

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-28	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2009G9909CS Grant Award Period: 10/1/08-9/30/09	Cash Management: Funding Technique	Not Determinable

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

- Non-payroll program payments require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 11 out of the 20 drawdowns made in FY 2009 totaling \$11,183,357 and noted that all 11 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DTCB0806, DTCB0806(1), DTCB0807, DTCB0807(1), DTCB0901, DTCB0910, DTCB0911, DTCB0913, DTCB0915, DTCB0916, and DTCB0918 were made later than required by the CMIA agreement.

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

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

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

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

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Views of Responsible Officials and Planned Corrective Actions – OAG agrees that the drawdowns were not in compliance with the requirements of the CMIA agreement in regards to timeliness. During FY 2009, new policies and procedures were established for the performance of quarterly reconciliations.

These procedures were enhanced during FY 2010. Prior to drawing down grant funds, a CFO Solve report of grant expenditures by date is reviewed so that drawdowns are performed consistent with CMIA funding techniques. However, 100% compliance with the CMIA agreement was difficult to achieve because of the following factors:

1. Based on the current funding method, the clearance pattern would have required multiple drawdowns per week because expenditures were incurred almost daily.
2. Grant funds were not always awarded in a manner which ensured that funds were available for drawdown in the Federal payment management system.

OAG conducts ongoing reviews of its policies and procedures so that improvements/compliance with the CMIA agreement can be achieved.

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2009-29	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2009G9909CS Grant Award Period: 10/1/08-9/30/09	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – OAG and the Office of Contracting and Procurement (OCP) were unable to provide proper documentation to support that 2 out of the 5 procurement files sampled were in accordance with OCP's policies and procedures. We noted the following:

- In 1 out of the 5 procurement items selected for testing, there was no documentation to support the history and rationale for the procurement. As a consequence, we were unable to conclude whether this procurement had provided for full and open competition or even whether there was any rationale to limit competition. We were also unable to conclude whether any cost or price analysis had been performed in this instance.
- In 1 out of the 5 procurement items selected for testing, there was no documentation for the approval of the extension of the contract period. As a consequence, we were unable to conclude whether expenditures incurred after the contract period were properly procured.
- Further, in both of the procurement selections mentioned above, there was no support to show that OAG or OCP had validated that the vendor was not suspended or debarred from providing services where federal funds were utilized.

Context – This is a condition identified per review of OAG's compliance with specified requirements. We reviewed 5 procurement files totaling \$4,225,116.

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

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

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

Views of Responsible Officials and Planned Corrective Actions – The following responses were provided by the respective agencies:

OCP Response: As of December 2009, the Office of Contracting & Procurement (OCP), through its Agency Contracting Officer (ACO) Training and Certification Program, delegated contracting authority to an Office of the Attorney General (OAG) procurement professional for transactions valued at \$25,000 or less. This additional resource, embedded within the agency, will also provide advice and counsel to both OAG and OCP on procurement related matters, ensuring that proper practices, laws, and guidelines are adhered to.

During the fourth quarter of FY 2009, OCP took action, for its small procurement transactions (less than \$100,000), to begin retaining documentation electronically in the Procurement Automated Support System (PASS). Additionally, to ensure that OCP's large procurement transactions (greater than or equal to \$100,000) are properly documented and supporting evidence retained, in December 2009, OCP awarded the contract for the implementation of the ARIBA Contract Compliance (ACC) module, which will serve as a centralized repository of all District contract information.

As of January 2010, OCP, the Office of the Chief Technology Officer (OCTO), and the vendor initiated the implementation kick-off. Throughout FY 2010 and into early FY 2011, the implementation phases will progress, beginning with and continuing to include: (1) defining the user requirements; (2) customizing & developing the system; (3) conducting user testing; and (4) implementation (which includes both a communication and training plan for users). Equally critical to the successful implementation of the ACC module and full remediation of this finding will be the migration of the current and active contracts from OCP and the independent agencies into PASS.

OAG Response: OAG has informed OCP of applicable federal laws and regulations, including federal grant provisions, which govern the District's IV-D Program for which OAG is responsible, and the agency has instituted policies to ensure compliance with these laws and regulations. For example, OAG and OCP have instituted an internal policy where OAG places a reminder in the comments section of the pre-encumbrance funding documentation to conduct a Federal excluded parties search before making any awards on behalf of OAG's IV-D Program.

In addition, OAG has taken other steps in an effort to ensure that applicable federal laws and regulations are followed and to avoid awards being inappropriately made. Such steps include maintaining its own thorough files in order to supplement the official contract files maintained by OCP, in the event that OCP determines that necessary documentation is missing from the official files and seeks OAG's assistance to ensure the official files are complete.

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The contract files that OAG maintains include (amongst other things) the following: (i) costs/price analyses and market research performed by OAG personnel; (ii) funding documentation, including funding certifications, requisitions, and Purchase Orders; (iii) bidders' lists prepared by OAG personnel; (iv) solicitation documentation, including request for proposals (RFPs) and amendments; and (v) post award documentation, including award letters, contracts, contract modifications, and contract extension documents.

Such steps also include OAG personnel performing its own Federal excluded parties search and providing the results to OCP for the official file (just in case OCP fails to do so), in addition to placing the results in OAG's file, and requesting OCP to comply with the requirement set forth in OMB Circular A-102 regarding specifying in the announcement of the awarding of contracts with an aggregate value of \$500,000 or more the amount of Federal funds that will be used to finance the acquisition.

The District has elected to make OCP the District's centralized official contracting and procurement body, and as such, OCP is responsible for handling the official procurement process for procurements made by District agencies (excluding those with independent procurement authority). Such responsibility includes, but is not limited to, advertising solicitations, making sure that full and open competition has ensued (unless a sole source is justified), and checking tax compliance and suspension and debarment status of offerors. In its capacity as the District's official contracting body, OCP is also responsible for maintaining the official contract files documenting all steps taken during the procurement process.

While OCP remains responsible for procuring goods and services on behalf of OAG's Child Support Enforcement Program, OAG will continue to diligently work with OCP in an effort to ensure that it adheres to all applicable Federal laws and regulations and to avoid future similar audit findings.

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District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-30	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2009G9909CS Grant Award Period: 10/1/08-9/30/09	Special Tests and Provisions: Provision of Child Support Services for Interstate Initiating Cases	Not Determinable

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

Condition – For initiating cases, OAG did not refer 1 out of 23 cases selected by us for testing, to the responding State's Interstate central registry for action within the specified 20 calendar days of determining that the non-custodial parent is in another State.

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – OAG has instituted many improvements to its procedures for handling Interstate cases. The resulting improvement from the FY 2008 A-133 Single Audit is directly attributable to OAG's efforts, and the agency is confident that the improvements will have the result of closing any holes in the procedures in which such cases have fallen.

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District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-31	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2009G9909CS Grant Award Period: 10/1/08-9/30/09	Special Tests and Provisions: Establishment of Paternity and Support Obligations	Not Determinable

Criteria or Specific Requirement – The State IV-D agency must establish or attempt to establish paternity and support obligations for a child born out of wedlock within 90 days of locating the non-custodial parent. In addition, the State IV-D agency must ensure that paternity and support obligation services are provided within the required time frames.

Condition – We noted the following:

- For 2 out of 45 cases selected by us for testing, OAG did not establish or attempt to establish a support obligation within 90 days after locating the non-custodial parent.
- For 2 out of 45 cases selected by us for testing, paternity and support obligation services were not provided within the required time frames.

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

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

Cause – It appears that OAG did not have adequate resources to ensure compliance with the specified requirements or there was a lack of timely review to ensure that the requirements were being met.

Recommendation – We recommend that such requirements should be closely monitored and reviewed to avoid future recurrence.

Views of Responsible Officials and Planned Corrective Actions – While OAG agrees that these cases were not processed within the specified number of days of locating the non-custodial parent, the agency notes that the ultimate goal of establishing paternity and support was achieved in both of these cases. To address the delay experienced in one of the cases noted, the Agency will tighten up on the procedures for processing reissuance. Reissue is the mechanism for bringing a previously-filed petition back to court. However, the Agency believes that is has already instituted changes necessary to address the delay experienced in the other case noted. Rather than verifying every address through a postal verification letter, which can add months to the processing time, OAG has directed its staff to verify 1) that the address exists and 2) that the same address is listed in the Agency's primary locate source system, CLEAR.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-32			

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>
2009-33	U.S. Department of Health and Human Services Head Start (Direct Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/22, 03CH0233/23 Grant Award Period: 9/1/08-8/31/09, 9/1/09-8/31/10	Allowable Costs: Indirect Cost Activities	\$152,353

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

For the above listed grant award period, the Department of Health and Human Services included a line item in the grant award's approved budget with respect to the amount of indirect costs which are allowed to be charged through and reimbursed.

Condition – The amount of indirect costs allowed to be charged per the grant award's approved budget was \$325,000 and DCPS charged \$477,353.

Context – This is a condition identified per review of DCPS' indirect cost recovery as allowed by the specified grant award requirement.

Effect – Excess indirect costs were charged to the federal program thereby overstating total expenditures and the related reimbursement.

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

Recommendation – We recommend that DCPS should institute procedures to ensure indirect costs are properly calculated and charged/recorded in compliance with the maximum amount allowed per the grant award.

Views of Responsible Officials and Planned Corrective Actions – DCPS does not concur that indirect costs were in excess of the amount allowed per the grant award. An estimate of indirect costs was used in the grant award application and the final cost applied at the rate per the Department of Education approved indirect cost agreement.

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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>
2009-34	U.S. Department of Health and Human Services Head Start (Direct Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/22, 03CH0233/23 Grant Award Period: 9/1/08-8/31/09, 9/1/09-8/31/10	Cash Management	Not Determinable

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

- Reimbursement of payroll expenditures requires the use of the average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Administrative costs require the use of the fixed administrative allowance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.

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

In addition, per OMB Circular A-133, cash drawdown requests for federal funds must be supported and proper documentation maintained. It is also required that the amount of reimbursement request should be closely matched to the amount of the actual disbursement.

Condition – We reviewed 4 out of the 11 drawdowns made during FY 2009 totaling \$5,011,769 and noted that 3 of the 4 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

Additionally, DCPS was unable to provide any supporting documentation for the last drawdown selected by us for testing. This unsupported drawdown amounted to \$400,297.

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

Effect – DCPS is not in compliance with the provisions of the CMIA agreement. DCPS' requests for federal funds for the program may not be based on the exact amount of the actual disbursements.

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

Recommendation – We recommend that DCPS comply with the provisions of the CMIA agreement and request federal funds consistent with the funding techniques specified in the CMIA agreement and its actual cash needs. We also recommend that DCPS review its current records retention policy to ensure that complete documentation is maintained for all cash drawdown transactions.

Views of Responsible Officials and Planned Corrective Actions – Management concurs that DCPS was not in compliance with the CMIA agreement in regards to consistently requesting timely reimbursement. A new procedure is being developed that will address the consistency and accuracy of future drawdowns. In addition, DCPS will review the document retention policy, and revise it as necessary, to ensure that adequate documentation related to cash drawdowns is consistently available for review.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-35			

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>
2009-36	U.S. Department of Health and Human Services Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/22, 03CH0233/23 Grant Award Period: 9/1/08-8/31/09, 9/1/09-8/31/10 Pass-through Grant Award Number: Delegate Agency UPO Agreement No. 080708 dated August 1, 2008	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement states that for FY 2009 and thereafter, not less than 10 percent of the total number of children actually enrolled by each Head Start Agency and each delegate agency must be children with disabilities determined to be eligible for special education and related services unless a waiver has been approved by ACF (42 USC 9835(d)).

Condition – We noted that during FY 2009 the percentage of children with disabilities actually enrolled in the Head Start program was less than the required 10 percent of the total number of children enrolled in the program.

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

Effect – DCPS is not in compliance with the earmarking requirement that 10 percent of the total number of children enrolled must be determined to be eligible for special education and related services. Consequently, grant funds may not have been utilized for their intended purpose.

Cause – DCPS did not appear to have a policy or procedure in place for meeting the targeted earmark requirement and there appeared to be no review of the requirement during the year.

Recommendation – We recommend that DCPS improve its enrollment monitoring process by establishing stronger tracking and monitoring systems to ensure that the required percentage of eligible children with disabilities have been enrolled so that there is compliance with the targeted enrollment requirement.

Views of Responsible Officials and Planned Corrective Actions – Since the inception of the Early Stages Program in 2009, DCPS Head Start has worked closely with Early Stages to ensure timely identification of children with special needs. To date, DCPS' percentage of enrolled Head Start special needs children is 11% for the 2009-2010 school year.

There are two ways a child is considered to be part of the Head Start 10% special needs enrollment.

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1. A child enters Head Start with an Individual Education Plan (IEP) approved by the Local (lead) Educational Agency (LEA). Children with an IEP are prioritized during enrollment and receive the first available seat.
2. Children who are suspected of having a disability are identified after entering the Head Start program and referred to the LEA for evaluation for an IEP determination.
 - a. Only children who have a formal IEP issued by an LEA are considered "special needs."

Process enhancements for identification and referral are as follows:

1. All children enrolling in Head Start will receive a developmental screening within the first 45 days of entering the program. A developmental screening is a brief check to identify children who need further evaluation to determine whether they may have disabilities.
2. Children who are identified as needing further evaluation are referred to the LEA. In the case of DCPS, the LEA (since the Fall of 2009) is the DCPS Early Stages Program.
3. Within 120 days, Early Stages completes an evaluation of the child and determines whether a disability exists.
4. Once the disability determination is made, an IEP is developed in partnership with parents, teachers and special needs staff; then and only then, can a child be included as part of the special needs enrollment.

Based on this timeline (for children not entering the program with an IEP) a child, entering the program at the beginning of the school year, would be determined "special needs" as late as February of the following year. Children entering the program in the Spring may not have an IEP until after the end of the school year. Since the formation of the Early Stages program in the Fall of 2009, this timeline has been closely adhered to.

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<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2009-37	U.S. Department of Health and Human Services Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/22, 03CH0233/23 Grant Award Period: 9/1/08-8/31/09, 9/1/09-8/31/10 Pass-through Grant Award Number: Delegate Agency UPO Agreement No. 080708 dated August 1, 2008	Period of Availability	\$40,170

Criteria or Specific Requirement – Per the U.S. Department of Health and Human Services Financial Assistance Award, recipients who have properly obligated funds by the end of the award period will have 90 days in which to liquidate (expend) these funds. Any funds not liquidated at the end of the 90 day period will lapse and may revert to the Administration for Children and Families, unless an adjustment extending the liquidation period has been approved.

Condition – In 1 out of 4 non-payroll disbursements selected by us for testing, we noted that a \$40,170 obligation from the 2008 grant award period was expended in January 2009, which was past the 90 days liquidation period allowed for this grant award.

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

Effect – DCPS is not in compliance with the stated provisions and expenditures may not be considered allowable under the federal program.

Cause – DCPS did not properly review the expenditures to ensure that they were charged to appropriate grant award period.

Recommendation – We recommend that DCPS improve its review and approval process to ensure that expenditures are charged to the correct grant award period.

Views of Responsible Officials and Planned Corrective Actions – DCPS notes that the amounts were recorded and accrued in the correct period; however, in complying with the District's Cash Management Improvement Act (CMIA) agreement, DCPS was only able to draw down after these items became cash expenditures which was beyond the period of availability.

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2009-38	U.S. Department of Health and Human Services Head Start (Pass-through Funding) CFDA Number: 93.600 Grant Award Number: Delegate Agency UPO Agreement No. 080708 dated August 1, 2008	Reporting	Not Determinable

Criteria or Specific Requirement – DCPS is required to submit various progress reports to the Executive Deputy Officer for preschool and day care, in accordance with the Head Start Delegate Agency Agreement with the United Planning Organization (UPO). Further, the Head Start Delegate Agency Agreement states that the delegate shall submit to UPO each month, a certified requisition for payment of expenses, inclusive of non-federal project costs.

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

- With respect to the Monthly Program Information Report Summary and the Narrative Progress and Disabilities report, only one complete package for the month of May 2009 was provided for our review. We noted that while report packages were prepared for the other months of the year, the contents were incomplete and did not include all the required elements. In addition, we were unable to verify whether any of these reports had been reviewed or approved by a DCPS authorizing official.
- The Quarterly Quality Training Plan Update report, Quality Improvement Plan Tracking report, monthly Center by Center class listing, and annual final written report were not available for any of the months/quarters of the year under review.
- The Monthly Enrollment/Attendance Report was only available for October, November, and December 2008. In addition, the December 2008 report did not include any attendance information.
- DCPS did not submit monthly reimbursement requests to UPO as required by the agreement. Only five reimbursement requests were submitted to UPO for the entire FY 2009.
- We noted that while DCPS met and exceeded its matching requirement for the program, the amount of local expenditures reported to UPO was incorrect.

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

Effect – Failure to submit the required reports can result in suspension or termination of funding and disallowed costs. Further, due to the lack of evidence of any reviews conducted on the information included in the reports, inaccurate information may have been reported.

Cause – It appears that policies and procedures, including review over reporting procedures, were not functioning as intended.

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Recommendation – DCPS should enforce its policies and procedures to ensure that the required reports are submitted to the governing agency, as requested, and that a copy of the reports is also maintained. DCPS should further enforce its policies covering proper recording, reconciliation, and review procedures to ensure that there is consistency between the accounting system and the reports that are submitted.

Views of Responsible Officials and Planned Corrective Actions – In past years, the actual reports requested by UPO did not correlate to the reporting requirements listed in the agreement with UPO. In the newly begun program year, an amendment to the DCPS contract with UPO was finalized to more accurately reflect the reporting required by UPO. As part of DCPS program enhancement, reports are now sent monthly via email, with hard copies maintained in the Head Start central office.

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2009-39	U.S. Department of Health and Human Services Head Start (Pass-through Funding) CFDA Number: 93.600 Grant Award Number: Delegate Agency UPO Agreement No. 080708 dated August 1, 2008	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – In accordance with the sub-grant agreement between United Planning Organization (UPO) and DCPS, DCPS awarded a sub-grant to an organization named Spanish Education Development Center (SED or sub-grantee). The agreement states that DCPS is responsible for monitoring funding for program implementation through various reporting mechanisms and on-site reviews.

Condition – We noted the following:

- We were unable to determine whether regular monitoring activities had been performed since DCPS was unable to provide the monitoring site-visit checklist for 3 months during the year.
- DCPS was unable to provide support of its verification that its sub-grantee had met the stated matching requirement.

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

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

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies.

Recommendation – DCPS should improve its policies and procedures to ensure that proper and adequate monitoring is being done of the sub-grantee during the fiscal year.

Views of Responsible Officials and Planned Corrective Actions – An amendment of the subrecipient contract is currently underway and this will result in an alignment of contractual and actual reporting requirements. In addition, DCPS will assign monitoring tasks and closely monitor all reporting requirements of the amended contract for the 2009-2010 program year.

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<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2009-40	U.S. Department of Health and Human Services Head Start (Direct and Pass-Through Funding) CFDA Number: 93.600 Grant Award Number: 03CH0233/22, 03CH0233/23 Grant Award Period: 9/1/08-8/31/09, 9/1/09-8/31/10 Pass-through Grant Award Number: Delegate Agency UPO Agreement No. 080708 dated August 1, 2008	Special Tests and Provisions: Governing Body Composition	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that all Head Start agencies must establish and maintain a formal structure for program governance that, except for public entities and Indian tribes, includes a governing body composed of not less than one member with a background and expertise in fiscal management or accounting, not less than one member with a background and expertise in early childhood education and development, and not less than one member who is a licensed attorney familiar with issues that come before Head Start governing bodies.

In addition, Sections 642(c)(1) and 642(d)(2) of the Head Start Act states that upon receiving designation as a Head Start agency, the agency shall establish and maintain a formal structure for program governance for the oversight of quality services for Head Start children and families and for making decisions related to program design and implementation, and that each Head Start agency shall ensure the sharing of accurate and regular information for use by the governing body and the policy council, about program planning, policies, and Head Start agency operations.

Condition – We noted that the U.S. Department of Health and Human Services (DHHS) carried out a review of the District's Head Start program and concluded that the existing DCPS structure did not include a proper governing body with all the required elements.

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

Effect – The lack of a governing body, with all the required elements, may lead to improper planning and implementation of the federal program.

Cause – While DCPS has a governing body in place, it appears to lack several key requirements.

Recommendation – We recommend that DCPS take steps to set up a properly functioning governing body and ensure that the members are qualified to conduct and execute the governing body responsibilities for the federal program, as required.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – A Quality Improvement Plan (QIP), with specific steps addressing the stated issues, was submitted on November 17, 2009 and accepted by the ACF Regional III program office. Among other items, the QIP addresses board appointments with the required background; training of the governing body on legal and fiscal responsibilities; training of the governing body on development, planning, and evaluation responsibilities; and written standards of conduct. DCPS plans to implement this QIP in FY 2010.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2009-41

This finding # was not used.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-42			

This finding # was not used.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-43	U.S. Department of Health and Human Services Foster Care - Title IV-E and ARRA - Foster Care - Title IV-E CFDA Number: 93.658 Grant Award: 0901DC1401 Grant Award Period: 10/01/08-09/30/09	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – OMB Circular A-87 Attachment A Paragraph C3d requires that: “where an accumulation of indirect costs will ultimately result in a charge to a federal award, a cost allocation plan will be required.”

Condition – CFSA did not include the proper amount of intra-district and central services costs, as incurred in the first quarter, in its cost allocation pool. Intra-district costs of \$2,161,682 and central services costs of \$689,570 were excluded and this resulted in an understatement of indirect costs claimed for the period.

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

Effect – The exclusion of the intra-district and central services costs resulted in an understatement of the required match for the quarter and reflected incorrect amounts to the Federal government for the first quarter. Reimbursable amounts were understated for the quarter.

Cause – CFSA's revenue maximization unit inadvertently excluded the intra-district and central services costs for the quarter.

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

Views of Responsible Officials and Planned Corrective Actions – The Agency concurs with the finding. In an effort to ensure that the cost allocation pool includes all appropriate costs, including those associated with the intra-district and central services costs and to subsequently prevent the understatement of indirect costs claimed for any given period, the Agency has implemented a corrective action plan which involves the complete re-write of the Agency cost allocation plan to ensure that appropriate costs are correctly captured and appropriately allocated. In addition, the Agency has discussed and will soon implement quality assurance review measures which will involve more than one individual reviewing Agency pooled cost allocations, and ensure that the allocations are accurate. Lastly, it should be noted, that the Agency will re-file the first quarter claim with all costs properly included and allocated for the quarter no later than Friday, June 25, 2010.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-44	U.S. Department of Health and Human Services Adoption Assistance and ARRA - Adoption Assistance CFDA Number: 93.659 Grant Award Number: 0901DC1403, 0901DC1407 Grant Award Period: 10/01/08-09/30/09	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – OMB Circular A-87 Attachment A Paragraph C3d requires that: “where an accumulation of indirect costs will ultimately result in a charge to a federal award, a cost allocation plan will be required.”

Condition – CFSA did not include the proper amount of intra-district and central services costs, as incurred in the first quarter, in its cost allocation pool. Intra-district costs of \$2,161,682 and central services costs of \$689,570 were excluded and this resulted in an understatement of indirect costs claimed for the period.

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

Effect – The exclusion of the intra-district and central services costs resulted in an understatement of the required match for the quarter and reflected incorrect amounts to the Federal government for the first quarter. Reimbursable amounts were understated for the quarter.

Cause – CFSA’s revenue maximization unit inadvertently excluded the intra-district and central services costs for the quarter.

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

Views of Responsible Officials and Planned Corrective Actions – The Agency concurs with the finding. In an effort to ensure that the cost allocation pool includes all appropriate costs, including those associated with the intra-district and central services costs and to subsequently prevent the understatement of indirect costs claimed for any given period, the Agency has implemented a corrective action plan which involves the complete re-write of the Agency cost allocation plan to ensure that appropriate costs are correctly captured and appropriately allocated. In addition, the Agency has discussed and will soon implement quality assurance review measures which will involve more than one individual reviewing Agency pooled cost allocations, and ensure that the allocations are accurate. Lastly, it should be noted, that the Agency will re-file the first quarter claim with all costs properly included and allocated for the quarter no later than Friday, June 25, 2010.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-45	U.S. Department of Health and Human Services Foster Care - Title IV-E and ARRA - Foster Care - Title IV-E CFDA Number: 93.658 Grant Award Number: 0901DC1401 Grant Award Period: 10/01/08-09/30/09	Cash Management: Funding Technique	Not Determinable

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

- Benefit payments require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 6 out of the 26 drawdowns made during FY 2009 totaling \$8,642,147 and noted that all of the 6 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

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

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions –The Agency Fiscal Officer and the CFSA Accounting staff will develop the timeframes and supporting documents necessary to demonstrate compliance with the required CMIA funding techniques.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-46	U.S. Department of Health and Human Services Adoption Assistance and ARRA - Adoption Assistance CFDA Number: 93.659 Grant Award Number: 0901DC1403, 0901DC1407 Grant Award Period: 10/01/08-09/30/09	Cash Management: Funding Technique	Not Determinable

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

- Benefit payments require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 6 out of the 26 drawdowns made during FY 2009 totaling \$4,563,525 and noted that all of the 6 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

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

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible officials and Planned Corrective Actions – The Agency Fiscal Officer and the CFSA Accounting staff will develop the timeframes and supporting documents necessary to demonstrate compliance with the required CMIA funding techniques.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-47	U.S. Department of Health and Human Services Foster Care - Title IV-E and ARRA - Foster Care - Title IV-E CFDA Number: 93.658 Grant Award: 0901DC1401 Grant Award Period: 10/01/08-09/30/09	Eligibility	Not Determinable

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

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

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

- 7 claims did not provide evidence of a valid foster care provider license for the period of service tested.
- 8 claims did not provide evidence of a criminal background check for the period of service tested.
- 7 claims did not provide evidence of a child abuse and neglect check for the period of service tested.
- 2 instances in which there was no documentation evidencing whether there were safety considerations with respect to staff of the institution.
- 1 instance in which the eligibility documentation was not provided.

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

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

Recommendation – We recommend that CFSA improve internal control procedures to ensure that documentation is maintained to support eligibility decisions and that files are properly secured.

Views of Responsible Officials and Planned Corrective Actions – The Agency concurs with the first 3 items. The Congregate Care Division was in the process of reform and records inadvertently were not provided for review during the period of the audit. CFSA will ensure that all monitoring records are available and readily accessible for review as needed.

The Agency partially concurs with the fourth item. The CFSA Collaborative Liaison Office will address the problem by having a point person to maintain a database of all of the licenses of daycare providers attended by children in foster care. However, because these are day care providers and not foster care providers, the federal requirements regarding safety considerations are not applicable.

The Agency concurs with the fifth item. CFSA continues to strengthen its internal records management controls to ensure accurate record storage and confidentiality. The Agency is in the process of redesigning the storage and management of eligibility files to enhance document tracking and accessibility by Eligibility Technicians.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-48	U.S. Department of Health and Human Services Adoption Assistance and ARRA - Adoption Assistance CFDA Number: 93.659 Grant Award Number: 0901DC1403, 0901DC1407 Grant Award Period: 10/01/08-09/30/09	Eligibility	Not Determinable

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

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

Condition – During our testing of a sample of 38 eligibility case files, we identified 25 instances in which a program eligibility checklist was not provided to validate completion.

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

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

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

Recommendation – We recommend that CFSA improve internal control procedures to ensure that documentation is maintained to support eligibility decisions and that files are properly secured.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – While the Agency concurs that the program eligibility checklist was not part of all the files examined, the Agency did implement a process in June, 2007 requiring the checklist in each file; therefore, records prior to that date will not have checklists. Going forward from that date, all adoption files will have this program eligibility checklist.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-49	U.S. Department of Health and Human Services Foster Care - Title IV-E and ARRA - Foster Care - Title IV-E CFDA Number: 93.658 Grant Award: 0901DC1401 Grant Period: 10/01/08-09/30/09	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – We sampled 74 procurement files for the Foster Care program and identified the following:

- 5 purchase requisitions were not available for review which includes 1 item for an option year.
- There was no evidence of CFSA verifying whether 29 vendors involved in procurement transactions had been debarred or suspended from providing services where federal funds were utilized. In addition, there was no evidence that these vendors were vetted against the District's excluded parties list.
- 22 contracts had no evidence of a cost or price analysis.
- 23 instances had no City Council approval.
- 7 contracts had no evidence that the purchase requisitions were authorized by the contracting officer and in 5 of these instances the modified contract letters did not reflect the modified contract amount.
- 4 contracts had no evidence that the purchase requisitions were approved by the procurement officer.
- 2 contracts did not include evidence of a determination and findings for price reasonableness, contractor responsibility, and for award of a contract on a sole source basis.
- 2 contracts did not include approval by the procurement officer of the determination and findings for price reasonableness, contractor responsibility, and for award of the contract on a sole source basis.
- 1 contract did not provide evidence of a determination and findings for contractor responsibility, price reasonableness, and exercise of option for the period January 1, 2009 to September 30, 2009.
- 25 contracts had no evidence of suspension or debarment verification against the Federal list.
- 1 contract did not provide evidence of approval by the contracting officer on the determination and findings for price reasonableness for the period March 9, 2009 to April 8, 2009. In addition, CFSA obtained services without a valid contract in place during the period January 1, 2009 to January 7, 2009.
- 2 contract files were not provided for review.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. We reviewed 74 procurement files totaling \$36,277,243.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

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

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

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

Condition #1 through 4: The Agency concurs with the findings. Under the leadership of the new CFSA Contracts Administrator, internal protocols and procedures have been or are being implemented and documented to strengthen internal management and controls.

Condition #5: The Agency partially concurs. As indicated above, an automated system for entering funding is now fully operational. The modified letter contract clearly states, "The minimum amount is \$100.00. The not-to-exceed amount of this emergency contract is as stated in the letter contract." Paragraph 4 of the Letter contract states in part, "... in an amount not to exceed one hundred sixty one thousand, six hundred four dollars (\$161,604.00)." The amount stated differs per the contract.

Condition #6 through 11: The Agency concurs with the findings. Under the leadership of the new CFSA Contracts Administrator, internal protocols and procedures have been or are being implemented and documented to strengthen internal management and controls.

Condition #12: The Agency concurs with this finding. In May 2009, an inventory of the files was conducted. This inventory did not produce the file in question. Approximately in August of 2009, a new filing system has been installed to ensure the office is able to maintain all contract case files in a central location.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-50	U.S. Department of Health and Human Services Foster Care - Title IV-E and ARRA - Foster Care - Title IV-E CFDA Number: 93.658 Grant Award: 0901DC1401 Grant Period: 10/1/08-09/30/09	Subrecipient Monitoring	Not Determinable

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

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

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

- None of the 4 sample items included federal award identification information to the private placement agencies.
- There was no evidence of CFSA performing the required pass-through entity impact on deficiencies identified in a site visit of 1 private placement agency.
- 1 sample item had no evidence that semi-annual evaluations were being performed by the monitoring unit.
- There was no evidence that CFSA identified ARRA awards and applicable requirements to its subrecipients and separately identified to each subrecipient, and documented at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.
- There was no evidence that CFSA communicated to subrecipients the requirement to register in the Central Contractor Registration (CCR), obtain a DUNS number, and maintain the currency of that information. Also, there was no evidence that CFSA determined that subrecipients have current CCR registrations prior to making subawards and performed periodic checks to ensure that subrecipients are updating information, as necessary.

Context – This is a condition identified per review of CFSA's compliance with specified requirements. CFSA awarded contracts to 20 private placement agencies in FY 2009 to perform oversight of certain foster care program criteria.

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

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

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

Condition #1 through 4: The Agency concurs with the findings. CFSA utilizes a Record Keeping Guideline to organize and maintain files for its Child Placement Agency monitoring files. These files are maintained by Program Monitors and are reviewed by the supervisory program monitors and program manager on a periodic basis. CFSA is conducting a full review of its monitoring program and will update the Record Keeping Guide to incorporate all required documents, including for requirements under the ARRA. CFSA will include an updated QA process to include routine supervisory reviews of monitoring files and activities to ensure that private placement agencies are properly monitored, deficiencies are noted, and there is proper follow up.

Condition #5: The Agency concurs with the finding. Under the leadership of the new CFSA Contracts Administrator, internal protocols and procedures have been or are being implemented and documented to strengthen internal management and controls. The Administrator has received the requirements related to ARRA funding and will develop monitoring controls to ensure adherence with the requirements from this finding.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-51	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09	Allowable Costs: Indirect Cost Activities	Not Determinable

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

Allocable Costs:

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

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

- The IMA costs allocated to the TANF program are not based on a quarterly time study results or call volume results. The IMA costs allocated to the program are based on the remaining IMA administration costs after the Medicaid and Food Stamp programs have been allocated its share of the costs. Based on the IMA's Agency Management Program time study results for the first and fourth quarter for FY 2009, TANF should have been allocated 9.68% and 8.50%, respectively of the allocable IMA administrative costs; however, it was allocated 13.82% and 15.96% of the costs.

Context – This is a condition identified per review of DHS' compliance with specified requirements. The total amount of DHS administrative costs allocated to the TANF federal program in FY 2009 were \$7,573,045.

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

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

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

Views of Responsible Officials and Planned Corrective Actions – DHS recognizes the need to review and strengthen our procedures relative to the allocation of costs for the TANF program. In FY 2010, we have allocated the Agency's administrative costs to the TANF program based on the methodology approved in the cost allocation plan.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-52	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09	Allowable Costs: Nonpayroll Activities	\$526,072

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

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

- DHS was unable to provide adequate supporting documentation for 1 out of 83 nonpayroll items selected for testing and consequently, we were not able to determine if the related costs were allowable under the grant. This item amounted to \$8,477.
- We also noted that 3 out of 83 nonpayroll items selected for testing pertained to accrual of expenditures that was based on internally generated purchase orders instead of open or unpaid invoices. These items amounted to \$517,595.

Context – This is a condition identified per review of DHS’ compliance with specified requirements. We reviewed 83 nonpayroll expenditures totaling \$71,789,143. Total nonpayroll expenditures charged to the program in FY 2009 were \$86,698,148.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenditures as federal expenditures.

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

Recommendation – DHS should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. The supporting documentation should be properly maintained and safeguarded and be available for review.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – DHS agrees that one transaction in the amount of \$8,477 was unsupported from an intra-District billing with the Office of the State Superintendent of Education for TANF. DHS plans to reimburse District agencies based on expenditures and proper documentation rather than advance funds for goods and services for the TANF program. This will improve processes and procedures to ensure that proper documentation is maintained and safeguarded relating to expenditures for the TANF program.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-53	U.S. Department of Health and Human Services Supplemental Nutrition Assistance Program Cluster and ARRA - Supplemental Nutrition Assistance Program CFDA Number: 10.551, 10.561 Grant Award Number: 1DC400402, 1DC4400002 Grant Award Period: 10/1/08-9/30/09, 3/1/09-9/30/09	Cash Management: Funding Technique	Not Determinable

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

- Benefit payments require the use of the actual clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Administrative costs require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 6 out of the 29 drawdowns made during FY 2009 totaling \$2,519,692 and noted that the 6 drawdowns sampled were not in accordance with the provisions of the CMIA agreement.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DT9CS205, DT9CS210, DT9CS230, DT9CS261, DT9DJ009, and DT9DJ020 were made later than required by the CMIA agreement.

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

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

Views of Responsible Officials and Planned Corrective Actions – DHS draws cash for payroll in accordance with the 0 days clearance pattern and nonpayroll within the 7 days clearance pattern on a weekly basis. The drawdown amounts are based on actual cash expenditures recorded in SOAR, the District's accounting system of record. Consideration should be given to amend the CMIA agreement since cash expenditures are readily available in SOAR.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-54	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09	Cash Management: Funding Technique	Not Determinable

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

- Benefit payments require the use of the actual clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Administrative costs require the use of the fixed administrative allowance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 8 out of the 35 drawdowns made during FY 2009 totaling \$24,590,972 and noted that the 8 drawdowns sampled were not in accordance with the provisions of the CMIA agreement.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DT9CS232, DT9CS244, DT9CS260, DT9DJ028, DT9DJ034, DT9DJ048, DT9DJ061, and DT9DJ074 were made later than required by the CMIA agreement.

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

Views of Responsible Officials and Planned Corrective Actions – DHS draws cash for payroll in accordance with the 0 days clearance pattern and nonpayroll within the 7 days clearance pattern on a weekly basis. The drawdown amounts are based on actual cash expenditures recorded in SOAR, the District's accounting system of record. Consideration should be given to amend the CMIA agreement since cash expenditures are readily available in SOAR.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-55	U.S. Department of Health and Human Services Community Services Block Grant and ARRA - Community Services Block Grant CFDA Number: 93.569 Grant Award Number: 2009G994002 Grant Award Period: 10/1/08-9/30/09	Cash Management: Funding Technique	Not Determinable

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

- Program payments require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.
- Administrative costs require the use of the fixed administrative allowance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 6 out of the 24 drawdowns made during FY 2009 totaling \$7,055,255 and noted that the 6 drawdowns sampled were not in accordance with the provisions of the CMIA agreement.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DR10CS03, DT9CS207, DT9CS235, DT9DJ004, DT9DJ077, and DT9DJ095 were made later than required by the CMIA agreement.

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

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – DHS draws cash for payroll in accordance with the 0 days clearance pattern and nonpayroll within the 7 days clearance pattern on a weekly basis. The drawdown amounts are based on actual cash expenditures recorded in SOAR, the District's accounting system of record. Consideration should be given to amend the CMIA agreement since cash expenditures are readily available in SOAR.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-56	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09	Eligibility	Not Determinable

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

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

Condition – There was no evidence noted in the 45 participant cases reviewed that DHS was documenting that participants were not fleeing from prosecution or convictions for felonies.

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

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

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

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

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Views of Responsible Officials and Planned Corrective Actions – The goal of requiring each individual applying for TANF to certify/verify that he/she or any member in their household are not fleeing felons or found guilty of a felony, was not obtained in FY 2009. However, in FY 2010, a question is being included in the revised benefit application form in order to obtain this information from individuals applying for TANF benefits.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-57	U.S. Department of Health and Human Services Supplemental Nutrition Assistance Program Cluster and ARRA - Supplemental Nutrition Assistance Program CFDA Number: 10.551, 10.561 Grant Award Number: 1DC400402, 1DC4400002 Grant Award Period: 10/1/08-9/30/09, 3/1/09-9/30/09	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – In our review of 4 procurement files, DHS and the Office of Contracting and Procurement (OCP) were unable to provide 1 procurement file for our review. The total amount of the purchase order for the procurement file that was not provided was \$20,000.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 4 procurements files totaling \$234,552.

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

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

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

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – During the fourth quarter of FY 2009, OCP took action, for its small procurement transactions (less than \$100,000), to begin retaining documentation electronically in the Procurement Automated Support System (PASS). Additionally, to ensure that OCP's large procurement transactions (greater than or equal to \$100,000) are properly documented and supporting evidence retained, in December 2009, OCP awarded the contract for the implementation of the ARIBA Contract Compliance (ACC) module, which will serve as a centralized repository of all District contract information.

As of January 2010, OCP, the Office of the Chief Technology Officer (OCTO), and the vendor initiated the implementation kick-off. Throughout FY 2010 and into early FY 2011, the implementation phases will progress, beginning with and continuing to include: (1) defining the user requirements; (2) customizing & developing the system; (3) conducting user testing; and (4) implementation (which includes both a communication and training plan for users). Equally critical to the successful implementation of the ACC module and full remediation of this finding will be the migration of the current and active contracts from OCP and the independent agencies into PASS.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-58	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – In our review of 9 procurement files related to the TANF grant, we identified the following:

- DHS and the Office of Contracting and Procurement (OCP) were unable to provide documentation that 3 quotes were obtained for 1 procurement file.
- DHS and OCP were unable provide documentation on the selection of the vendor from the 3 quotes obtained, as well as a cost-price analysis for 1 procurement file.
- We also reviewed 8 sub-grantee files and noted that DHS and OCP were unable to provide evidence of verifying whether 7 out of 8 sub-grantees had been debarred or suspended from providing services where federal funds were utilized.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 9 vendor procurements totaling \$5,444,343 and 8 sub-grantee files totaling \$1,634,944.

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

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

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

Views of Responsible Officials and Planned Corrective Actions – The following responses were provided by the respective agencies:

OCP Response: During the fourth quarter of FY 2009, OCP took action, for its small procurement transactions (less than \$100,000), to begin retaining documentation electronically in the Procurement Automated Support System (PASS). Additionally, to ensure that OCP's large procurement transactions (greater than or equal to \$100,000) are properly documented and supporting evidence retained, in December 2009, OCP awarded the contract for the implementation of the ARIBA Contract Compliance (ACC) module, which will serve as a centralized repository of all District contract information.

As of January 2010, OCP, the Office of the Chief Technology Officer (OCTO), and the vendor initiated the implementation kick-off. Throughout FY 2010 and into early FY 2011, the implementation phases will progress, beginning with and continuing to include: (1) defining the user requirements; (2) customizing & developing the system; (3) conducting user testing; and (4) implementation (which includes both a communication and training plan for users). Equally critical to the successful implementation of the ACC module and full remediation of this finding will be the migration of the current and active contracts from OCP and the independent agencies into PASS.

DHS Response: As a result of an agency Reduction in Force and the abolishment of the agency Grants Management Officer position, the functions of that position, inclusive of verifying whether vendors had been debarred or suspended, had not been fully reassigned to or carried out by other agency personnel in FY 2009.

However, DHS now adheres to the federal OMB guidance on nonprocurement disbarment and suspension, as outlined in the Federal Register - 2CFR Part 180 and in October 2009 (FY 2010), began researching and verifying possible suspension/debarment of subrecipients/grantees, using the District and Federal disqualification databases, and recording findings on a Disbarment Issues form. Documentation is maintained in the procurement files, which are to be retained for at least a three year period.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u> Reporting	<u>Questioned Costs</u> Not Determinable
2009-59	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09		

Criteria or Specific Requirement – Per the OMB Circular A-133 Compliance Supplement, each State must file the annual ACF-204 report which should contain information on the TANF program and the State's maintenance of effort (MOE) programs for that year, including strategies to implement the Family Violence Option, State diversion programs, and other program characteristics. States may submit this report as a freestanding report or as an addendum to the fourth quarter TANF Data Report.

In addition, the Compliance Supplement requires that all the reports submitted must be supported by the underlying performance records and presented in accordance with program requirements.

Condition – DHS' Income Maintenance Administration (IMA) is responsible for preparing the annual ACF-204 report. Per our review, IMA was unable to provide adequate documentation supporting the information reported in the annual ACF-204 report.

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

Effect – Inaccurate information may have been reported to the Federal government.

Cause – It appears that policies and procedures, including review over reporting procedures, were not functioning as intended. IMA did not have adequate control over the maintenance of the underlying documentation used in preparing the ACF-204 report.

Recommendation – We recommend that IMA review its current records retention policy to ensure that complete documentation is maintained to support the information reported in the annual ACF-204 report.

Views of Responsible Officials and Planned Corrective Actions – As a result of the American Recovery and Reinvestment Act (ARRA) changes were made to the reporting timelines for the ACF-196, from December 31 to November 15. The ACF-196 and the ACF-204 is required to match. However, the financial report was due 45 days earlier than the ACF-204 annual report; specifically, the ACF 204 was not due until December 31. The District was still in the throws of gathering and calculating MOE for purposes of the Emergency Fund submission at the time of the financial report submission. Therefore, the amount of MOE, the amount of cash expended, and the number of customers served did not coincide with the ACF-196 financial report.

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DHS Office of the Chief Financial Officer notified Administration of Children and Families (ACF) on December 23, 2009 and inquired whether a revised ACF-196 report could be filed. In addition, IMA alerted the ACF Regional TANF Program Specialist and Regional Manager. ACF informed DHS that the changes to the ACF-196 could be made the next quarter. To address this, IMA amended the ACF-196 both before the end of the calendar year, as well as in the first quarter FY 2010 submission to complement the ACF-204. With the focus on identifying the correct monetary amount, some of the numbers served were conservative estimates, as the respective sister agencies were still analyzing their numbers. Because of this, we are collecting the final counts of the numbers served for FY 2009 to include in a resubmission of the ACF-204 for accuracy purposes.

In the future, DHS/IMA will attempt to reconcile the data to coordinate a simultaneous submission of the ACF-196 and ACF-204 reports; refine the retrieval, vetting and inclusion of data from outside sister agencies, ensuring thoroughness and accuracy of the combined data; and file and retain program records for the required retention period.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-60	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09	Subrecipient Monitoring	Not Determinable

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

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

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

Context – This is a condition identified per review of DHS' compliance with specified requirements. The total number of subrecipients reviewed in FY 2009 was 8.

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

Cause – There was no formal requirement for each subrecipient to have an OMB Circular A-133 audit (if required) and that a copy be provided to DHS. In addition, staff did not ask for this report and ensure that it was properly filed by the subrecipients.

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

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Views of Responsible Officials and Planned Corrective Actions – DHS will revise its Memorandum of Understanding/Agreements to require sub-grantees that receive in excess of \$500,000 to provide DHS notice of any A-133 audit findings and quarterly progress reports on any corrective actions.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-61	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2008G996115, 2009G996115 Grant Award Period: 10/1/07-9/30/08, 10/1/08-9/30/09	Special Tests and Provisions: Child Support Non-Cooperation	Not Determinable

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

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

Condition – From a review of 45 TANF participants who were not cooperating in establishing or enforcing a child support order, we noted that 1 participant's assistance benefit had a reduction of less than the required minimum of 25 percent.

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

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

Cause – DHS' Income Maintenance Administration (IMA) is not performing periodic reviews of the data in its participant files.

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

Views of Responsible Officials and Planned Corrective Actions – The one case in question was sanctioned by the agency and the benefit amount reduced, but not by the full 25%, due to a calculation error. In response to the recommendation to perform periodic reviews of data in the files to ensure compliance with requirements, Social Service Representatives review information in the participant's record at times of application and recertification for benefits.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

In addition, IMA management staff will randomly review cases for appropriate processing. These findings will be discussed with all staff during a unit session to ensure accurate case actions and calculations are applied.

Further, to ensure that documentation is properly maintained, safeguarded, and available for review, IMA has created a Case Record Management Unit (CRMU) in each Service Center to improve the maintenance and safeguarding of documents. The CRMU is staffed with management team members and support staff members responsible for ensuring that case documents are included in the case record; that the case record and all supporting documentation are accessible for reviews, etc. In addition, IMA will soon be utilizing a document imaging system that is expected to improve IMA's ability to maintain and safeguard documents.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-62	U.S. Department of Labor Unemployment Insurance and ARRA - Unemployment Insurance CFDA Number: 17.225 Grant Award Number: UI 15791-07-55, UI 16739-08-55-A-11, UI 18013-09-55-A-11 Grant Award Period: 10/1/06-12/31/09, 10/1/07-12/31/10, 10/1/08-12/31/11	Cash Management: Funding Technique	Not Determinable

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

- Program payments require the use of the modified average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.

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

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

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

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – Management believes that due to employees work load, there have been a few instances where the cash drawdown requests were submitted late by one or two days, thus not fully complying with the clearance pattern specified in the CMA agreement. However, in 2009, DOES made significant improvement on this area as compared to 2008. Management will continue to implement procedures that will ensure DOES compliance with the clearance pattern specified in the CMA agreement.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-63	U.S. Department of Labor Unemployment Insurance and ARRA - Unemployment Insurance CFDA Number: 17.225 Grant Award Number: UI 15791-07-55, UI 16739-08-55-A-11, UI 18013-09-55-A-11 Grant Award Period: 10/1/06-12/31/09, 10/1/07-12/31/10, 10/1/08-12/31/11	Eligibility	\$41,956

Criteria or Specific Requirement – Per the OMB Circular A-133 Compliance Supplement, to qualify for benefits, a claimant must have earned a certain amount of wages, or have worked a certain number of weeks or calendar quarters within the base period, or meet some combination of wage and employment requirements. To be eligible to receive unemployment compensation (UC), all States provide that a claimant must have been involuntarily separated from suitable work.

Additionally, benefits per the Federal Additional Compensation (FAC) program as authorized under the American Recovery and Reinvestment Act (ARRA), are payable to individuals who are otherwise entitled under State or Federal law to receive regular UC for weeks of unemployment.

Condition – DOES' Benefit Payment Control Branch (BPC) performs a quarterly unemployment insurance audit that is specifically designed to uncover discrepancies such as, suspected improper payments to ineligible claimants. These audits are performed via a series of cross matches which involves a computer search and a comparison of DOES benefit payment records to wage records as reported by various employers.

During these cross matches and audits, DOES discovered that a number of claimants may have been employed while submitting unemployment claims and accordingly, were collecting and receiving unemployment benefits.

Context – This is a condition identified per review of DOES' compliance with specified requirements. DOES conducted a 100% check over its FY 2009 claims and concluded that such ineligible expenditures amounted to \$41,956.

Effect – Noncompliance with program requirements could result in disallowances of costs and participants could be receiving benefits that they are not entitled to receive under the program.

Cause – DOES does not appear to have a real-time process in place to identify improper claims before it incurs the related expenditure, requests reimbursement from the Federal government, and pays the claimant.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Recommendation – We recommend that DOES improve internal control procedures to ensure that the necessary verifications are performed in a timelier manner (i.e. before payment of claims) to minimize the amount of improper payments to ineligible claimants.

Views of Responsible Officials and Planned Corrective Actions – These “lapses” were a function of the quantity of work related to claim volumes driven by a weak economy. DOES is moving this year to an electronic solution which will significantly improve time and process in verifying claimants eligibility via linkage with the National Database of New Hires.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-64	U.S. Department of Labor Unemployment Insurance and ARRA - Unemployment Insurance CFDA Number: 17.225 Grant Award Number: UI 15791-07-55, UI 16739-08-55-A-11, UI 18013-09-55-A-11 Grant Award Period: 10/1/06-12/31/09, 10/1/07-12/31/10, 10/1/08-12/31/11	Reporting	Not Determinable

Criteria or Specific Requirement – Per the OMB Circular A-133 Compliance Supplement, DOES is required to submit various financial and programmatic reports to the U.S. Department of Labor with respect to unemployment insurance payments; these reports are due on a periodic (monthly/quarterly) basis.

This program received additional funding under the American Recovery and Reinvestment Act (ARRA) with respect to the Federal Additional Compensation (FAC) program. The Federal government modified the format of the already existing and required reports, as per the OMB Circular A-133 Compliance Supplement, to include the additional reporting metrics for FAC.

Condition – During our testing, we noted certain delays in the submission of the following reports which included information on the FAC program, authorized by ARRA:

- ETA UI 3 Report – the reports for the quarter ended December 31, 2008 and September 30, 2009 were submitted 9 days and 17 days past the due dates, respectively.
- ETA 227 Report – the report for the month ended June 30, 2009 was submitted 9 days past the due date.
- ETA 2112 Report – the report for the months ended January 31, 2009 and March 31, 2009 were submitted 2 and 32 days past their due dates, respectively.

Context – This is a condition identified per review of DOES' compliance with specified requirements which includes the FAC program, authorized by ARRA.

Effect – Failure to submit the required reports on a timely basis may result in suspension or termination of funding and disallowed costs.

Cause – It appears that policies and procedures, as related to the timely filing of reports required by the FAC program, as authorized by ARRA, were not functioning as intended.

Recommendation – DOES should enforce its policies and procedures to ensure that reporting of the FAC program, as authorized by ARRA, is conducted on a timely basis.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – DOES concurs with this finding and the contributing reason was staff turnover. The UI Program has since then recruited new personnel and implemented procedures to ensure compliance going forward.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-65	U.S. Department of Homeland Security Disaster Grants - Public Assistance CFDA Number: 97.036 Grant Award Number: FEMA-3300-EM-DC	Allowable Costs: Nonpayroll Activities	\$28,279

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

Condition – During our review of expenditures charged to this grant, we identified 2 instances where HSEMA was unable to provide adequate supporting documentation for certain intra-district telecommunications and professional services costs that were charged to the grant.

Context – This is a condition identified per review of HSEMA’s compliance with specified requirements. The total amount of HSEMA’s costs charged to the program in FY 2009 were \$10,879,150. The amount of unsupported expenditures charged to the program were \$28,279.

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, a lack review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal awards.

Cause – HSEMA entered into intra-district transactions with various District agencies, which were unable to adequately support the amounts reported on the approved project work sheet.

Recommendation – HSEMA should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. The supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – HSEMA will not reimburse any future intra-district request under its Public Assistance grant programs which are unsupported. Any unsubstantiated claims awarded to the applicant would have to be denied.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-66	U.S. Department of Homeland Security Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2006-GE-T-0037, 2007-GE-T7-0038, 2008-GE-T-0035 Grant Award Period: 07/01/06-06/30/09, 7/01/07-6/30/10, 9/01/08-8/31/11	Allowable Costs: Nonpayroll Activities	\$177,381

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

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

- HSEMA paid a sub-grantee for the same services twice in an amount totaling \$6,308 and charged the current year grant \$10,000 for services related to FY 2010.
- HSEMA was unable to provide adequate supporting documentation for services provided by various sub-grantees and other District agencies totaling \$161,073.

Context – This is a condition identified per review of HSEMA’s compliance with specified requirements. The total nonpayroll expenditures charged to the program in FY 2009 by HSEMA were \$53,534,670. We reviewed 56 nonpayroll expenditures totaling \$16,295,098. The nonpayroll items in question amounted to \$177,381.

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, a lack review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal awards.

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

Recommendation – HSEMA should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. The supporting documentation should be properly maintained and safeguarded and be available for review. It is also recommended that all expenditures are reviewed for allowability and that they are properly approved.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – HSEMA will continue to work with our Office of the Chief Financial Officer partners to regularly review SOAR, the District's accounting system of record, transactions for accuracy in order to ensure the soundness of the financial data. It should be noted that both transactions in this finding were identified and corrected during HSEMA review of SOAR transactions before the audit began.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2009-67

This finding # was not used.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-68	U.S. Department of Homeland Security Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2006-GE-T-0037, 2007-GE-T7-0038, 2008-GE-T-0035 Grant Award Period: 07/01/06-06/30/09, 7/01/07-6/30/10, 9/01/08-8/31/11	Period of Availability	\$13,500

Criteria or Specific Requirement – Per the U.S. Department of Homeland Security financial management guide, the award period is the period of time when Federal funding is available for obligation by the recipient. The recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Office of Grants and Training. The obligation period is the same as the award period listed on the award document. No additional obligations can be incurred after the end of the grant.

Recipients who have properly obligated funds by the end of the award period will have 90 days in which to liquidate (expend) these funds. Any funds not liquidated at the end of the 90-day period will lapse and may revert to the Office of Grants and Training, unless an adjustment extending the liquidation period has been approved.

Condition – HSEMA charged an amount of \$13,500 to the 2006 Grant Award for services that fell outside of the grant's period of availability. The 2006 Grant Award expired during the District's FY 2009.

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

Effect – HSEMA is not in compliance with the stated provisions and expenditures may not be considered allowable under the federal program.

Cause – HSEMA did not properly review the expenditures to ensure that they were charged in the appropriate grant award period.

Recommendation – We recommend HSEMA improve its review and approval process to ensure that expenditures are charged to the appropriate grant award period.

Views of Responsible Officials and Planned Corrective Actions – HSEMA has implemented a specific process to strengthen its internal controls in order to ensure that this finding does not recur. All grant funded procurements initiated by the HSEMA Operations Division are now reviewed and approved for funding availability by the Grants staff before the procurements are initiated.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-69	U.S. Department of Homeland Security Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2006-GE-T-0037, 2007-GE-T7-0038, 2008-GE-T-0035 Grant Award Period: 07/01/06-06/30/09, 7/01/07-6/30/10, 9/01/08-8/31/11	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – HSEMA and the Office of Contracting and Procurement (OCP) were not able to provide evidence to support that 5 of the 16 procurement files sampled had been validated that the vendor was not suspended or debarred from providing services where federal funds were utilized.

Context – This is a condition identified per review of HSEMA's compliance with specified requirements. We reviewed 16 procurement files totaling \$4,178,194.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. HSEMA could have inadvertently contracted with a vendor that is suspended or debarred from doing business with the Federal government.

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

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

Views of Responsible Officials and Planned Corrective Actions – During the fourth quarter of FY 2009, OCP took action, for its small procurement transactions (less than \$100,000), to begin retaining documentation electronically in the Procurement Automated Support System (PASS).

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Additionally, to ensure that OCP's large procurement transactions (greater than or equal to \$100,000) are properly documented and supporting evidence retained, in December 2009, OCP awarded the contract for the implementation of the ARIBA Contract Compliance (ACC) module, which will serve as a centralized repository of all District contract information.

As of January 2010, the OCP, Office of the Chief Technology Officer (OCTO), and the vendor initiated the implementation kick-off. Throughout FY 2010 and into early FY 2011, the implementation phases will progress, beginning with and continuing to include: (1) defining the user requirements; (2) customizing & developing the system; (3) conducting user testing; and (4) implementation (which includes both a communication and training plan for users). Equally critical to the successful implementation of the ACC module and full remediation of this finding will be the migration of the current and active contracts from OCP and the independent agencies into PASS.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-70	U.S. Department of Homeland Security Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2006-GE-T-0037, 2007-GE-T7-0038, 2008-GE-T-0035 Grant Award Period: 07/01/06-06/30/09, 7/01/07-6/30/10, 9/01/08-8/31/11	Reporting	Not Determinable

Criteria or Specific Requirement – The Catalog of Federal Domestic Assistance requirements state that grantees are required to submit the Categorical Assistance Progress Reports (CAPR) and Biannual Strategy Implementation Reports (BSIR) within 30 days after the end of the reporting period which is semi-annually. The information submitted should be supported by information from the financial system.

Condition – We reviewed 3 of the BSIR reports for each of the grant award years 2006, 2007, and 2008 and we noted the following:

- On the BSIR report for the period ended December 31, 2008, HSEMA failed to report expenditures incurred on the 2008 grant award although the financial system reflected expenditures for that period.
- For the CAPR and BSIR reports, we noted that although HSEMA extracted data from the financial system in completing these reports, there was no evidence that the database had been reconciled to a SOAR (the District's accounting system of record) report for each of the periods tested and reported.

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

Effect – Inaccurate information may have been reported to the Federal government.

Cause – It appears that policies and procedures, including review over reporting procedures, were not functioning as intended.

Recommendation – We recommend that HSEMA review its current records retention policy to ensure that complete documentation is maintained to support the information reported in the CAPR and BSIR reports. Further, all reports should be reconciled to this underlying support.

Views of Responsible Officials and Planned Corrective Actions – Effective immediately, HSEMA will print out SOAR screen shots as back up documentation to ensure SOAR expenditures tie directly to the data reported in the Biannual Strategy Implementation Reports (BSIR).

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-71	U.S. Department of Homeland Security Homeland Security Grant Program CFDA Number: 97.067 Grant Award Number: 2006-GE-T-0037, 2007-GE-T7-0038, 2008-GE-T-0035 Grant Award Period: 07/01/06-06/30/09, 7/01/07-6/30/10, 9/01/08-8/31/11	Special Tests and Provisions: Supplement not Supplant	Not Determinable

Criteria or Specific Requirement – The special conditions under the grant award state that “the recipient agrees that federal funds under this award will be used to supplement not supplant state or local funds.”

Condition – HSEMA remits approximately 70 percent of the grant award to its neighboring jurisdictions. During our audit procedures, we noted that the District did not have controls in place to monitor whether its subrecipients were adhering to the aforementioned special condition.

Context – This is a condition identified per review of HSEMA's compliance with special conditions specific to subgrantees.

Effect – HSEMA was not able to provide evidence that it was monitoring its subrecipients in attempting to meet this requirement. Therefore, no evidence exists to support HSEMA being in compliance.

Cause – Although the District has a clause in the subrecipient award documents that addresses supplement not supplanting, there was no evidence that actual monitoring was being performed by the project managers.

Recommendations – We recommend that HSEMA develop policies and procedures to ensure compliance of its subrecipients with the supplement not supplant requirement. We also recommend that supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – HSEMA does not concur with this finding and believes the current policies and procedures that are in place appropriately ensure compliance to the non-supplanting requirement. Currently, all subgrantees are required to agree to terms and conditions which specifically forbid supplanting.

As part of the program managers Standard Operating Procedure guide, program managers are directed to be cognizant of potential supplanting issues during their review of project progress reports and reimbursement requests. Furthermore, HSEMA reviews all subgrantees A-133 audits and there have been no findings related to supplanting in any audit.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Although HSEMA believes its current processes appropriately monitor for instances of subgrantee supplanting, we will also begin to use the process adopted for the entire District, for all subgrantees.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-72	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A080010 Grant Award Period: 7/1/08-9/30/09	Allowable Costs: Payroll and Nonpayroll Activities	\$188,632

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

Condition – The following exceptions were noted during our testwork:

- OSSE was unable to provide adequate supporting documentation to support payroll expenditures for 1 out of 5 items selected for testing. The amount related to the unsupported expenditures was \$214.
- OSSE was unable to provide adequate supporting documentation to support nonpayroll expenditures for 1 out of 15 items selected for testing. The amount related to the unsupported expenditures was \$188,418.

Context – This is a condition identified per review of OSSE’s compliance with specified requirements. Total payroll and nonpayroll expenditures charged to the Special Education Cluster program by OSSE in FY 2009 were \$1,234,236 and \$15,617,256, respectively. We reviewed 5 payroll expenditures totaling \$88,973. We reviewed 15 nonpayroll expenditures totaling \$1,123,941.

Effect – Because of the absence of appropriate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures.

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

Recommendation – OSSE should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. The supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – While supporting documentation was found, the detail was not sufficient to support allowability. As such, we concur with the finding.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

On November 1, 2009, the Office of the Chief Financial Officer (OCFO) Management team changed. Under the new management structure, all documents are properly filed electronically on the OSSE shared drive. OSSE will work with the Local Educational Agencies (LEAs) to ensure proper documentation is maintained to support expenditures that have been charged to the grant.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-73	U.S. Department of Agriculture Child and Adult Care Food Program CFDA Number: 10.558 Grant Award Number: 1DC300302 Grant Award Period: 10/1/08-9/30/09	Cash Management	Not Determinable

Criteria or Specific Requirement – Pursuant to A-102 Common Rule and 31 Code of Federal Regulations (CFR) Part 205, a State must minimize the time between the drawdown of Federal funds from the Federal government and its disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual and immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. In addition, cash drawdown requests for federal funds must be supported and proper documentation maintained. It is also required that the amount of reimbursement request should be closely matched to the amount of the actual disbursement.

Condition – We reviewed 6 out of the 23 drawdowns made during FY 2009 totaling \$2,070,578 and noted that 4 of the 6 drawdowns sampled were not made in accordance with the requirements above.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DTGD0217 and DTGD0427 were not made timely. In addition, reimbursement request for RCR No. DTGD0924 included expenditures in the amount of \$10,158 which had not been disbursed when the request for the drawdown was made. Lastly, OSSE was unable to provide proper documentation to support the reimbursement request for RCR No. DTGD1017. This unsupported drawdown amounted to \$527,654.

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

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

Cause – OSSE did not appear to exercise due diligence in requesting federal funds in compliance with the grant terms and conditions and its actual cash needs. It also appears that the records retention policy over cash management was not functioning properly and as intended.

Recommendation – We recommend that OSSE should request federal funds within a reasonable time period and based on its immediate cash requirements and OSSE should develop written procedures for review of the drawdown process.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Further, we recommend that OSSE review its current records retention policy to ensure that complete documentation is maintained for all cash drawdown transactions. These procedures should be consistently adhered to, for all drawdown requests.

Views of Responsible Officials and Planned Corrective Actions – On November 1st, 2009, the Office of the Chief Financial Officer (OCFO) Management team changed. Under the new management structure, all documents are reviewed and approved before the revenue request is executed in the ASAP system. In addition, all documents are properly filed electronically on the OSSE shared drive. In FY 2010, OSSE has begun to request federal funds on a weekly basis in accordance with the District's Cash Management Improvement Act (CMIA) agreement. In addition, OSSE has revised its internal drawdown procedures to ensure that the revenue request is for cash expenditures only.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-74	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A080051 Grant Award Period: 7/1/08-9/30/09	Cash Management	Not Determinable

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

- Administrative costs require the use of the fixed administrative allowance and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.
- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Other non-payroll program payments require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 6 out of the 26 drawdowns made during FY 2009 totaling \$29,789,704 and noted that the 6 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DM9GH006, DT9GH005, DT9GH006, DT9GH010, DT9GH018, and DTGD1028 were made later than required by the CMIA agreement. In addition, the reimbursement request for RCR No. DTGD1028 included expenditures in the amount of \$151,025 which had not been disbursed when the request for the drawdown was made.

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

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

Views of Responsible Officials and Planned Corrective Actions – On November 1st, 2009, the Office of the Chief Financial Officer (OCFO) Management team changed. Under the new management structure, all documents are reviewed and approved before the revenue request is executed in the G5 system. In addition, all documents are properly filed electronically on the OSSE shared drive. In FY 2010, OSSE has begun to request federal funds on a weekly basis in accordance with the CMIA agreement. In addition, OSSE has revised its internal drawdown procedures to ensure that the revenue request is for cash expenditures only.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-75	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A080010 Grant Award Period: 7/1/08-9/30/09	Cash Management	Not Determinable

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

- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Other non-payroll program payments require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.

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

Further, pursuant to A-102 Common Rule and 31 Code of Federal Regulations (CFR) Part 205, cash drawdown requests for federal funds must be supported and proper documentation maintained.

Condition – We reviewed 6 out of the 27 drawdowns made during FY 2009 totaling \$10,983,420 and noted that the 6 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DT9GH001, DTGD1009, DTGD1028, and DTGD1213 were made later than required by the CMIA agreement. In addition, reimbursement request for RCR No. KA9GH001 included expenditures in the amount of \$68,124 which had not been disbursed when the request for the drawdown was made. Lastly, OSSE was unable to provide proper documentation to support the reimbursement request for RCR No. DTGD1218. This unsupported drawdown amounted to \$3,134,930.

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

Effect – OSSE is not in compliance with the provisions of the CMIA agreement. OSSE's requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

In addition, we noted examples where federal funds were requested later than required. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely.

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

Recommendation – We recommend that OSSE comply with the provisions of the CMIA agreement and request federal funds consistent with the CMIA agreement funding technique and its actual cash needs. We also recommend that OSSE review its current records retention policy to ensure that complete documentation is maintained for all cash drawdown transactions.

Views of Responsible Officials and Planned Corrective Actions – On November 1st, 2009, the Office of the Chief Financial Officer (OCFO) Management team changed. Under the new management structure, all documents are reviewed and approved before the revenue request is executed in the G5 system. In addition, all documents are properly filed electronically on the OSSE shared drive. In FY 2010, OSSE has begun to request federal funds on a weekly basis in accordance with the CMIA agreement. In addition, OSSE has revised its internal drawdown procedures to ensure that the revenue request is for cash expenditures only.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-76	U.S. Department of Education Charter Schools CFDA Number: 84.282 Grant Award Number: G0902DCCCDF Grant Award Period: 8/1/05-7/30/10	Cash Management	Not Determinable

Criteria or Specific Requirement – Pursuant to A-102 Common Rule and 31 Code of Federal Regulations (CFR) Part 205, a State must minimize the time between the drawdown of Federal funds from the Federal government and its disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accordance with the actual and immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

Condition – OSSE did not make any drawdown requests for Charter Schools program funds in FY 2009.

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

Effect – OSSE unnecessarily used its local funds to carry out the purposes related to the Charter Schools program during FY 2009.

Cause – OSSE had not reconciled its revenues, receivables, and drawdowns during FY 2009. Consequently, OSSE was not in a position to make any drawdown requests until the proper reconciliations were completed.

Recommendation – We recommend that OSSE should request federal funds within a reasonable time period and based on its immediate cash requirements. We also recommend that OSSE should develop written procedures for review of the drawdown process. These procedures should be consistently adhered to, for all drawdown requests.

Views of Responsible Officials and Planned Corrective Actions – OSSE was unable to request federal funds because OSSE did not have access to this grant in the G5 system. OSSE was unable to obtain the necessary access due to an ongoing issue with the DUNS number that was assigned to this grant. This issue has now been corrected. On November 1st, 2009, the Office of the Chief Financial Officer (OCFO) Management team changed. Under the new management structure, all documents are reviewed and approved before the revenue request is executed in the G5 system.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

In addition, all documents are properly filed electronically on the OSSE shared drive. In FY 2010, OSSE has begun to request federal funds on a weekly basis in accordance with the District's Cash Management Improvement Act (CMIA) agreement. In addition, OSSE has revised its internal drawdown procedures to ensure that the revenue request is for cash expenditures only.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-77	U.S. Department of Education Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A08008 Grant Award Period: 7/1/08-9/30/09	Cash Management	Not Determinable

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

- Reimbursement of payroll expenditures requires the use of the modified average clearance funding technique and a clearance pattern of 0 days and the amount of the request shall be for the exact amount of the disbursement.
- Other non-payroll program payments require the use of the average clearance funding technique and a clearance pattern of 7 days and the amount of the request shall be for the exact amount of the disbursement.

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

Condition – We reviewed 6 out of the 24 drawdowns made during FY 2009 totaling \$10,658,937 and noted that 5 of the 6 drawdowns sampled were not made in accordance with the provisions of the CMIA agreement.

The reimbursement requests for Revenue Collection Receipt (RCR) Nos. DT9GH002, DT9GH003, DT9GH007, DTGD1009, and DTGD1028 were made later than required by the CMIA agreement. In addition, the reimbursement request for RCR No. DTGD1028 included expenditures in the amount of \$1,962,136 which had not been disbursed when the request for the drawdown was made.

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

Views of Responsible Officials and Planned Corrective Actions – On November 1st, 2009, the Office of the Chief Financial Officer (OCFO) Management team changed. Under the new management structure, all documents are reviewed and approved before the revenue request is executed in the G5 system. In addition, all documents are properly filed electronically on the OSSE shared drive. In FY 2010, OSSE has begun to request federal funds on a weekly basis in accordance with the CMIA agreement. In addition, OSSE has revised its internal drawdown procedures to ensure that the revenue request is for cash expenditures only.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-78	U.S. Department of Health and Human Services Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0902DCCCDF Grant Award Period: 10/1/08-9/30/09	Cash Management	Not Determinable

Criteria or Specific Requirement – Pursuant to A-102 Common Rule and 31 Code of Federal Regulations (CFR) Part 205, a State must minimize the time between the drawdown of Federal funds from the Federal government and its disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual and immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

Further, the Cash Management Improvement Act of 1990 (CMIA) agreement between the District of Columbia and the U.S. Department of Treasury requires that established funding techniques be complied with when requesting federal funds.

Condition – OSSE did not make any drawdown requests for Child Care program funds in FY 2009 and as such, was also not in compliance with the aforementioned CMIA agreement.

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

Effect – OSSE unnecessarily used its local funds to carry out purposes related to the Child Care program during FY 2009.

Cause – OSSE had not reconciled its revenues, receivables, and drawdowns during FY 2009. Consequently, OSSE was not in a position to make any drawdown requests until the proper reconciliations were completed.

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

Views of Responsible Officials and Planned Corrective Actions – OSSE was unable to request federal funds because OSSE did not have access to this grant in the PMS system. OSSE was not granted access until December 2009. Upon receiving the required access from DHHS, OSSE staff requested the federal funds immediately.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

On November 1st, 2009, the Office of the Chief Financial Officer (OCFO) Management team changed. Under the new management structure, all documents are reviewed and approved before the revenue request is executed in the PMS system. In addition, all documents are properly filed electronically on the OSSE shared drive. In FY 2010, OSSE has begun to request federal funds on a weekly basis in accordance with the District's CMIA agreement. In addition, OSSE has revised its internal drawdown procedures to ensure that the revenue request is for cash expenditures only.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-79	U.S. Department of Health and Human Services Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0902DCCCDF Grant Award Period: 10/1/08-9/30/09	Eligibility	Not Determinable

Criteria or Specific Requirement – The Child Care program subsidizes child care expenses for eligible participants. The federal payment is the difference between daily child care expenses and the participant's co-payment amount. The Child Care program also requires that eligible individuals reside with a family whose income does not exceed 85% of the State median income for a family of the same size and reside with a parent (or parents) who is working or attending a job-training program.

Condition – In our review of 77 participant files, we identified the following:

- OSSE had calculated 1 participant co-payment correctly in its case files. However, OSSE had not updated its system to reflect the correct co-payment amount.
- In 2 case files of participants deemed eligible, OSSE had not obtained and retained adequate information to conclude on the proper income eligibility determination.

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

Effect – The use of incorrect co-payment amounts in eligibility determinations may result in the Federal government paying more than its required share. In addition, income eligibility determinations based on incomplete information may lead to ineligible families participating in the program or participants may be placed in the wrong category of the co-pay scale.

Cause – OSSE is not performing periodic reviews of data in its participant database and is not obtaining complete information to make proper income eligibility determinations.

Recommendation – We recommend that OSSE improve internal control procedures to ensure that data is accurate and complete. We also recommend OSSE obtain and retain complete information to support eligibility decisions.

Views of Responsible Officials and Planned Corrective Actions – OSSE has a control mechanism in place to conduct periodic reviews of participant case files and is currently taking measures to strengthen this mechanism. OSSE recently completed an Improper Authorization for Payment (IAP) audit through which it examined a sample of 276 case files for child care subsidy recipients. Each case was reviewed to verify whether eligibility was properly determined and if rates (both subsidy and parent co-payment) were properly assigned.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

OSSE will continue this audit process and will use information gathered through the IAP audit to improve its existing control mechanism. The current control mechanism has been in place since 2008 and provides assurance that only eligible individuals and organizations receive assistance under Federal awards programs, that sub-awards are made only to eligible sub-recipients, and that amounts provided were calculated in accordance with program requirements.

OSSE's control mechanism addresses improper authorization errors during both initial intake and re-determination processes through regular trainings on eligibility policies, monthly spot checks on initial eligibility applications, and periodic case reviews. This mechanism will be strengthened by using information gathered through OSSE's IAP audit on the nature and frequency of errors being made. This information will allow OSSE to target trainings to correct specific areas of concern and to address specific mechanisms within the eligibility determination process.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-80	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A080051 Grant Award Period: 7/1/08-9/30/09	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources.”

Condition – OSSE was unable to provide evidence of its compliance with the supplement not supplant requirement.

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

Effect – OSSE was unable to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support OSSE being in compliance.

Cause – Management does not appear to have policies and procedures in place to ensure compliance with the supplement not supplant requirement.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. We recommend that OSSE develop policies and procedures to ensure compliance with the supplement not supplant requirement. We also recommend that supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – State and local educational agencies are required to use Title I, Part A funds “only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.” 20 U.S.C. 6321(b)(1). In other words, Title I, Part A funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

As the U.S. Department of Education (USDE) has recognized, determining whether a particular cost constitutes supplanting depends on individual facts and circumstances:

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues USDE stated, “keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation.”

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

- In an October 13, 2004 webcast entitled "Key Title I Fiscal Issues: Supplement, Not Supplant" one USDE official stated "one of the reasons that it's [supplement, not supplant] so hard to deal with is that it's very case specific. You have to have all the details and circumstances in an individual situation to make a call about whether "supplement, or not supplant" applies." Another official stated supplement not supplant "sounds like a very simple requirement, but . . . it's very fact specific. And, you really can't talk about it well in general terms because it is so dependent upon the facts of the specific situation."

Because a supplanting analysis is so fact specific both the USDE's Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply three presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.
- A supplanting violation is presumed when an SEA or LEA uses Title I, Part A to provide the same services to Title I students that the LEA or SEA provides with state or local funds to nonparticipating students.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

OSSE has taken steps to ensure costs comply with federal supplanting restrictions. As part of its annual budget development process OSSE, in collaboration with its agency fiscal office, takes into consideration the funding source (local or federal) for particular budget items to ensure compliance with this requirement. In addition, in school year 2008-2009 local educational agencies (LEAs), including the DCPS LEA, provided assurance they would comply with supplement not supplant requirement as a condition of receiving federal funds under the consolidated application for major NCLB programs. The 2009-2010 consolidated application continues to include this assurance, and OSSE has also provided guidance to LEAs on the supplement not supplant requirements.

Finally, in the absence of specific expenditures or transactions that allegedly violated the supplanting requirement under Title I, Part A, there is no evidence of actual harm to an identifiable federal interest sufficient to establish a prima facie case to support the finding.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-81	U.S. Department of Education Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A080008 Grant Award Period: 7/1/08-9/30/09	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources.”

Condition – OSSE was unable to provide evidence of its compliance with the supplement not supplant requirement.

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

Effect – OSSE was unable to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support OSSE being in compliance.

Cause – Management does not appear to have policies and procedures in place to ensure compliance with the supplement not supplant requirement.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. We recommend that OSSE develop policies and procedures to ensure compliance with the supplement not supplant requirement. We also recommend that supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – State and local educational agencies are required to use Title II, Part A funds “only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.” 20 U.S.C. §§ 6613(f), 6623(b). In other words, Title II, Part A funds generally cannot be used to pay for costs that would otherwise be paid for with state or local funds.

As the U.S. Department of Education (USDE) has recognized, determining whether a particular cost constitutes supplanting depends on individual facts and circumstances:

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues USDE stated, “keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation.”

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

- In an October 13, 2004 webcast entitled "Key Title I Fiscal Issues: Supplement, Not Supplant" one USDE official stated "one of the reasons that it's [supplement, not supplant] so hard to deal with is that it's very case specific. You have to have all the details and circumstances in an individual situation to make a call about whether "supplement, or not supplant" applies." Another official stated supplement not supplant "sounds like a very simple requirement, but . . . it's very fact specific. And, you really can't talk about it well in general terms because it is so dependent upon the facts of the specific situation."

Because a supplanting analysis is so fact specific both the USDE's Non-Regulatory Guidance and the OMB Circular A-133 Compliance Supplement direct auditors to apply three presumptions to determine whether an individual cost constitutes supplanting:

- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.
- A supplanting violation is presumed when an SEA or LEA uses federal funds to provide services the SEA or LEA provided with state or local funds in the prior year.
- A supplanting violation is presumed when an SEA or LEA uses Title I, Part A to provide the same services to Title I students that the LEA or SEA provides with state or local funds to nonparticipating students.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a particular cost.

OSSE has taken steps to ensure costs comply with federal supplanting restrictions. As part of its annual budget development process OSSE, in collaboration with its agency fiscal office, takes into consideration the funding source (local or federal) for particular budget items to ensure compliance with this requirement. In addition, in school year 2008-2009 local educational agencies (LEAs), including the DCPS LEA, provided assurance they would comply with supplement not supplant requirement as a condition of receiving federal funds under the consolidated application for major NCLB programs. The 2009-2010 consolidated application continues to include this assurance, and OSSE has also provided guidance to LEAs on the supplement not supplant requirements.

Finally, in the absence of specific expenditures or transactions that allegedly violated the supplanting requirement under Title II, Part A, there is no evidence of actual harm to an identifiable federal interest sufficient to establish a prima facie case to support the finding.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-82	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A080051 Grant Award Period: 7/1/08-9/30/09	Reporting	Not Determinable

Criteria or Specific Requirement – Reports for federal awards should include all activity of the reporting period and should be supported by applicable accounting records. They should also be presented in accordance with program specifications. Each year, a State Educational Agency (SEA) must submit its average State Per Pupil Expenditure (SPPE) data to the National Center for Education Statistics (NCES). This SPPE data is used by the U.S. Department of Education to make allocations under several Elementary and Secondary Education Act (ESEA) programs. The SPPE data is provided by OSSE with a one-year lag.

Condition – OSSE's Title I expenditures for FY 2008 as presented in Section 7 of the SPPE report were approximately \$46.78 million while the summary of federal expenditures for Title I as reflected on the FY 2008 Schedule of Expenditures of Federal Awards were approximately \$51.69 million. There is a difference in the expenditures reported to NCES by approximately \$4.91 million.

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

Effect – The report generated by OSSE is not accurate.

Cause – There was inadequate review by OSSE prior to releasing the report. The information extracted from SOAR, the District's accounting system of record, in the preparation of the SPPE report did not appear to have been reviewed.

Recommendation – We recommend OSSE should maintain all supporting documentation for the expenditures and amounts reflected in the financial reports and verify consistency of the information with other reports issued to other agencies. We also recommend that OSSE's financial reports should be reconciled with SOAR and reviewed by a responsible official prior to release.

Views of Responsible Officials and Planned Corrective Actions – OSSE agrees with this finding in part. OSSE provided back up documentation to support the initial SPPE report issued by OSSE to NCES. This initial report was subsequently adjusted based on guidance from NCES.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

While OSSE agrees that the agency failed to provide documentation that supported the changes made to the initial SPPE report, the agency maintains copies of email communications from NCES stating that the final report included "data after we have made adjustments/imputations for missing data. The 'Imputed File for Release' data are the data we [NCES] will publish. We were informed that Instruction-Other included some expenditures for equipment and other items, and that is why the total current expenditures decreased after the imputations were run."

OSSE agrees with the recommendation and will update existing policies and procedures to include said recommendations.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-83	U.S. Department of Agriculture Child and Adult Care Food Program CFDA Number: 10.558 Grant Award Number: 1DC300302 Grant Award Period: 10/1/08-9/30/09	Subrecipient Monitoring	Not Determinable

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

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

Condition – We reviewed 10 subrecipient files and noted that in 1 file, OSSE had no evidence of a corrective action plan and follow-up on deficiencies noted during the site visits.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. The total number of subrecipients in FY 2009 was 73.

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

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies.

Recommendation – We recommend OSSE adhere to its subrecipient monitoring procedures and controls to ensure subrecipients' corrective action plans for deficiencies are obtained, followed up on to ensure proper remediation, and retained in the files.

Views of Responsible Officials and Planned Corrective Actions – The Child and Adult Care Food Program (CACFP) unit in the Wellness and Nutrition Services Division (WNS) has established procedures to follow up when subrecipient organizations have been monitored and require implementation of corrective actions for failure to comply with CACFP requirements.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

The current procedures require the CACFP specialists to individually track the delivery of the subrecipient's corrective action (CA) plan and determine if the CA is submitted within the specified timeframe, that the subrecipient executed appropriate CA to permanently correct the infraction, and the CACFP specialists provide a suitable close-out letter when all infractions have been appropriately addressed. These documents are to be filed in the subrecipient's folders. WNS is committed to updating and improving its subrecipient monitoring policies and procedures to ensure increased compliance.

WNS will incorporate the following future procedures in addition to its current procedures. To ensure the subrecipient's CA is obtained and properly followed-up, the CACFP specialist will:

- Input future CA due dates on the CACFP units Outlook calendar to ensure the CAs are submitted within the specified timeframe;
- Send managers an email when the CA is received and if necessary, discuss the subrecipient's plan;
- Within five days of receipt of the CA, provide through email or postal mail, an appropriate response to the subrecipient, i.e. close-out letter or include additional corrective plans needed to permanently correct the violation;
- Close-out letter or other additional correspondences to the subrecipient will be saved electronically and filed in the subrecipient's folder; and
- Notify the CACFP manager when these documents have been filed.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-84	U.S. Department of Health and Human Services Child Care Mandatory & Matching Funds of the Child Care & Development Fund CFDA Number: 93.596 Grant Award Number: G0902DCCCDF Grant Award Period: 10/1/08-9/30/09	Subrecipient Monitoring	Not Determinable

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

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

Condition – We reviewed 12 subrecipient files and noted that in 4 files, OSSE had not properly identified federal award information to the respective subrecipients.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. The total number of subrecipients in FY 2009 was 53.

Effect – Failure to properly identify federal award information to subrecipients could lead to subrecipients inappropriately using federal funds.

Cause – OSSE's subrecipient monitoring procedures and controls do not address the requirement for identifying federal award information to subrecipients.

Recommendation – We recommend OSSE revise its subrecipient monitoring procedures and controls to address the identification of federal award information to subrecipients.

Views of Responsible Officials and Planned Corrective Actions – OSSE has included the grant award number information in subrecipient files in prior years, and is now requiring the Analysis & Reporting Division of the Early Childhood Education Division to review each subrecipient grant award notice to ensure that the CFDA number is included in all grant agreements.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Moreover, OSSE is undertaking a more comprehensive revision of its subrecipient monitoring procedures and protocols. The Division of Early Childhood Education is participating in the OSSE-wide working group charged with creating guidance for OSSE divisions to monitor subrecipients receiving federal funding. This OSSE-wide working group played a key role in the creation and release of the Monitoring Policy guidance issued by OSSE on March 26, 2010. Each office within OSSE uses these policies as a guide in developing individual program specific monitoring protocols and tools to address the requirements of each local and federal grant administered by the agency. The policy provides guidance on the minimum requirements and standards OSSE shall use to monitor programs implemented by grant subrecipients. Furthermore, participation in this working group is intended to align the monitoring policies with actual implementation practices.

This new Monitoring Policy requires that Federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated. The Monitoring Policy also outlines policies for the pass-through entity to conduct monitoring to ensure the subrecipient carries out the requirements of the grant/provider agreement, obtains required audits, and takes appropriate corrective action on audit findings.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-85	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A080051 Grant Award Period: 7/1/08-9/30/09	Allowable Costs: Payroll and Nonpayroll Activities	\$1,048,182

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

Condition – The following exceptions were noted during our testwork:

- DCPS was unable to provide expenditure details and underlying supporting documentation for payroll expenditures as charged to the federal grant and included in the schoolwide plan in the amount of \$654,598.
- In 1 out of 16 payroll expenditure samples selected for testing included in the non-schoolwide plan, the amount claimed exceeded the actual amount paid to the respective employee by \$10,983.
- DCPS was unable to provide expenditure details and underlying supporting documentation for nonpayroll expenditures that were charged to the federal grant in the amount of \$94,038.
- In 1 out of 17 nonpayroll expenditure samples selected for testing, DCPS was unable to provide adequate supporting documentation. The amount related to the unsupported expenditure was \$288,563.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements. Total expenditure transactions charged to the Title I program by DCPS in FY 2009 were \$29,703,172 which includes payroll expenditures for the schoolwide and non-schoolwide plan in the amount of \$14,378,206 and \$1,759,149, respectively.

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, a lack of review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal awards.

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

Recommendation – DCPS should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. The supporting documentation should be properly maintained and safeguarded and be available for review.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

Views of Responsible Officials and Planned Corrective Actions – DCPS does not concur that expenditure details and underlying supporting documentation was not provided for \$654,598 in school-wide plan payroll related expenditures. DCPS provided detail reports from SOAR, the District's accounting system of record, for \$347,726 of the \$654,598. DCPS tracks the amount of school-wide expenditures incurred on a per program level in SOAR and provided sufficient underlying support for these expenses. DCPS concurs that sufficient supporting documentation and underlying data was not provided for \$306,872 in school-wide plan payroll expenditures.

DCPS further concurs with the above conditions identified related to the non-schoolwide payroll and non-payroll expenditures and will review our document retention policy, and revise it as necessary, to ensure that adequate documentation for expenditures incurred related to federal awards is consistently available for review. The expenditure review and approval procedures over personnel and non-personnel costs will also be reviewed and revised as necessary to ensure that expenditures are appropriately monitored so that costs do not exceed approved amounts.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-86	U.S. Department of Education Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A08008 Grant Award Period: 7/1/08-9/30/09	Allowable Costs: Nonpayroll Activities	\$49,504

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

Condition – We noted that for FY 2009 DCPS had charged \$3,771,284 in nonpayroll expenditures to the Title II program. Of this amount, DCPS was only able to provide underlying supporting documentation for \$3,721,780.

Context – This is a condition identified per review of DCPS’ compliance with specified requirements. The unsupported nonpayroll expenditures amounted to \$49,504.

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, a lack of review of expenditures may lead to expenses being incurred which are not allowed under the conditions of the federal awards.

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

Recommendation – DCPS should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. The supporting documentation should be properly maintained and safeguarded and be available for review.

Views of Responsible Officials and Planned Corrective Actions – DCPS concurs that the supporting documentation related to these expenditures was not provided. We will review the document retention policy, and revise it as necessary, to ensure that adequate documentation for expenditures incurred related to federal awards is consistently available for review. The expenditure review and approval procedures over non-personnel costs will also be reviewed and revised to ensure that expenditures continue to be appropriately monitored.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2009-87	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A080051 Grant Award Period: 7/1/08-9/30/09	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources.”

Condition – DCPS was unable to provide evidence of its compliance with the supplement not supplant requirement.

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

Effect – DCPS was unable to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support DCPS being in compliance.

Cause – Management does not appear to have policies and procedures in place to ensure compliance with the supplement not supplant requirement.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. We recommend that DCPS develop policies and procedures to ensure compliance with the supplement not supplant requirement. We also recommend that supporting documentation should be properly maintained and safeguarded and be available for review.

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

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2009-88	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A080010 Grant Award Period: 7/1/08-9/30/09	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement specifies that IDEA, Part B funds received by a Local Educational Agency (LEA) cannot be used, except under certain limited circumstances, to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds, or a combination of State and local funds, below the level of those expenditures for the preceding fiscal year. To meet this requirement, an LEA must expend, in any particular fiscal year, an amount of local funds, or a combination of State and local funds, for the education of children with disabilities that is at least equal, on either an aggregate or a per capita basis, to the amount of local funds, or a combination of State and local funds, expended for this purpose by the LEA in the prior fiscal year.

Condition – DCPS was unable to provide evidence of its compliance with the maintenance of effort requirement.

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

Effect – DCPS was unable to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support DCPS being in compliance.

Cause – Management does not appear to have policies and procedures in place to ensure compliance with the maintenance of effort requirement. There was no review of the requirement during the year.

Recommendation – DCPS should determine a methodology for ensuring that the local maintenance of effort has remained consistent from year to year. A policy should be instituted that will analyze the local funds used for the Special Education Cluster programs and measure them against the local funds used in prior years.

Views of Responsible Officials and Planned Corrective Actions – DCPS will develop and maintain a written policy for the Special Education program's maintenance of effort and apply this analysis to monitor activity beginning in FY 2010.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2009-89	U.S. Department of Education Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A080008 Grant Award Period: 7/1/08-9/30/09	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – As reflected in the OMB Circular A-133 Compliance Supplement “A State Educational Agency (SEA) or a Local Educational Agency (LEA) may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources.”

Condition – DCPS was unable to provide evidence of its compliance with the supplement not supplant requirement.

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

Effect – DCPS was unable to provide evidence that it was monitoring or attempting to meet this requirement. Therefore, no evidence exists to support DCPS being in compliance.

Cause – Management does not appear to have policies and procedures in place to ensure compliance with the supplement not supplant requirement.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. We recommend that DCPS develop policies and procedures to ensure compliance with the supplement not supplant requirement. We also recommend that supporting documentation should be properly maintained and safeguarded and be available for review.

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

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2009-90	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A080051 Grant Award Period: 7/1/08-9/30/09	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – In our review of 27 procurement files related to the Title I grant, DCPS was unable to provide supporting documentation for 1 procurement file. The amount of the purchase order for this file was \$418,200.

Context – This is a condition identified per review of OSSE's compliance with specified requirements. We reviewed 27 procurement files totaling \$7,727,133.

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

Cause – DCPS maintains a separate procurement office to ensure procurement requirements are met, as well as for the maintenance of appropriate supporting documentation. DCPS did not adhere to the required policies and procedures to ensure that it complied with the appropriate documentation requirements under OMB Circulars A-133 and A-102 for procurements, suspension, and debarment.

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

Views of Responsible Officials and Planned Corrective Actions – DCPS Office of Contracts and Acquisitions has an existing record retention policy. The missing documentation is not a result of a policy failure but due to the fact that files sent to offsite storage during the move to the new location were mislabeled and misfiled. The process related to items filed offsite is being revised to ensure that items are appropriately labeled and additional levels of review will be required prior to files being sent out to the offsite location.

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**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:

Nelson Alli
Government of the District of Columbia
Office of Integrity and Oversight
Single Audit Coordinator
202-442-8274

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Health (DOH)				
2008-11	Medical Assistance Program Cluster	Allowable Costs: Escheated Warrants	93.775, 93.777, 93.778	Responsibility shift to DHCF. Similar Finding No. 2009-07.
2008-12	Medical Assistance Program Cluster	Allowable Costs: Drug Rebates	93.775, 93.777, 93.778	Responsibility shift to DHCF. Similar Finding No. 2009-08.
2008-13	Housing Opportunities for Persons with AIDS	Cash Management: Funding Technique	14.241	Repeated. Finding No. 2009-14.
2008-14	State Children's Health Insurance Program	Cash Management: Funding Technique	93.767	Responsibility shift to DHCF and change in program name. Similar Finding No. 2009-09.
2008-15	Medical Assistance Program Cluster	Cash Management: Funding Technique	93.775, 93.777, 93.778	Responsibility shift to DHCF. Partially corrected. Similar Finding No. 2009-10.
2008-16	HIV Emergency Relief Project Grants	Cash Management: Funding Technique	93.914	Repeated. Finding No. 2009-16.
2008-17	HIV Care Formula Grants	Cash Management: Funding Technique	93.917	Repeated. Finding No. 2009-17.
2008-18	HIV Prevention Activities	Cash Management: Funding Technique	93.940	Repeated. Finding No. 2009-18.
2008-19	Block Grants for Prevention and Treatment of Substance Abuse	Cash Management: Funding Technique	93.959	Not corrected. Similar Finding No. 2009-14 through 2009-18.

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.				
2008-20	State Children's Health Insurance Program	Eligibility	93.767	Responsibility shift to DHCF and change in program name. Similar Finding No. 2009-11.
2008-21	Medical Assistance Program Cluster	Eligibility	93.775, 93.777, 93.778	Responsibility shift to DHCF. Similar Finding No. 2009-12.
2008-22	HIV Care Formula Grants	Eligibility	93.917	Corrected.
2008-23	Medical Assistance Program Cluster	Procurement, Suspension, and Debarment	93.775, 93.777, 93.778	Responsibility shift to DHCF. Corrected.
2008-24	HIV Emergency Relief Project Grants	Procurement, Suspension, and Debarment	93.914	Corrected.
2008-25	HIV Care Formula Grants	Procurement, Suspension, and Debarment	93.917	Corrected.
2008-26	HIV Prevention Activities	Procurement, Suspension, and Debarment	93.940	Corrected.
2008-27	Block Grants for Prevention and Treatment of Substance Abuse	Procurement, Suspension, and Debarment	93.959	Corrected.
2008-28	HIV Care Formula Grants	Subrecipient Monitoring	93.917	Corrected.
2008-29	Housing Opportunities for Persons with AIDS	Special Tests and Provisions: Housing Quality Standards	14.241	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.				
2008-30	Medical Assistance Program Cluster	Special Tests and Provisions: Utilization Control and Program Integrity	93.775, 93.777, 93.778	Responsibility shift to DHCF. Corrected.
District Agency - Department of Disability Services (DDS)				
2008-31	Social Security – Disability Insurance	Allowable Costs: Indirect Cost Activities	96.001	Corrected.
2008-32	Vocational Rehabilitation Grants to States	Cash Management: Funding Technique	84.126	Repeated. Finding No. 2009-22.
2008-33	Social Security – Disability Insurance	Cash Management: Funding Technique	96.001	Repeated. Finding No. 2009-23.
2008-34	Vocational Rehabilitation Grants to States	Eligibility	84.126	Repeated. Finding No. 2009-24.
2008-35	Vocational Rehabilitation Grants to States	Procurement, Suspension, and Debarment	84.126	Repeated. Finding No. 2009-25.
2008-36	Social Security – Disability Insurance	Procurement, Suspension, and Debarment	96.001	Repeated. Finding No. 2009-26.
District Agency – Office of the Attorney General (OAG)				
2008-37	Child Support Enforcement	Allowable Costs: Indirect Cost Activities	93.563	Corrected.
2008-38	Child Support Enforcement	Cash Management	93.563	Repeated. Finding No. 2009-28.
2008-39	Child Support Enforcement	Procurement, Suspension, and Debarment	93.563	Repeated. Finding No. 2009-29.

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 the Attorney General (OAG) - Cont'd.				
2008-40	Child Support Enforcement	Special Tests and Provisions: Provision of Child Support Services for Interstate Initiating Cases	93.563	Repeated. Finding No. 2009-30.
2008-41	Child Support Enforcement	Special Tests and Provisions: Provision of Child Support Services for Interstate Responding Cases	93.563	Corrected.
2008-42	Child Support Enforcement	Special Tests and Provisions: Enforcement of Support Obligations	93.563	Corrected.
District Agency – District of Columbia Public Schools (DCPS)				
2008-43	Head Start	Allowable Costs: Payroll Activities	93.600	Corrected.
2008-44	Head Start	Allowable Costs: Indirect Cost Activities	93.600	Repeated. Finding No. 2009-33.
2008-45	Head Start	Cash Management: Funding Technique	93.600	Repeated. Finding No. 2009-34.
2008-46	Head Start	Cash Management: Drawdown of Funds	93.600	Repeated. Finding No. 2009-34.
2008-47	Head Start	Eligibility	93.600	Corrected.
2008-48	This finding number was not used.			
2008-49	This finding number was not used.			
2008-50	This finding number was not used.			

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.				
2008-51	Head Start	Procurement, Suspension, and Debarment	93.600	Corrected.
2008-52	Head Start	Reporting	93.600	Repeated. Finding No. 2009-38.
2008-53	Head Start	Reporting	93.600	Corrected.
2008-54	This finding number was not used.			
2008-55	Head Start	Subrecipient Monitoring	93.600	Repeated. Finding No. 2009-39.
District Agency – Child and Family Services Agency (CFSA)				
2008-56	Foster Care – Title IV-E	Allowable Costs: Cost Allocation Plan	93.658	Repeated. Finding No. 2009-43.
2008-57	Adoption Assistance	Allowable Costs: Cost Allocation Plan	93.659	Repeated. Finding No. 2009-44.
2008-58	Foster Care – Title IV-E	Cash Management: Funding Technique	93.658	Repeated. Finding No. 2009-45.
2008-59	Adoption Assistance	Cash Management: Funding Technique	93.659	Repeated. Finding No. 2009-46.
2008-60	Foster Care – Title IV-E	Eligibility	93.658	Repeated. Finding No. 2009-47.
2008-61	Adoption Assistance	Eligibility	93.659	Repeated. Finding No. 2009-48.
2008-62	Foster Care – Title IV-E	Procurement, Suspension, and Debarment	93.658	Repeated. Finding No. 2009-49.

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 – Child and Family Services Agency (CFSA) - Cont'd.				
2008-63	Adoption Assistance	Procurement, Suspension, and Debarment	93.659	Corrected.
2008-64	This finding number was not used.			
2008-65	Foster Care – Title IV-E	Subrecipient Monitoring	93.658	Repeated. Finding No. 2009-50.
District Agency – District Department of the Environment (DDOE)				
2008-66	Low Income Home Energy Assistance Program	Equipment and Real Property Management	93.568	Corrective action plan implemented.
2008-67	Nonpoint Source Implementation Grants	Matching, Level of Effort, Earmarking	66.460	Corrective action plan implemented.
2008-68	Nonpoint Source Implementation Grants	Subrecipient Monitoring	66.460	Corrective action plan implemented.
District Agency – Department of Housing and Community Development (DHCD)				
2008-69	Community Development Block Grants/Entitlement Grants	Allowable Costs: Indirect Cost Activities	14.218	Corrective action plan implemented.
2008-70	HOME Investment Partnerships Program	Allowable Costs: Indirect Cost Activities	14.239	Corrective action plan implemented.
2008-71	HOME Investment Partnerships Program	Matching, Level of Effort, Earmarking	14.239	Corrective action plan implemented.
District Agency – Department of Human Services (DHS)				
2008-72	State Administrative Matching Grants for Food Stamp Program	Allowable Costs: Nonpayroll and Payroll Activities	10.561	Corrected.
2008-73	This finding number was not used.			

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 Human Services (DHS) - Cont'd.				
2008-74	Temporary Assistance for Needy Families	Allowable Costs: Indirect Cost Activities	93.558	Repeated. Finding No. 2009-51.
2008-75	This finding number was not used.			
2008-76	State Administrative Matching Grants for Food Stamp Program	Cash Management: Funding Technique	10.561	Change in program name. Repeated. Finding No. 2009-53.
2008-77	Temporary Assistance for Needy Families	Cash Management: Funding Technique	93.558	Repeated. Finding No. 2009-54.
2008-78	Community Services Block Grant	Cash Management: Funding Technique	93.569	Repeated. Finding No. 2009-55.
2008-79	Social Services Block Grant	Cash Management: Funding Technique	93.667	Not corrected. Similar Finding No. 2009-53 through 2009-55.
2008-80	Temporary Assistance for Needy Families	Eligibility	93.558	Repeated. Finding No. 2009-56.
2008-81	Temporary Assistance for Needy Families	Period of Availability	93.558	Corrected.
2008-82	Temporary Assistance for Needy Families	Procurement, Suspension, and Debarment	93.558	Repeated. Finding No. 2009-58.
2008-83	Community Services Block Grant	Procurement, Suspension, and Debarment	93.569	Corrected.
2008-84	Temporary Assistance for Needy Families	Special Tests and Provisions: Child Support Non-Cooperation	93.558	Repeated. Finding No. 2009-61.

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 – Department of Human Services (DHS) - Cont'd.				
2008-85	Temporary Assistance for Needy Families	Special Tests and Provisions: Income Eligibility and Verification System	93.558	Corrected.
2008-86	This finding number was not used.			
District Agency – Department of Employment Services (DOES)				
2008-87	Unemployment Insurance	Cash Management: Funding Technique	17.225	Repeated. Finding No. 2009-62.
2008-88	This finding number was not used.			
District Agency – District Department of Transportation (DDOT)				
2008-89	Highway Planning and Construction	Davis-Bacon Act	20.205	Corrected.
2008-90	This finding number was not used.			
District Agency – Homeland Security and Emergency Management Agency (HSEMA)				
2008-91	Homeland Security Grant Program	Cash Management: Funding Technique	97.067	Corrected.
2008-92	Rail and Transit Security Grant Program	Cash Management: Funding Technique	97.075	Corrective action plan implemented.
2008-93	Rail and Transit Security Grant Program	Matching, Level of Effort, Earmarking	97.075	Corrective action plan implemented.
2008-94	This finding number was not used.			
2008-95	Rail and Transit Security Grant Program	Period of Availability	97.075	Not corrected. Similar Finding No. 2009-68.
2008-96	Homeland Security Grant Program	Procurement, Suspension, and Debarment	97.067	Repeated. Finding No. 2009-69.

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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 – Homeland Security and Emergency Management Agency (HSEMA) - Cont'd.				
2008-97	Rail and Transit Security Grant Program	Procurement, Suspension, and Debarment	97.075	Not corrected. Similar Finding No. 2009-69.
2008-98	This finding number was not used.			
2008-99	This finding number was not used.			
2008-100	Homeland Security Grant Program	Subrecipient Monitoring	97.067	Corrected.
2008-101	Rail and Transit Security Grant Program	Subrecipient Monitoring	97.075	Corrective action plan implemented.
2008-102	This finding number was not used.			
District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA)				
2008-103	Title I Grants to Local Educational Agencies	Allowable Costs: Payroll Activities	84.010	Corrected.
2008-104	Special Education Cluster	Allowable Costs: Payroll Activities	84.027; 84.173	Repeated. Finding No. 2009-72.
2008-105	Career and Technical Education-Basic Grants to States	Allowable Costs: Payroll Activities	84.048	Not corrected. Similar Finding No. 2009-72.
2008-106	This finding number was not used.			
2008-107	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Allowable Costs: Nonpayroll Activities	93.596	Corrected.
2008-108	Title I Grants to Local Educational Agencies	Cash Management: Drawdown of Funds	84.010	Repeated. Finding No. 2009-74.
2008-109	Special Education Cluster	Cash Management: Drawdown of Funds	84.027, 84.173	Repeated. Finding No. 2009-75.

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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA) - Cont'd.				
2008-110	Improving Teacher Quality State Grants	Cash Management: Drawdown of Funds	84.367	Partially corrected. Similar Finding No. 2009-77.
2008-111	Statewide Data Systems	Cash Management: Drawdown of Funds	84.372	Partially corrected. Similar Finding No. 2009-73 through 2009-78.
2008-112	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Cash Management: Drawdown of Funds	93.596	Repeated. Finding No. 2009-78.
2008-113	Title I Grants to Local Educational Agencies	Eligibility	84.010	Corrected.
2008-114	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Eligibility	93.596	Repeated. Finding No. 2009-79.
2008-115	Title I Grants to Local Educational Agencies	Matching, Level of Effort, Earmarking	84.010	Repeated. Finding No. 2009-80.
2008-116	This finding number was not used.			
2008-117	Career and Technical Education-Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Not corrected. Similar Finding No. 2009-80 and 2009-81.
2008-118	Career and Technical Education-Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Corrective action plan implemented.
2008-119	Career and Technical Education-Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Corrective action plan implemented.

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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency – Office of the State Superintendent of Education (OSSE) – State Educational Agency (SEA) - Cont'd.				
2008-120	Improving Teacher Quality State Grants	Matching, Level of Effort, Earmarking	84.367	Repeated. Finding No. 2009-81.
2008-121	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Period of Availability	93.596	Corrected.
2008-122	Title I Grants to Local Educational Agencies	Procurement, Suspension, and Debarment	84.010	Corrected.
2008-123	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Procurement, Suspension, and Debarment	93.596	Corrected.
2008-124	Title I Grants to Local Educational Agencies	Reporting	84.010	Repeated. Finding No. 2009-82.
2008-125	This finding number was not used.			
2008-126	This finding number was not used.			
2008-127	This finding number was not used.			
2008-128	This finding number was not used.			
2008-129	This finding number was not used.			
2008-130	This finding number was not used.			
2008-131	Title I Grants to Local Educational Agencies	Subrecipient Monitoring	84.010	Corrected.
2008-132	Special Education Cluster	Subrecipient Monitoring	84.027, 84.173	Corrected.

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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 the State Superintendent of Education (OSSE) – State Educational Agency (SEA) - Cont'd				
2008-133	Career and Technical Education-Basic Grants to States	Subrecipient Monitoring	84.048	Corrective action plan implemented.
2008-134	Improving Teacher Quality State Grants	Subrecipient Monitoring	84.367	Corrective action plan implemented.
2008-135	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Subrecipient Monitoring	93.596	Partially corrected. Similar Finding No. 2009-84.
District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA)				
2008-136	Title I Grants to Local Educational Agencies	Allowable Costs: Nonpayroll Activities	84.010	Repeated. Finding No. 2009-85.
2008-137	Title I Grants to Local Educational Agencies	Allowable Costs: Payroll Activities	84.010	Repeated. Finding No. 2009-85.
2008-138	Special Education Cluster	Allowable Costs: Payroll Activities	84.027, 84.173	Corrected.
2008-139	This finding number was not used.			
2008-140	Career and Technical Education-Basic Grants to States	Allowable Costs: Payroll Activities	84.048	Not corrected. Similar Finding No. 2009-85.
2008-141	Improving Teacher Quality State Grants	Allowable Costs: Payroll Activities	84.367	Corrected.
2008-142	Title I Grants to Local Educational Agencies	Matching, Level of Effort, Earmarking	84.010	Repeated. Finding No. 2009-87.
2008-143	Special Education Cluster	Matching, Level of Effort, Earmarking	84.027, 84.173	Repeated. Finding No. 2009-88.

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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency – District of Columbia Public Schools (DCPS) – Local Educational Agency (LEA) - Cont'd.				
2008-144	Career and Technical Education-Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Not corrected. Similar Finding No. 2009-87 and 2009-89.
2008-145	Improving Teacher Quality State Grants	Matching, Level of Effort, Earmarking	84.367	Repeated. Finding No. 2009-89.
2008-146	Title I Grants to Local Educational Agencies	Procurement, Suspension, and Debarment	84.010	Repeated. Finding No. 2009-90.
2008-147	Title I Grants to Local Educational Agencies	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals	84.010	Corrected.