. 2005-23.

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Health (DOH) - cont'd.				
04-40	Housing Opportunities for People with AIDS	Earmarking	14.241	Repeated. Finding No. 2005-26.
04-41	Housing Opportunities for People with AIDS	Reporting	14.241	Corrected.
04-42	Housing Opportunities for People with AIDS	Subrecipient Monitoring	14.241	Repeated. Finding No. 2005-32.
04-43	Public Health & Social Services Emergency Fund	Equipment and Real Property Management	93.003	Corrected.
04-44	Public Health & Social Services Emergency Fund	Procurement, Suspension, and Debarment	93.003	This program was not selected as a major program for testing in fiscal year 2005. Similar Finding No. 2005-27.
04-45	Centers For Disease Control & Prevention - Investigations/Technical Assistance	Allowable Costs	93.283	Repeated. Finding No. 2005-22.
04-46	Centers For Disease Control & Prevention - Investigations/Technical Assistance	Equipment and Real Property Management	93.283	Corrected.
04-47	Centers For Disease Control & Prevention - Investigations/Technical Assistance	Procurement, Suspension, and Debarment	93.283	Corrected.

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Health (DOH) - cont'd.				
04-48	Medical Assistance Program Cluster	Allowable Costs	93.775, 93.777, 93.778	Repeated. Finding No. 2005-22.
04-49	Finding number not used in fiscal year 2004.			
04-50	HIV Emergency Relief Project Grants	Allowable Costs	93.914	Repeated. Finding No. 2005-22.
04-51	HIV Emergency Relief Project Grants	Level of Effort/Earmarking	93.914	Corrected.
04-52	HIV Emergency Relief Project Grants	Procurement, Suspension, and Debarment	93.914	Corrected.
04-53	HIV Emergency Relief Project Grants	Subrecipient Monitoring	93.914	Repeated. Finding No. 2005-31.
04-54	HIV Care Formula Grants	Allowable Costs	93.917	Repeated. Finding No. 2005-22.
04-55	HIV Care Formula Grants	Matching/Earmarking	93.917	Corrected.
04-56	HIV Care Formula Grants	Procurement, Suspension, and Debarment	93.917	Repeated. Finding No. 2005-27.
04-57	HIV Care Formula Grants	Subrecipient Monitoring	93.917	Repeated. Finding No. 2005-31.
04-58	HIV Prevention Activities	Allowable Costs	93.940	Repeated. Finding No. 2005-22.
04-59	HIV Prevention Activities	Procurement, Suspension, and Debarment	93.940	Repeated. Finding No. 2005-27.

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
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District Agency: Department of Health (DOH) - cont'd.

04-60	Finding number not used in fiscal year 2004.			
04-61	HIV Prevention Activities	Subrecipient Monitoring	93.940	Repeated. Finding No. 2005-31.
04-62	Block Grants for Prevention & Treatment of Substance Abuse	Level of Effort/Earmarking	93.959	Corrected.
04-63	Block Grants for Prevention & Treatment of Substance Abuse	Procurement, Suspension, and Debarment	93.959	Corrected.
04-64	Block Grants for Prevention & Treatment of Substance Abuse	Reporting	93.959	Corrected.
04-65	Block Grants for Prevention & Treatment of Substance Abuse	Subrecipient Monitoring	93.959	Repeated. Finding No. 2005-31.
04-66	Block Grants for Prevention & Treatment of Substance Abuse	Special Tests and Provisions: Independent Peer Reviews	93.959	Repeated. Finding No. 2005-33.
04-67	Maternal & Child Health Services Block Grant to the States	Allowable Costs	93.994	Repeated. Finding No. 2005-22.
04-68	Maternal & Child Health Services Block Grant to the States	Allowable Costs	93.994	Corrected.

Government of the District of Columbia

Summary Schedule of Prior Audit Findings and Management's Corrective Action Plan

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Health (DOH) - cont'd.				
04-69	Maternal & Child Health Services Block Grant to the States	Earmarking	93.994	Repeated. Finding No. 2005-25.
04-70	Maternal & Child Health Services Block Grant to the States	Procurement, Suspension, and Debarment	93.994	Corrected.
04-71	Maternal & Child Health Services Block Grant to the States	Reporting	93.994	Repeated. Finding No. 2005-29.
04-72	Maternal & Child Health Services Block Grant to the States	Subrecipient Monitoring	93.994	Repeated. Finding No. 2005-31.
04-73	Finding number not used in fiscal year 2004.			
District Agency: Office of the City Administrator (OCA)				
04-74	Urban Areas Security Initiative	Reporting	97.008	Partially Corrected. Finding No. 2005-52.
04-75	Urban Areas Security Initiative	Subrecipient Monitoring	97.008	Repeated. Finding No. 2005-54.