

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

- *CFSA provided the IV-E Adoption Assistance Program Eligibility Checklist, however it was not signed evidencing approval for 9 of the 45 files.*

The agency does not concur with the finding. The Agency's policies and practices are compliant with federal guidelines as there are no federal eligibility requirements related to "Eligibility Checklists" or "QA reviewer signature". Furthermore, the case files to which this finding applies had eligibility determinations completed prior to the April 2005 implementation of the Title IV-E Adoption Assistance Eligibility Checklist internal control and cannot be retroactively applied to previously completed eligibility determinations partially because re-determinations are not required for the Adoption Assistance program as stated in the Child Welfare Policy Manual, Section 8.2B.9 "Title IV-E, Adoption Assistance Program, Eligibility, Redeterminations".

"The title IV-E adoption assistance program does not require redeterminations of a child's eligibility. Although the title XIX Medicaid program and the programs that, in part, may qualify a child initially for adoption assistance, such as Aid to Families with Dependent Children and Supplemental Security Income, require redeterminations, they are unnecessary for the purpose of maintaining a child's eligibility for title IV-E adoption assistance. Once a child has been determined eligible and is receiving adoption assistance, a State may terminate the assistance only under the circumstances specified at section 473(a)(4) of the Social Security Act."

Source: *ACYF-CB-PA-01-01 (1/23/01)*; Legal Reference: *Social Security Act - section 473*

- *CFSA did not provide the IV-E Adoption Assistance Program Eligibility Checklist for 32 of the 45 items.*

The agency does not concur with the finding. The Agency's policies and practices are compliant with federal guidelines as there are no federal eligibility requirements related to "Eligibility Checklists" or "QA reviewer signature". Furthermore, the case files to which this finding applies had eligibility determinations completed prior to the April 2005 implementation of the Title IV-E Adoption Assistance Eligibility Checklist internal control, and cannot be retroactively applied to previously completed eligibility determinations partially because re-determinations are not required for the Adoption Assistance program as stated in ACF's Child Welfare Policy Manual, Section 8.2B.9 "Title IV-E, Adoption Assistance Program, Eligibility, Redeterminations".

"The title IV-E adoption assistance program does not require redeterminations of a child's eligibility. Although the title XIX Medicaid program and the programs that, in part, may qualify a child initially for adoption assistance, such as Aid to Families with Dependent Children and Supplemental Security Income, require redeterminations, they are unnecessary for the purpose of maintaining a child's eligibility for title IV-E adoption assistance. Once a child has been determined eligible and is receiving adoption assistance, a State may terminate the assistance only under the circumstances specified at section 473(a)(4) of the Social Security Act."

Source: *ACYF-CB-PA-01-01 (1/23/01)*; Legal Reference: *Social Security Act - section 473*

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- *CFSA did not provide evidence that reasonable efforts to place the child for adoption without a subsidy occurred for 41 of the 45 files.*

The agency does not concur with the finding. The agency maintains that it has satisfied federal requirements that a "reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents without providing adoption assistance" based on ACF's "Child Welfare Policy Manual", Section 8.2B.11, which reads:

"In an effort to find an appropriate adoptive home for a child, and meet the requirement that a reasonable, but unsuccessful, effort be made to place the child without adoption assistance, it is not necessary for the agency to "shop" for a family while a child remains in foster care. Once the agency has made the determination that placement with a certain family is in the child's best interest, the agency should make full disclosure about the child's background, as well as known or potential problems. If the agency has determined that the child cannot or should not return home and the child meets the statutory definition of special needs with regard to specific factors or conditions, then the agency can pose the question of whether the prospective adoptive parents are willing to adopt without assistance. If they say they cannot adopt the child without adoption assistance, the requirement in section 473(c)(2)(B) for a reasonable, but unsuccessful, effort to place without providing adoption assistance will be met."

The Social Security Act [at 473(c)(2)(B)] reads as follows: "that, except where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child, a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section or medical assistance under title XIX."

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2007-57

This finding # was not used.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2007-58

This finding # was not used.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-59	U.S. Department of Health and Human Services Foster Care – Title IV-E CFDA Number: 93.658 Grant Award Number: 2007G994107 Grant Award Period: 10/1/06-9/30/07	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – During our test work over procurement, we noted the following out of a sample of 16 transactions:

- For 1 procurement transaction tested:
 - There were multiple funding documents in the file for the same period.
 - The funding document was not signed by the Contracting Officer.
 - The amount certified by Fiscal and/or Budgetary personnel was not specified where required on the funding document.
 - The appropriate funding document was not found in the file.
 - The price reasonableness determination and findings was not signed by the Contracting Officer.
 - There was an incomplete Contract Modification in the file.
 - There was no evidence that a Contractor Evaluation was performed within 90 days before the option was exercised.
 - The amount on the funding document did not agree with the contract listing provided.
 - The amount on the determination and findings did not agree to the contract listing provided.
- For 2 procurement transactions, there was no evidence of a Business Clearance Memorandum (BCM) in the file.
- 3 procurement transactions did not have documentation in the file evidencing review of suspension/debarment documents for the contract/option being reviewed.
- For 4 procurement transactions tested:
 - There was no evidence that the Certification of Funding Availability was completed by the Office of the Chief Financial Officer.
 - There was no documentation in the file evidencing review of suspension/debarment documents for the contract/option being reviewed before the option was exercised.

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- There was no Department of Employment Services or Office of Tax and Revenue tax verification responses in the file for the contract/option being reviewed.
- For 5 procurement transactions tested:
 - The dates on the funding document did not agree with the contract listing provided.
 - The dates per Contract Award/Modification did not agree to the contract listing provided.
- For 6 procurement transactions, the dates and amounts on the funding document did not agree with the contract listing provided.
- For 7 procurement transactions, there was no evidence that the BCM in the file was approved.
- For 8 procurement transactions tested:
 - At least one of the required determination and findings was signed after the contract was awarded.
 - There was no evidence that the BCM was prepared before the sole source contract had been negotiated (pre-negotiations).
- For 10 procurement transactions tested:
 - All 10 required City Council approval. For 3 contracts, City Council approval was received after the contract was awarded.
 - The sole source determination and findings were not signed by the Agency Head as required.
 - Transactions did not have Tax Certification Affidavits in the file for the contract/option being reviewed.

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

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 – CFSA failed to properly maintain contracts files and in some instances proper documentation for procurement contracts due to an inadequate filing and tracking system.

Recommendation – We recommend that CFSA review its current contracting procedures with special focus on the contracting officers or designees and their responsibilities for ensuring compliance with the contract dollar limitation and the approval process. CFSA should implement due diligence procedures to be performed by the Quality Assurance personnel assigned to the department to ensure that complete and appropriate documentation is maintained in each file. The Director of Contracts should meet with procurement personnel to review the status of certain contracts during the year and action should be taken to remedy deficiencies cited.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – Management's response is as follows:

- *1 procurement transaction had multiple funding documents in the file for the same period.*

The Agency concurs with the finding. At times funding approval may be sought to cover an anticipated contract period, and then the initiation of services may or may not ultimately coincide with the funding period since. Services involving placement of children is not 100% predictable as to when the service initiates. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process, and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

- *1 procurement transaction had a funding document that was not signed by the Contracting Officer.*

The Agency concurs with the finding. The manual funding document is used by the Agency to certify availability of funds for contracts for child-specific services because tracking of these services is required in the Agency's FACES system rather than in the District's PASS procurement system. Historically, and in line with prior practice, all signatures were necessary as the tool was used for both procurement and funding. The signature of the finance official is to ensure the funding is available. The Contracting Officer's signature is crucial on the contract documents, not the funding document. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process, and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

- *For 1 procurement transaction, the amount certified by Fiscal and/or Budgetary personnel was not specified where required on the funding document.*

The Agency concurs with the finding. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

- *For 1 procurement transaction, the appropriate funding document was not found in the file.*

The Agency concurs with the finding. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

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- *For 1 procurement transaction, the price reasonableness determination and findings was not signed by the Contracting Officer.*

The Agency concurs with this finding. As of January 2008, the Acting Contracts Administrator has ensured completion and signature on these documents prior to execution of contracts.

- *For 1 procurement transaction, there was an incomplete Contract Modification in the file.*

The Agency has improved its preparation of all required documentation to contract modifications. The current Acting Contracts Administrator has incorporated increased levels of review prior to signature on documents.

- *1 procurement transaction did not have evidence that a Contractor Evaluation was performed within 90 days before the option was exercised.*

The Agency contends that it is not a formal requirement to have the Contractor evaluation performed when the option is exercised, but is a practice that CPA has proactively initiated for those contracts over one million dollars in value. The CPA Contract Compliance Officer has made significant improvement to ensure that contract evaluations are obtained prior to making further contracting decisions with vendors. CPA has proactively initiated the review of Contractor evaluations with lead time to ensure contracting decisions consider performance.

- *For 1 procurement transaction, the amount on the funding document did not agree with the contract listing provided.*

The Agency concurs with this finding. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

- *For 1 procurement transaction, the amount on the determination and findings did not agree to the contract listing provided.*

The Agency concurs with this finding. The contract listing provided to the auditors was simply a manual spreadsheet compiling information in the absence of an automated database. As a result, the data is not as comprehensive and accurate as it would be if extracted from an automated database. The Agency is developing a comprehensive contracts database which tracks contracts, contract modifications, tax, vendor, and compliance information. This tool will ensure accuracy of the data. The CPA is also working to identify an FTE for a document control position as recommended in a prior audit.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

- *For 2 procurement transactions, there was no evidence of a Business Clearance Memorandum (BCM) in the file.*

The current Acting Contracts Administrator is ensuring all required documentation to include BCM's, when their inclusion is applicable.

- *3 procurement transactions did not have documentation in the file evidencing review of suspension/debarment documents for the contract/option being reviewed.*

The Agency concurs that it has not been the practice to include a document in the file indicating review of suspension/debarment review has been conducted. However, the Agency is not aware of a reference in the DCMR requiring that files must maintain evidence of having conducted this review. The CPA Contract Compliance Officer consults the Excluded Parties List to ensure a potential Contractor has not been suspended or debarred prior to the execution of a contract.

The Agency is implementing protocol to include a printed copy of the Excluded Parties list in the official contract file as evidence that this review has been conducted. The CPA Compliance Officer also will routinely conduct debarment searches for updates to ensure that providers are not debarred or prevented from doing business with the D.C. Government.

- *4 procurement transactions did not have evidence that the Certification of Funding Availability was completed by the Office of the Chief Financial Officer.*

CPA concurs with this finding. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

- *4 procurement transactions did not have documentation in the file evidencing review of suspension/debarment documents for the contract/option being reviewed before the option was exercised.*

The Agency concurs that it has not been the practice to include a document in the file indicating review of suspension/debarment review has been conducted. However, the Agency is not aware of a reference in the DCMR requiring that files must maintain evidence of having conducted this review. The CPA Contract Compliance Officer consults the Excluded Parties List to ensure a potential Contractor has not been suspended or debarred prior to the execution of a contract.

The Agency is implementing protocol to include a printed copy of the Excluded Parties list in the official contract file as evidence that this review has been conducted. The CPA Compliance Officer also will routinely conduct debarment searches for updates to ensure that providers are not debarred or prevented from doing business with the D.C. Government.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

- *For 4 procurement transactions, there was no Department of Employment Services or Office of Tax and Revenue tax verification responses in the file for the contract/option being reviewed.*

The Agency concurs with this finding. The current Acting Contracts Administrator is ensuring completion of these documents and their inclusion in the official contract files.

- *For 5 procurement transactions, the dates on the funding document did not agree with the contract listing provided.*

The Agency concurs with this finding. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

- *For 5 procurement transactions, the dates per Contract Award/Modification did not agree to the contract listing provided.*

The Agency concurs with this finding. The contract listing provided to the auditors was simply a manual spreadsheet compiling information in the absence of an automated database. As a result, the data is not as comprehensive and accurate as it would be if extracted from an automated database. The Agency is developing a comprehensive contracts database which tracks contracts, contract modifications, tax, vendor, and compliance information. This tool will ensure accuracy of the data. The CPA is also working to identify an FTE for a document control position as recommended in a prior audit.

- *For 6 procurement transactions, the dates and amounts on the funding document did not agree with the contract listing provided.*

The Agency concurs with this finding. CPA staff has been working with fiscal and IT (FACES) staff to develop an automated funding module to rectify funding approval process shortcomings. This module will streamline the process and eliminate most deficiencies in this area. The module is anticipated to be operational in Fall of 2008.

- *For 7 procurement transactions, there was no evidence that the BCM in the file was approved.*

The current Acting Contracts Administrator is ensuring all required documentation to include BCM's, when their inclusion is applicable.

- *For 8 procurement transactions, at least one of the required determination and findings was signed after the contract was awarded.*

The Agency concurs with the finding. As of January 2008, the Acting Contracts Administrator (or ACCO) has ensured completion and signature on these documents prior to execution of contracts.

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- *For 8 procurement transactions that had BCMs, there was no evidence that the BCM was prepared before the sole source contract had been negotiated (pre-negotiations).*

The agency concurs with the finding. The current Acting Contracts Administrator is ensuring the preparation of all required documentation to include BCMs, in a timely manner, when their inclusion is applicable.

- *10 required City Council approval. For 3 contracts, City Council approval was received after the contract was awarded.*

The Agency concurs with this finding. The time required for the City Council approval process can at times delay award of contracts. In the past, certain contracts may have been executed due to the urgent need for continued services prior to the arrival of documentation of City Council approval. This documentation has not routinely been shared with the Agency. The Agency has made significant improvement in this area by enhanced training and education given to Contracts and Procurement Administration (CPA) staff and Purchasers of Services across the agency thereby enabling submission of City Council approval packages with adequate lead time to obtain Council approval prior to contract execution. The Agency has also made strides in obtaining the "deemed approval" documents from Council to include in official contract files.

- *For 10 procurement transactions, the sole source determination and findings were not signed by the Agency Head as required.*

The Agency concurs with the finding. As of January 2008, the Acting Contracts Administrator has included the Director's signature on all Sole Source D & F's in excess of \$25,000.

- *10 procurement transactions did not have Tax Certification Affidavits in the file for the contract/option being reviewed.*

The Agency does not concur with this finding. The Agency is not aware of a DCMR requirement to include the Tax Certification Affidavit in the official contract file. These documents had been maintained in unofficial files. The official tax verification response is the only official document that has significance. The tax affidavit is a preliminary document filed with our office prior to the official review/response. As per the audit finding, CPA will now include both the affidavit and the tax verification response.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-60	U.S. Department of Health and Human Services Adoption Assistance CFDA Number: 93.659 Grant Award Number: 2007G994110 Grant Award Period: 10/1/06-9/30/07	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – During our test work over procurement, we noted the following out of a sample of 4 transactions:

- For 3 procurement transactions tested, there was no documentation in the file provided referencing adoption services. We were unable to test these contracts to determine if the requirements were met.
- For 1 procurement transaction tested:
 - Approved requisitions were not provided.
 - The determination and findings for the contract modification were signed after the modification was approved.
 - There was no evidence that the Business Clearance Memorandum (BCM) in the file was approved.
 - The file did not contain documentation evidencing review of suspension/debarment documents for the contract/option being reviewed.
 - The file did not contain documentation evidencing review of suspension/debarment documents for the contract/option being reviewed before the option was exercised.
 - The file did not contain evidence that a Contractor Evaluation was performed within 90 days before the option was exercised.
 - The file did not contain a Tax Certification Affidavit for the contract/option being reviewed.
- For 3 out of a sample of 5 small purchases tested, there was no documentation in the files provided referencing adoption services. We were unable to test these small purchases to determine if the requirements were met.

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

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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 – CFSA failed to properly maintain contract files and in some instances proper documentation for procurement contracts due to an inadequate filing and tracking system.

Recommendation – We recommend that CFSA review its current contracting procedures with special focus on the contracting officers or designees and their responsibilities for ensuring compliance with the contract dollar limitations and the approval process. CFSA should implement due diligence procedures to be performed by Quality Assurance personnel assigned to the department to ensure that complete and appropriate documentation is maintained in each file. The Director of Contracts should meet with procurement personnel to review the status of certain contracts during the year and action should be taken to remedy deficiencies cited.

Views of Responsible Officials and Planned Corrective Actions – Management's response is as follows:

- *For 3 procurement transactions tested, there was no documentation in the file provided referencing adoption services. We were unable to test these contracts to determine if the requirements were met.*

The Agency does not concur with this finding. The Agency confirmed with the auditors that contracted foster care providers do not provide adoption assistance services.

- *For 1 procurement transaction tested:*
 - *Approved requisitions were not provided.*
 - *The determination and findings for the contract modification were signed after the modification was approved.*
 - *There was no evidence that the Business Clearance Memorandum (BCM) in the file was approved.*
 - *The file did not contain documentation evidencing review of suspension/debarment documents for the contract/option being reviewed.*
 - *The file did not contain documentation evidencing review of suspension/debarment documents for the contract/option being reviewed before the option was exercised.*
 - *The file did not contain evidence that a Contractor Evaluation was performed within 90 days before the option was exercised.*
 - *The file did not contain a Tax Certification Affidavit for the contract/option being reviewed.*

The Agency does not concur with these findings. The Agency's Contracts and Procurement Administration's (CPA) contracting protocol includes the Contract Compliance Officer's review of the Excluded Parties list prior to executing contracts with vendors.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

The Compliance Officer also routinely conducts debarment searches for updates to ensure that providers are not debarred or prevented from doing business with the D.C. Government. CPA is not aware of a reference in the DCMR requiring that files must maintain evidence of having conducted this review, but is implementing protocol to include a printed copy of the Excluded Parties list in the official contract file as evidence that this review has been conducted.

Copies of the affidavits have not been routinely maintained as part of the contract file as the CPA is unaware of the DCMR requirement to maintain these in the official files. These affidavits are provided by the Contractor, and are not an official testament to the Contractor's DOES and tax compliance. The verification responses received from DOES and OTR are subsequent to submission of the affidavit, and are the official proof of compliance needed for the contract file. The Contracts and Procurement Administration has been routinely obtaining these official verification documents and maintaining them in the official contract file.

In response to this audit finding, CPA will initiate inclusion of tax affidavit documents in the official contract file.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-61	U.S. Department of Health and Human Services Foster Care – Title IV-E CFDA Number: 93.658 Grant Award Number: 2007G994107 Grant Award Period: 10/1/06-9/30/07	Reporting	Not Determinable

Criteria or Specific Requirement – The Catalog of Federal Domestic Assistance states that the ACF-Title IV-E-1 expenditure reports must be submitted 30 days after the end of each quarter (January 30, April 30, July 30, and October 30) to Administration for Children and Families, Office of Administration, Washington, DC.

The Federal Register/Vol. 68 states in part that "...The Federal Cash Transaction Report (SF 272) is due no later than 30 days after each specified reporting period."

Condition – We reviewed the reports submitted for all 4 quarters and noted the following:

- The ACF-Title IV-E-1 reports for all quarters were submitted more than 30 days after the end of each quarter.
- In 2 out of the 4 quarters, the ACF-Title IV-E-1 reports were not approved by the Agency Fiscal Officer (AFO).
- The SF-272 reports for 2 out of the 4 quarters were submitted more than 45 days after the end of each quarter.

On further review of the ACF-Title IV-E-1, we noted the following:

- The administrative expenditures that CFSA allocated in SOAR (the District's accounting system of record) to the Federal share of Foster Care Title IV-E program did not agree with the match calculated in the reports submitted to the Administration for Children and Families (ACF).
- The maintenance payments that CFSA allocated in SOAR to the Federal share of Foster Care Title IV-E program did not agree with the match calculated in the reports submitted to the Administration for Children and Families.

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

Effect – The Agency was not in compliance with the reporting requirements of the grant program. The amounts in the District's accounting system do not reconcile to amounts reported to the ACF.

Cause – CFSA did not appear to exercise due diligence in monitoring expenditures allocated to the Foster Care program to ensure that the allocations agreed to the calculated match.

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CFSA also did not appear to exercise due diligence in ensuring that maintenance payments allocated in SOAR to the Federal share of Foster Care Title IV-E program agreed with the match calculated in the reports submitted to the ACF.

Further, CFSA failed to follow existing policies and procedures to ensure that the required reports were submitted on a timely basis and were authorized by the required personnel.

Recommendation – We recommend that CFSA reevaluate its policies and procedures to ensure proper monitoring of grant activity and timely reporting of financial data required by the federal agency. In addition, these reports should be reviewed by an appropriate official, who would ensure that they are submitted accurately and in a timely manner. We also recommend that CFSA review its policies and procedures to ensure amounts reported to ACF agree to the information recorded in SOAR.

Views of Responsible Officials and Planned Corrective Actions – Management's response is as follows:

- *The ACF-Title IV-E-1 reports for all quarters were submitted more than 30 days after the end of each quarter.*
- *In 2 out of the 4 quarters, the ACF-Title IV-E-1 reports were not approved by the Agency Fiscal Officer (AFO).*

The Agency concurs. The Agency's Title IV-E-a reports are generated by the Agency's Business Services Administration (BSA) and submitted to the Agency Fiscal Officer for sign-off. Because this function is currently under the responsibility of the Agency's BSA unit, the Agency Fiscal Officer will no longer sign the final submission of this form to the Administration for Children and Families.

- *The SF-272 reports for 2 out of the 4 quarters were submitted more than 45 days after the end of each quarter.*

The Agency concurs and will be submitting future SF-272s in accordance with the Federal time guidelines.

- *The administrative expenditures that CFSA allocated in SOAR (the District's accounting system of record) to the Federal share of Foster Care Title IV-E program did not agree with the match calculated in the reports submitted to the Administration for Children and Families (ACF).*
- *The maintenance payments that CFSA allocated in SOAR to the Federal share of Foster Care Title IV-E program did not agree with the match calculated in the reports submitted to the Administration for Children and Families.*

The Agency does not concur with this finding, as it does not take into account the critical factors related to the budgeting and accounting of the Federal match for this program. With regard to budgeting for this program, each year, the agency forecasts projected revenue to be attained through this program for the upcoming fiscal year. Both maintenance and administrative revenue is forecasted.

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While the assumptions underlying these forecasts rely on past experience and other key factors in attaining revenue in these areas, the forecasts will not be completely accurate as the fiscal year progresses and actual claiming occurs. In fact, the revenue assumptions are generally very conservative to assure that over-claiming does not occur.

With regard to accounting for the differences between expenditures claimed through the SOAR system and reported to the Administration for Children and Families, it is clear that the reconciliation will never occur within the context of a fiscal year. However, because of the conservative formulation of the revenue estimates for this program, actual claiming may be higher than the expenditures reported. Because the final quarter of claiming for this program and the subsequent reconciliation of current and prior year claiming occurs after the close of the District's fiscal year, the District Federal budget for this program and therefore the expenditures associated with it, cannot be adjusted to reflect the true claiming and expenditure activity for this program within the fiscal year. Accounting techniques (such as creation of accounts receivables for the revenue claimed over budget) are applied. Depending on final resolution of final quarter claiming for the fiscal year, as well as any other prior quarter adjustments that may occur and are approved by the Federal government, the final reconciliation back to the fiscal year may not occur until well after the District's fiscal year is closed.

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District Agency – Child and Family Services Agency (CFSA)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-62	U.S. Department of Health and Human Services Adoption Assistance CFDA Number: 93.659 Grant Award Number: 2007G994110 Grant Award Period: 10/1/06-9/30/07	Reporting	Not Determinable

Criteria or Specific Requirement – The Catalog of Federal Domestic Assistance states that the ACF-Title IV-E-1 expenditure reports must be submitted 30 days after the end of each quarter (January 30, April 30, July 30, and October 30) to Administration for Children and Families, Office of Administration, Washington, DC.

The Federal Register/Vol. 68 states in part that "...The Federal Cash Transaction Report (SF 272) is due no later than 30 days after each specified reporting period."

Condition – We reviewed the reports submitted for all 4 quarters and noted the following:

- The ACF-Title IV-E-1 reports for all quarters were submitted more than 30 days after the end of each quarter.
- In 2 out of the 4 quarters, the ACF-Title IV-E-1 reports were not approved by the Agency Fiscal Officer (AFO).
- The SF-272 reports for 2 out of the 4 quarters were submitted more than 45 days after the end of each quarter.

On further review of the ACF-Title IV-E-1, we noted the following:

- The administrative expenditures that CFSA allocated in SOAR (the District's accounting system of record) to the Federal share of the Adoption Assistance program did not agree with the match in the reports submitted to the Administration for Children and Families (ACF).
- The maintenance payments that CFSA allocated in SOAR to the Federal share of the Adoption Assistance program did not agree with the match calculated.

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

Effect – The Agency was not in compliance with the reporting requirements of the grant program. The amounts in the District's accounting system do not reconcile to amounts reported to the ACF.

Cause – CFSA did not appear to exercise due diligence in monitoring expenditures allocated to the Adoption Assistance program to ensure that the allocations agreed to the calculated match.

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CFSA also did not appear to exercise due diligence in ensuring that maintenance payments allocated in SOAR to the Federal share of Adoption Assistance program agreed with the match calculated in the reports submitted to the ACF.

Further, CFSA failed to follow existing policies and procedures to ensure that the required reports were submitted on a timely basis and were authorized by the required personnel.

Recommendation – We recommend that CFSA reevaluate its policies and procedures to ensure proper monitoring of grant activity and timely reporting of financial data required by the federal agency. In addition, these reports should be reviewed by an appropriate official, who would ensure that they are submitted accurately and in a timely manner. We also recommend that CFSA review its policies and procedures to ensure amounts reported to ACF agree to the information recorded in SOAR.

Views of Responsible Officials and Planned Corrective Actions – Management's response is as follows:

- *The ACF-Title IV-E-1 reports for all quarters were submitted more than 30 days after the end of each quarter.*
- *In 2 out of the 4 quarters, the ACF-Title IV-E-1 reports were not approved by the Agency Fiscal Officer (AFO).*

The Agency concurs. The Agency's Title IV-E-1 reports are generated by the Agency's Business Services Administration (BSA) and submitted to the Agency Fiscal Officer for sign-off. Because this function is currently under the responsibility of the Agency's BSA unit, the Agency Fiscal Officer will no longer sign the final submission of this form to the Administration for Children and Families.

- *The SF-272 reports for 2 out of the 4 quarters were submitted more than 45 days after the end of each quarter.*

The Agency concurs and will be submitting future SF-272s in accordance with the Federal time guidelines.

- *The administrative expenditures that CFSA allocated in SOAR (the District's accounting system of record) to the Federal share of the Adoption Assistance program did not agree with the match in the reports submitted to the Administration for Children and Families (ACF).*
- *The maintenance payments that CFSA allocated in SOAR to the Federal share of the Adoption Assistance program did not agree with the match calculated.*

The Agency does not concur with this finding, as it does not take into account the critical factors related to the budgeting and accounting of the Federal match for this program. With regard to budgeting for this program, each year, the Agency forecasts projected revenue to be attained through this program for the upcoming fiscal year. Both maintenance and administrative revenue is forecasted. While the assumptions underlying these forecasts rely on past experience and other key factors in attaining revenue in these areas, the forecasts will not be completely accurate as the fiscal year progresses and actual claiming occurs. In fact, the revenue assumptions are generally very conservative to assure that over-claiming does not occur.

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With regard to accounting for the differences between expenditures claimed through the SOAR system and reported to the Administration for Children and Families, it is clear that the reconciliation will never occur within the context of a fiscal year. However, because of the conservative formulation of the revenue estimates for this program, actual claiming may be higher than the expenditures reported. Because the final quarter of claiming for this program and the subsequent reconciliation of current and prior year claiming occurs after the close of the District's fiscal year, the District Federal budget for this program and therefore the expenditures associated with it, cannot be adjusted to reflect the true claiming and expenditure activity for this program within the fiscal year. Accounting techniques (such as creation of accounts receivables for the revenue claimed over budget) are applied. Depending on final resolution of final quarter claiming for the fiscal year, as well as any other prior quarter adjustments that may occur and are approved by the Federal government, the final reconciliation back to the fiscal year may not occur until well after the District's fiscal year is closed.

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District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-63	U.S. Department of Labor Unemployment Insurance CFDA Number: 17.225 Grant Award Number: UI 14427-05-55, UI 15114-06-55, UI 15791-07-55 Grant Award Period: 10/1/04-9/30/07, 10/1/05-12/31/08, 10/1/06-12/31/09	Cash Management: Funding Technique	Not Determinable

Criteria or Specific Requirement – The Cash Management Improvement Act (CMIA) Agreement between the District of Columbia and the U.S. Department of Treasury requires the District to comply with certain funding techniques and clearance patterns established for the Unemployment Insurance program.

- The agreement requires funds to be drawn down from the U.S. Treasury using the *Modified Average Clearance* technique with a clearance pattern of 5 days for non-payroll transactions and 0 days for payroll transactions.

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 – Failure to request funds in accordance with the CMIA agreement may result in the U.S. Treasury taking one or more of the following actions:

- Denying the District payment or credit for any transactions which resulted in a Federal interest liability;
- Denying reimbursement of all or a part of the District's interest calculation cost claim;
- Sending notification of the non-compliance to the affected Federal Program Agency for appropriate action;
- Requesting a Federal Program Agency or the Government Accountability Office to conduct an audit of the District to determine interest owed to the Federal government, and to implement procedures to recover such interest;
- Initiating a debt collection process to recover claims owed to the United States; or
- Taking other remedies legally available.

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.

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

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

To address the issue of non-compliance, management will include additional management review and monitoring. Effective October 1, 2008, the Cluster Controller will review and approve all drawdowns on a bi-weekly basis. These procedures will be incorporated in the Office of the Chief Financial Officer (OCFO) policies and procedures manual that is currently being revised. The revised section of the procedure manual will be available for submission to the Department of Labor no later than October 31, 2008.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007



<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-64			

This finding # was not used.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-65	U.S. Department of Labor Workforce Investment Act Cluster CFDA Number: 17.258, 17.259, 17.260 Grant Award Number: AA-14668-05-55, AA-15472-06-55, AA-16021-07-55 Grant Award Period: 4/1/05-6/30/08, 4/1/06-6/30/09, 4/1/07-6/30/10	Cash Management: Drawdown of Funds	\$2,189,160

Criteria or Specific Requirement – 31 CFR 205.33 states that a state must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. The timing and amount of funds transferred must be as close as is administratively feasible to a state's actual cash outlay for direct program costs and proportionate share of any allowable indirect costs.

Condition – Cash requested during the year could not be reconciled to the total expenditures incurred and recorded in SOAR (the District's accounting system of record). Actual cash and accrued revenue per SOAR included year end accounts receivable of \$368,060 and the current year cash requests of \$5,792,844 totaling \$6,160,904. However, total expenditures were only \$3,971,744 resulting in excess revenue over expenditures of \$2,189,160.

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

Effect – DOES may have cash on hand in excess of its immediate cash needs resulting in noncompliance with the provisions of 31 CFR 205.33. Interest may be owed to the Federal government.

Cause – DOES is not properly reviewing drawdown requests and comparing them to the actual expenditures for the period.

Recommendation – We recommend DOES reconcile its cash on hand to the actual expenditures before draw downs are performed to ensure amounts requested are not in excess of its immediate cash needs.

Views of Responsible Officials and Planned Corrective Actions – Management concurs with the finding that DOES failed to reconcile its cash receipts. Cash was inadvertently drawn from the WIA Dislocated grant account in PMS. The intent was to draw from the UI account and the cash receipt was, in fact, recorded in SOAR as though it were drawn from the UI account. The result is that UI has received credit for funds that were not drawn from its PMS account and WIA Dislocated had excess cash on hand. Agency disagrees with the magnitude of the questioned cost. The revenue incorrectly drawn from the WIA Dislocated Worker grant was \$2,132,510.

Agency will work with the Department of Labor to determine the best way to transfer the amounts between the two PMS accounts.

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To prevent a recurrence of this error, the agency will reconcile cash between the two systems within 30 days after the end of each quarter. The reconciliations will, at minimum, be supported by the following documents:

- PMS Account Number/SOAR Grant Crosswalk;
- PMS Drawdown Inquiry Report by grant;
- EIS Report of all revenue activity in the general ledger by grant; and
- Copies of journal entries reflected on EIS report (along with supporting documentation).

All reconciliations will be reviewed or completed by the Revenue Manager. The Controller will review and approve each reconciliation. Both the Revenue Manager and the Controller will sign each reconciliation. If adjustments are required, the adjusting entry will be approved by the Controller. These procedures will be incorporated in the EDRC Policy and Procedure Manual that is currently being revised.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-66	U.S. Department of Labor Unemployment Insurance CFDA Number: 17.225 Grant Award Number: UI 14427-05-55, UI 15114-06-55, UI 15791-07-55 Grant Award Period: 10/1/04-9/30/07, 10/1/05-12/31/08, 10/1/06-12/31/09	Eligibility	Below Reporting Threshold

Criteria or Specific Requirement – Claimants must meet certain eligibility requirements prior to the disbursement of unemployment insurance benefits. DOES has the responsibility of ensuring that these requirements have been met and there is sufficient evidence to support the determination of the claim. The OMB Circular A-133 Compliance Supplement also states that: “To be eligible for Unemployment Insurance benefits, a claimant must be eligible to work in the United States”.

Condition – For 1 out of 77 sample items, DOES was not able to provide support that a claimant was authorized to work in the United States. The online database indicated that proper support was received, however DOES was not able to provide that support.

Context – This condition was identified per review of DOES' compliance with specified requirements. The total amount of benefits paid to the 1 claimant in FY 2007 is below the reporting threshold.

Effect – Compliance with eligibility requirements may not be fulfilled thereby allowing claimants to receive benefits that they may not be entitled to receive. Without the proper documentation, it is difficult to determine that all criteria necessary for eligibility has been satisfied.

Cause – The information was not properly maintained by DOES.

Recommendation – We recommend DOES ensure its policies over documentation of claimant files are enforced to ensure proper eligibility determinations.

Views of Responsible Officials and Planned Corrective Actions – Management concurs with the finding. Effective 9/15/2008, DOES UI Benefits Division will reinforce a standing policy that requires employees to only make decisions when all required documents are in the case folder. Case folders will be randomly reviewed on a weekly basis by our Quality Review Team to ensure that every employee has a 100% rate of compliance. Benefits managers are in the process of developing a checklist/guide for claims examiners to use when adjudicating. This list will serve as a reminder on what documents are required for each issue and that required documents must be in the case folder at the time the decision is made. This checklist/guide and training will be ready and implemented on October 1, 2008.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-67	U.S. Department of Labor Workforce Investment Act Cluster CFDA Number: 17.258, 17.259, 17.260 Grant Award Number: AA-14668-05-55, AA-15472-06-55, AA-16021-07-55 Grant Award Period: 4/1/05-6/30/08, 4/1/06-6/30/09, 4/1/07-6/30/10	Eligibility	Below Reporting Threshold

Criteria or Specific Requirement – The Workforce Investment Act participant eligibility requirement states that no participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).

Condition – In 2 instances out of 45 samples selected for testing, there was no indication in the participant file that DOES verified the participant's registration with the Selective Service.

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

Effect – Compliance with eligibility requirements may not be fulfilled thereby allowing claimants to receive benefits that they may not be entitled to receive.

Cause – DOES has not properly retained supporting documents and the claimant records were not properly filed by DOES to ensure easy retrieval for future review and audit.

Recommendation – We recommend DOES review all claimant files to ensure proper eligibility determination and maintain all required documentation on file. We also recommend DOES maintain records for a minimum of three years to ensure records are available for review. Files should be stored in a manner that allows easy retrieval for future review.

Views of Responsible Officials and Planned Corrective Actions – Management concurs with the finding. It may be noted that DOES makes every effort to exercise diligence to assure that each participant's eligibility record is complete with the proper documentation. Normally, Selective Service verification is done on-line, however, in the 2 instances cited, the Selective Service on-line site was malfunctioning. Consequently, verification for the 2 individuals was made by contacting Selective Service customer service. Selective Service registration was confirmed prior to certifying either individual for WIA services.

Ordinarily, verification of Selective Service registration is printed from their on-line site and included in the applicant's folder. This was not possible at the time of verification due to the site malfunction.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

As a temporary solution, the Selective Service screen indicating that the site was unavailable was printed, and a handwritten note was placed on the document for each individual indicating that verification of registration from a Selective Service representative was obtained by telephone.

To date, the selective service system is still malfunctioning.

We understand the importance of eligibility determinations and maintenance of sound documentation. Therefore, every precaution was taken to make certain that the 2 individuals in question were eligible to receive WIA services.

DOES will continue to strengthen safeguards to ensure that our records meet prescribed standards.

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District Agency – Department of Employment Services (DOES)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-68	U.S. Department of Labor Unemployment Insurance CFDA Number: 17.225 Grant Award Number: UI 14427-05-55, UI 15114-06-55, UI 15791-07-55 Grant Award Period: 10/1/04-9/30/07, 10/1/05-12/31/08, 10/1/06-12/31/09	Special Tests and Provisions: Employer Experience Rating	Not Determinable

Criteria or Specific Requirement – The interest amount earned on the District's Unemployment Trust Fund maintained by the U.S. Treasury Bureau of Public Debt is a component of the employer's reserve balance which is used to determine the employer's experience rating. The amount should be calculated and allocated correctly to properly state the employer's ending reserve balance.

Condition – The interest earned on the District's Unemployment Trust Fund maintained by the U.S. Treasury Bureau of Public Debt did not agree to the interest amount allocated to the individual employer accounts as reflected in the District Unemployment Tax Assessment System (DUTAS). The amount per DUTAS was \$10,204 higher than the amount reported by the Bureau of Public Debt.

Context – This condition was identified per review of DOES' compliance with specified requirements and it represents an overall reconciliation issue.

Effect – Employers' accounts may be incorrectly stated potentially causing the employer experience rating to be incorrect. An incorrect rate for an employer could result in the overpayment or underpayment of unemployment taxes.

Cause – DOES did not verify the accuracy of the interest amount used in its allocation of the interest to the individual employer accounts against the amount reflected in the interest statements per the Bureau of Public Debt.

Recommendation – We recommend that authorizing officials within DOES should review the accuracy of the trust fund interest before it is allocated to the individual employer accounts and used in the calculation of the experience rating.

Views of Responsible Officials and Planned Corrective Actions – Management concurs with the finding. DOES realized that a data entry mistake was made in error in the amount of \$10,204 once the interest has been submitted to the CFO's office and the experience rating had taken place. A recalculation of rates based on the additional amount provided no change in the rate that employers were assigned. Rate is based on the employer account reserves divided by average taxable wages over a three year period. Once determined, the resulting fraction is the key used to read the Tax table and thereby determine the experience. DOES divided the amount understated (\$10,204) by the total number of employers for each of the following years: 2005, 2006, and 2007.

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The difference was \$2.22, \$2.24, and \$2.30 respectively. The difference was insignificant and affected no change in employers' experience rating for the period in question. The Office of Unemployment Compensation (OUC) increased communications with the CFO's office in order to obtain data and review data before final submission of interest and experience rating to employers. There have been no recurrences of data error for the past two years. OUC will continue to annually monitor data entries prior to release.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-69	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2007G9907CS Grant Award Period: 10/1/06-9/30/07	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – OAG has an approved indirect rate agreement with the Federal government that is allowed as 10% of all direct wages.

Condition – OAG did not reconcile and record the indirect costs accurately in its accounting system, SOAR, and did not accurately allocate its share of indirect costs to the Child Support Enforcement federal grant. OAG only recorded the indirect costs related to the District's central services allocated portion in SOAR and reported the same on the schedule of expenditures of federal awards (SEFA). As a result, OAG reported a different amount on its SEFA compared to the amount reported to the U.S. Department of Health and Human Services, on its reporting Form OCSE 396A.

The actual indirect costs which OAG should have accounted for and reported should be the sum of the central services allocated portion as well as 10% of its direct wages. The amount of indirect costs, if reported correctly, would have been higher than the \$649,246 reported by OAG in the OCSE 396 report.

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

Effect – The expenditures reported on the SEFA were less than the indirect costs reported on the Form OCSE 396A. The SEFA was consequently, incorrectly stated.

Cause – Indirect costs were not properly calculated and recorded in SOAR, and consequently not correctly reported on the schedule of expenditures of federal awards, because OAG did not review and reconcile the indirect costs reported to its quarterly reports. These non reconciled reports were submitted to the federal granting agency.

Recommendation – We recommend that OAG should review and reconcile direct wage costs reported in its quarterly Form OCSE 396A to the indirect costs recorded in the SOAR accounting system, since this forms the real basis for calculating the indirect costs.

Views of Responsible Officials and Planned Corrective Actions – The indirect costs reported on Form OCSE 396A were calculated on direct wage costs reported in SOAR. OAG acknowledges that the allocation of the indirect costs between federal and local revenue was not performed accurately and timely. Policies and procedures have been implemented to ensure the accurate and timely reconciliation of expenditures recorded in SOAR and that reported on Form OCSE 396A.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-70	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2007G9907CS Grant Award Period: 10/1/06-9/30/07	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 Child Support Enforcement grant relating to draw down of funds:

- Non-payroll program payments require the use of the average clearance funding technique and a clearance pattern of 5 days and the amount of request shall be for the exact amount previously disbursed; and
- Reimbursement of payroll expenditures requires the use of the modified average clearance method and a clearance pattern of 0 days.

Additionally, all federal expenditures claimed by the agency on Form OCSE 396A (Quarterly Report of Expenditures and Estimates) must be properly supported and must agree to the amounts in the SOAR accounting system. Reconciliations should be performed, at least quarterly, to ensure that the expenditures are in agreement between the SOAR accounting system and the Form OCSE 396A.

Condition – We noted the following conditions during FY 2007:

- OAG made 3 draw downs totaling approximately \$11.1 million for reimbursement against prior year receivables. The receivables balance included accrued expenses of \$1,356,521 that did not materialize in FY 2007, and thus were not actual cash expenditures during the fiscal year being audited. Therefore, OAG drew down excess federal funds totaling \$1,356,521 during FY 2007. OAG did not appear to have performed any analysis of prior year receivables to determine actual cash expenditures prior to the draw down of federal funds.
- OAG also did not draw down funds in accordance with the funding techniques identified in the CMIA Agreement.
- OAG did not reconcile expenditures charged to the federal grant for FY 2007 from the District's accounting system (SOAR) to the expenditures reported to the federal agency on its Quarterly Form OCSE 396A. Based on our review of personnel and non-personnel expenditures, reported on Form 396A and the SOAR accounting system, we noted that:
 - Payroll expenditures were understated by \$2,156,010 in the SOAR accounting system.
 - Non-payroll expenditures were overstated by \$217,658 in the SOAR accounting system.

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Therefore, net federal expenditures were understated by \$1,938,352 in the SOAR accounting system.

OAG made an adjusting journal entry of \$1,938,352 in the SOAR system to reduce the District of Columbia's local funds and increase federal expenditures during FY 2008. The adjusting journal entry was posted to FY 2008 accounts since the FY 2007 accounting year is closed.

The net result of the transactions detailed above is that the District has not drawn \$581,831 to which it is entitled.

Context – These conditions were identified per review of OAG's compliance with the provisions of the CMIA agreement. In addition the proper oversight of not properly overseeing drawdowns appears to have been a systemic issue for this grant.

Effect – OAG is not in compliance with the provisions of the CMIA agreement. In addition OAG had drawn funds in excess of its allowable limits in certain circumstances. Draws are supposed to be based on actual expenses. Interest may be owed to the Federal Government when drawdowns are made in advance. In addition, the lack of timely reconciliations caused the District to not request funds timely. The opportunity to use money for other 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. In addition there does not appear to be a proper system of documentation generation, control and retention. OAG was also unable to provide any reasoning for not reconciling the federal expenditures claimed on Form OCSE 396A to the SOAR accounting system. It appears that comprehensive policies and procedures were not in place and it also appears there were inadequate or no reviews over the reports being submitted.

Recommendation – We recommend that OAG perform the following corrective actions: (a) ensure that all draw downs are supported by actual expenditures; and (b) implement policies and procedures including a review process to ensure accounting reconciliations are performed timely (c) ensure compliance with CMIA requirements.

Views of Responsible Officials and Planned Corrective Actions – The funds drawn down in FY 2007 that were applied to prior year accrued expenditures should have been drawn down in support of FY 2007 expenditures that were reported on the Form OSCE 396A. It should be noted, that the prior year accrued expenditures were not reported on the Form OSCE 396A.

The gross expenditures reported on the Form OSCE 396A were not based on actual costs recorded in the SOAR accounting system. What failed to occur was the timely and accurate reconciliation/posting of the appropriate 66% of these charges to the grant in SOAR and not the incorrect reporting of expenditures on Form OSCE 396A. As a result, the local share of expenditures was over reported in SOAR and the federal share of expenditures was underreported in SOAR. Policies and procedures have been implemented that address the auditor's recommendations and strengthen controls.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-71	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2007G9907CS Grant Award Period: 10/1/06-9/30/07	Procurement, Suspension, and Debarment	\$2,804,820

Criteria or Specific Requirement – The Office of Management and Budget Circular A-133 and A-102 requires that recipients of federal awards should have adequate procedures and controls in place to ensure that the procurements are properly documented in the entity's files; that they should provide full and open competition supported by a cost or price analysis; that they should properly provide for vendor debarment or suspension certifications; and that they should provide for retention of files; and that supporting documentation should collaborate compliance with these requirements.

Condition – We reviewed 10 procurement files for goods and services procured during FY 2007 and noted the following deficiencies:

- 4 procurements did not have documentation to support the significant history of the procurement.
- 2 procurements did not document whether it provided for full and open competition.
- 2 procurements lacked the documentation to support the rationale to limit competition.
- 5 procurements lacked the documentation to ascertain whether a cost or price analysis was performed.
- 6 procurements lacked the support to show that the vendor was suspended or debarred from working on federal program.
- 2 of the 10 contracts could not be located.

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

Effect – Inefficient internal controls related to procurement has led to OAG's noncompliance with the specific laws and regulations. OAG may have inadvertently contracted with or made sub-awards to parties that are suspended or debarred from doing business with the Federal government, as well as awarded contracts to vendors whose contract prices are not in accordance with federal grant provisions. In addition, contracts may be executed to unqualified vendors and OAG could possibly issue procurements without the appropriate funding.

Cause – OAG and the Office of Contracting and Procurement (OCP) did not have adequate internal controls in place to ensure that procurements were made in accordance with federal regulations.

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

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Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned.

Views of Responsible Officials and Planned Corrective Actions – OCP and the Office of the Chief Technology Officer were the responsible procurement agents for these transactions. We have forwarded the auditor's recommendation to both agencies for appropriate action in the forthcoming year.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-72	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2007G9907CS Grant Award Period: 10/1/06-9/30/07	Reporting	Not Determinable

Criteria or Specific Requirement – The U.S. Department of Health and Human Services requires OAG to submit quarterly SF-272 Federal Cash Transaction Reports. Financial reports submitted to the Federal government should be based on relevant accounting records and should be filed within 45 days from the end of each fiscal quarter.

Condition – OAG was unable to provide supporting documentation for the Federal Cash Transaction Report (SF-272) for the quarter ended December 31, 2006.

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

Effect – The submitted reports may not accurately reflect OAG's financial transactions related to the grant.

Cause – OAG did not retain supporting documentation of quarterly reports filed with the federal agency even though funds were drawn down during the quarter.

Recommendation – We recommend that OAG should retain all supporting documentation for the SF-272 reports and should have proper controls over preparation, review, and overall management of financial reports. In addition, management should compare cash draw downs to expenditure reports, ensuring that they are adequately supported. It is recommended that there should be distributed responsibility with more than one person with respect to preparation, review, and maintaining the reports and supporting documents that are submitted to the Federal government.

Views of Responsible Officials and Planned Corrective Actions – OAG has implemented procedures that address the auditor's recommendation. The authority of any one person to prepare and submit electronic reports (i.e. Form OSCE 396A) was changed starting with the second quarter of FY 2008. The electronic storage of financial records has also been implemented to ensure the proper retention of supporting documentation.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-73			

This finding # was not used.

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<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-74			

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, 2007

District Agency – Office of the Attorney General (OAG)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-75	U.S. Department of Health and Human Services Child Support Enforcement CFDA Number: 93.563 Grant Award Number: 2007G9907CS Grant Award Period: 10/1/06-9/30/07	Special Tests and Provisions: Provision of Child Support Services for Interstate Initiating Cases	Not Determinable

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

The IV-D agency must provide the responding State with any requested additional information or notify the responding State when the information will be provided within 30 calendar days of receipt of the request for information by submitting an updated form or a computer-generated replica in the same format and containing the same information, and any necessary additional documentation.

The IV-D agency must notify the responding State within 10 working days of receipt of new information on a case by submitting an updated form and any necessary additional documentation.

Condition – The IV-D agency for initiating cases did not refer 1 out of 45 cases tested by us, to the responding State's Interstate central registry for action within 20 calendar days of determining that the non-custodial parent is in another State.

In addition, of the 45 samples of interstate initiating cases from the interstate case database selected by us, we noted that 3 samples were very old cases and had been archived. The database provided to us for interstate case sample selection appeared to lack accuracy.

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 appeared that OAG did not have adequate resources to ensure compliance with the specified requirements.

Recommendation – We recommend that OAG – CSSD should deliver the case files to the Interstate central registry unit as soon as a case file is opened, and that the Interstate Unit should date-stamp the case files when the case files arrive at the unit. This will help in creating accountability and identify where the delay is occurring. Moreover, OAG should ensure that all interstate cases are properly classified in the system.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – In most of these cases, the delay was between receiving the documents from the local custodial parent and sending the UIFSA packet to the other state agency. In one instance, the case was filed 22 days after receipt rather than within the 20 days allowed. In other instances, the cases were filed between 28 – 33 days after receipt rather than within 20 days allowed. Although the Agency acknowledges that these cases did not meet the federal requirements, they were very close to being in compliance. It is the improved procedures that OAG has put into place for the Interstate Unit over the last few years that have allowed the Agency to close this small gap for most cases.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007



<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-76			

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-77	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – Indirect costs charged to this grant are determined by applying the restricted indirect cost rate (RICR) to total direct costs of the grant less items of capital outlays, sub grants, and other distorting or unallowable items as specified in the grantee's indirect cost rate agreement.

The indirect cost rate agreement negotiated and signed by DCPS and U.S. Department of Education states that the base on which the RICR should be applied is total direct costs less items of equipment, alterations and renovations, flow-through funds, and that portion of each sub-award in excess of \$25,000. Items of equipment are capitalized if the initial acquisition cost is at least \$5,000 and the useful life is more than 2 years.

Condition – We noted that the amount used in the indirect cost calculation does not agree to the amount recorded in SOAR (the District's accounting system of record). More specifically, DCPS was unable to tie and agree certain amounts which should have been excluded from the calculation. These amounts related to disallowed contracts and equipment costs. Such discrepancies may have resulted in an incorrect calculation of the indirect costs charged to the program.

Context – This is a condition identified per review of DCPS' indirect cost recovery calculation.

Effect – There is a potential risk of incorrectly charging costs to the federal grant.

Cause – The indirect cost calculation was prepared and maintained by a former employee. The current staff was unable to locate the supporting documentation for the amounts used in the calculation. DCPS prepared new schedules to support the balances using the information available in SOAR. However, the new documentation did not support the amounts used in the RICR either.

Recommendation – Although we are aware that management acknowledges the discrepancy, our recommendation is that the fiscal personnel should closely evaluate the current document retention policy and the method of proper documentation over processes related to calculation of indirect costs. When there is a personnel change, the transition of documentation should be done in a seamless manner to avoid any potential risk of non-compliance of federal funding requirements.

Views of Responsible Officials and Planned Corrective Actions – We concur that documentation should be maintained to support our indirect cost rate calculation. We have revised our document retention and retrieval policy to include the use of electronic data archiving.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Additionally, we will reorganize the data on our shared network drive to facilitate document retrieval for future indirect cost rate calculations.

For FY 2008 and FY 2009, DCPS has a provisional indirect cost rate approved by the U.S. Department of Education. The figures used to determine this rate tie to SOAR and were validated through the U.S. Department of Education's indirect cost rate approval process.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-78	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A060009A Grant Award Period: 7/1/06–9/30/07	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – Indirect costs charged to this grant are determined by applying the restricted indirect cost rate (RICR) to total direct costs of the grant less items of capital outlays, sub grants, and other distorting or unallowable items as specified in the grantee's indirect cost rate agreement.

The indirect cost rate agreement negotiated and signed by DCPS and U.S. Department of Education states that the base on which the RICR should be applied is total direct costs less items of equipment, alterations and renovations, flow-through funds, and that portion of each sub-award in excess of \$25,000. Items of equipment are capitalized if the initial acquisition cost is at least \$5,000 and the useful life is more than 2 years.

Condition – We noted that the amount used in the indirect cost calculation does not agree to the amount recorded in SOAR (the District's accounting system of record). More specifically, DCPS was unable to tie and agree certain amounts which should have been excluded from the calculation. These amounts related to disallowed contracts and equipment costs. Such discrepancies may have resulted in an incorrect calculation of the indirect costs charged to the program.

Context – This is a condition identified per review of DCPS' indirect cost recovery calculation.

Effect – There is a potential risk of incorrectly charging costs to the federal grant.

Cause – The indirect cost calculation was prepared and maintained by a former employee. The current staff was unable to locate the supporting documentation for the amounts used in the calculation. DCPS prepared new schedules to support the balances using the information available in SOAR. However, the new documentation did not support the amounts used in the RICR either.

Recommendation – Although we are aware that management acknowledges the discrepancy, our recommendation is that the fiscal personnel should closely evaluate the current document retention policy and the method of proper documentation over processes related to calculation of indirect costs. When there is a personnel change, the transition of documentation should be done in a seamless manner to avoid any potential risk of non-compliance of federal funding requirements.

Views of Responsible Officials and Planned Corrective Actions – We concur that documentation provided did not agree to the amount recorded in SOAR. The original reports prepared to support the indirect cost calculation could not be located at the time of the audit.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

We were able to generate reports based on the specified exclusion criteria to support the indirect cost methodology and the reasonableness of our indirect cost rate. We have revised our document retention and retrieval policy to include the use of electronic data archiving. Additionally, we will reorganize the data on our shared network drive to facilitate document retrieval for future indirect cost rate calculations.

For FY 2008 and FY 2009, DCPS has a provisional indirect cost rate approved by the U.S. Department of Education. The figures used to determine this rate tie to SOAR and were validated through the U.S. Department of Education's indirect cost rate approval process.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-79	U.S. Department of Education Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A6008A Grant Award Period: 7/1/06–9/30/07	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – Indirect costs charged to this grant are determined by applying the restricted indirect cost rate (RICR) to total direct costs of the grant less items of capital outlays, sub grants, and other distorting or unallowable items as specified in the grantee's indirect cost rate agreement.

The indirect cost rate agreement negotiated and signed by DCPS and U.S. Department of Education states that the base on which the RICR should be applied is total direct costs less items of equipment, alterations and renovations, flow-through funds, and that portion of each sub-award in excess of \$25,000. Items of equipment are capitalized if the initial acquisition cost is at least \$5,000 and the useful life is more than 2 years.

Condition – We noted that the amount used in the indirect cost calculation does not agree to the amount recorded in SOAR (the District's accounting system of record). More specifically, DCPS was unable to tie and agree certain amounts which should have been excluded from the calculation. These amounts related to disallowed contracts and equipment costs. Such discrepancies may have resulted in an incorrect calculation of the indirect costs charged to the program.

Context – This is a condition identified per review of DCPS' indirect cost recovery calculation.

Effect – There is a potential risk of incorrectly charging costs to the federal grant.

Cause – The indirect cost calculation was prepared and maintained by a former employee. The current staff was unable to locate the supporting documentation for the amounts used in the calculation. DCPS prepared new schedules to support the balances using the information available in SOAR. However, the new documentation did not support the amounts used in the RICR either.

Recommendation – Although we are aware that management acknowledges the discrepancy, our recommendation is that the fiscal personnel should closely evaluate the current document retention policy and the method of proper documentation over processes related to calculation of indirect costs. When there is a personnel change, the transition of documentation should be done in a seamless manner to avoid any potential risk of non-compliance of federal funding requirements.

Views of Responsible Officials and Planned Corrective Actions – We concur that documentation provided did not agree to the amount recorded in SOAR. The original reports prepared to support the indirect cost calculation could not be located at the time of the audit.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

We were able to generate reports based on the specified exclusion criteria to support the indirect cost methodology and the reasonableness of our indirect cost rate. We have revised our document retention and retrieval policy to include the use of electronic data archiving. Additionally, we will reorganize the data on our shared network drive to facilitate document retrieval for future indirect cost rate calculations.

For FY 2008 and FY 2009, DCPS has a provisional indirect cost rate approved by the U.S. Department of Education. The figures used to determine this rate tie to SOAR and were validated through the U.S. Department of Education's indirect cost rate approval process.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-80	U.S. Department of Education Grants for State Assessments and Related Activities CFDA Number: 84.369 Grant Award Number: S369A06009 Grant Award Period: 7/1/06–9/30/07	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – Indirect costs charged to this grant are determined by applying the restricted indirect cost rate (RICR) to total direct costs of the grant less items of capital outlays, sub grants, and other distorting or unallowable items as specified in the grantee's indirect cost rate agreement.

The indirect cost rate agreement negotiated and signed by DCPS and U.S. Department of Education states that the base on which the RICR should be applied is total direct costs less items of equipment, alterations and renovations, flow-through funds, and that portion of each sub-award in excess of \$25,000. Items of equipment are capitalized if the initial acquisition cost is at least \$5,000 and the useful life is more than 2 years.

Condition – We noted that the amount used in the indirect cost calculation does not agree to the amount recorded in SOAR (the District's accounting system of record). More specifically, DCPS was unable to tie and agree certain amounts which should have been excluded from the calculation. These amounts related to disallowed contracts and equipment costs. Such discrepancies may have resulted in an incorrect calculation of the indirect costs charged to the program.

Context – This is a condition identified per review of DCPS' indirect cost recovery calculation.

Effect – There is a potential risk of incorrectly charging costs to the federal grant.

Cause – The indirect cost calculation was prepared and maintained by a former employee. The current staff was unable to locate the supporting documentation for the amounts used in the calculation. DCPS prepared new schedules to support the balances using the information available in SOAR. However, the new documentation did not support the amounts used in the RICR either.

Recommendation – Although we are aware that management acknowledges the discrepancy, our recommendation is that the fiscal personnel should closely evaluate the current document retention policy and the method of proper documentation over processes related to calculation of indirect costs. When there is a personnel change, the transition of documentation should be done in a seamless manner to avoid any potential risk of non-compliance of federal funding requirements.

Views of Responsible Officials and Planned Corrective Actions – We concur that documentation provided did not agree to the amount recorded in SOAR.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

The original reports prepared to support the indirect cost calculation could not be located at the time of the audit. We were able to generate reports based on the specified exclusion criteria to support the indirect cost methodology and the reasonableness of our indirect cost rate. We have revised our document retention and retrieval policy to include the use of electronic data archiving. Additionally, we will reorganize the data on our shared network drive to facilitate document retrieval for future indirect cost rate calculations

For FY 2008 and FY 2009, DCPS has a provisional indirect cost rate approved by the U.S. Department of Education. The figures used to determine this rate tie to SOAR and were validated through the U.S. Department of Education's indirect cost rate approval process.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-81			

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-82	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	Allowable Costs: Nonpayroll and Payroll Activities	\$103,708

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

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

In addition, with respect to non-payroll expenditures, OMB Circular A-87 cost principles states that amounts charged to federal programs must be adequately supported and documented to be considered as allowable costs under the programs.

Condition – DCPS failed to provide adequate supporting documentation to certify that only allowable costs were charged to the grant. The following exceptions were noted during our test work:

- Out of 74 nonpayroll items requested, 6 items were not presented with any supporting documentation.
- Of the 58 payroll items requested,
 - DCPS was unable to provide evidence that the time charged per the timesheets agreed to the payroll expenditure for 6 items.
 - DCPS was unable to provide approved timesheets to reflect that the amount charged was properly authorized for 6 items.
 - DCPS was unable to provide evidence that proper time and effort certifications has been submitted as required for 4 items.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. Questioned costs represent \$83,957 and \$19,751, out of a sampled amount of \$2,744,026 and \$119,396, respectively for nonpayroll and payroll expenditures. The total non-payroll and payroll expenditures for Title I for 2007 was \$28,271,540 and \$22,162,997, respectively.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – We concur that we were unable to provide supporting documentation for 6 nonpayroll transactions and timesheets for 6 payroll transactions. We have revised our document retention and retrieval policy to include the use of electronic data archiving for nonpayroll transactions.

Because the current payroll process requires employee analysis and the payroll files are voluminous, the use of electronic data management is not an efficient or cost effective option for DCPS. We are reviewing and revising our document management procedures for payroll files to ensure timely retrieval of timesheets in the future. It should be noted that DCPS is scheduled to migrate to an electronic time management system (PeopleSoft) in FY 2009. The electronic system will partially eliminate the need for paper timesheets and will facilitate our retrieval of requested documents.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-83	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A060009A Grant Award Period: 7/1/06–9/30/07	Allowable Costs: Payroll Activities	\$36,362

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

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

Condition – DCPS failed to provide adequate supporting documentation to certify that only allowable costs were charged to the grant. The following exceptions were noted during our test work:

- DCPS was unable to provide evidence that the time charged per the timesheets agreed to the payroll expenditure for 3 of the 23 timesheets selected for testing.
- DCPS was unable to provide approved timesheets to reflect that the amount charged was properly authorized for 3 of the 23 timesheets selected for testing.
- DCPS was unable to provide evidence that proper time and effort certifications has been submitted as required for 6 of the 23 items selected for testing.
- The payroll expenditure of the selected employee did not agree to the employee's data in the personnel file for 2 of the 23 items selected for testing.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. The unsupported items amounted to \$36,362 out of a total sampled amount of \$3,853,562. The total payroll expenditures for the Special Education cluster for 2007 was \$9,642,758.

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – We concur that we were unable to provide timesheets for 3 payroll transactions. Because the current payroll process requires employee analysis and the payroll files are voluminous, the use of electronic data management is not an efficient or cost effective option for DCPS.

We are reviewing and revising our document management procedures for payroll files to ensure timely retrieval of timesheets in the future. It should be noted that DCPS is scheduled to migrate to an electronic time management system (PeopleSoft) in FY 2009. The electronic system will partially eliminate the need for paper timesheets and will facilitate our retrieval of requested documents.

The DCPS Human Resources Department has already begun the review process of its policies and procedures in preparation of the PeopleSoft rollout in April 2009. With the implementation of PeopleSoft, the DCPS Human Resources Department anticipates improved effectiveness and efficiency in maintaining and updating personnel files.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-84

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-85	U.S. Department of Education Grants for State Assessments and Related Activities CFDA Number: 84.369 Grant Award Number: S369A0600 Grant Award Period: 7/1/06–9/30/07	Allowable Costs: Nonpayroll Activities	\$98,425

Criteria or Specific Requirement – OMB Circular A-87 Cost Principles state that amounts charged to federal programs must be adequately supported and documented to be considered allowable costs under the programs.

Condition – DCPS failed to provide adequate supporting documentation to certify that only allowable costs were charged to the grant. Out of 13 non-payroll items selected for testing, 1 item was not presented with any supporting documentation.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. The item which lacked supporting documentation amounted to \$98,425 out of a total sampled amount of \$5,321,503. The total non-payroll expenditures for the State Assessments and Related Activities for 2007 was \$5,517,952.

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

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

Recommendation – DCPS should review its controls to ensure that adequate supporting documentation is maintained for all expenditures incurred with federal awards. DCPS also needs to implement proper review procedures over its expenditures. We recommend that DCPS review its current record retention policy to ensure that complete documentation is maintained for all expenditures incurred in the program. Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned.

Views of Responsible Officials and Planned Corrective Actions – We do not concur that adequate supporting documentation was not provided. We did provide documentation to support the accrued expense of \$98,425 as of September 30, 2007. We acknowledge that an accrual of this amount was not subsequently liquidated, and no additional funds were disbursed, thus we did not have documentation to support an outlay of cash.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

It should be noted that the District has completed an extensive analysis on grant drawdowns vs. grant expenditures and has returned overdrawn funds to the U.S. Department of Education in FY 2008.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-86

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-87	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. 010307 dated July 23, 2007	Allowable Costs: Nonpayroll Activities	\$31,586

Criteria or Specific Requirement – OMB Circular A-87 Cost Principles state that amounts charged to federal programs must be adequately supported and documented to be considered allowable costs under the programs.

Condition – DCPS failed to provide adequate supporting documentation to certify that only allowable costs were charged to the grant. During our test work we noted that DCPS was unable to provide the necessary support for 1 out of 1 selected nonpayroll expenditure.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. Questioned costs represent \$31,586 out of a sampled amount of \$31,586. The total non-payroll expenditures for the Head Start pass through program for 2007 was \$191,024.

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

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

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

Views of Responsible Officials and Planned Corrective Actions – We concur that we were unable to provide supporting documentation for 1 nonpayroll transaction. We have revised our document retention and retrieval policy to include the use of electronic data archiving for nonpayroll transactions.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-88	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	Cash Management: Drawdown of Funds	\$3,579,840

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

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

Condition – DCPS has set guidelines on creating payment/draw down requests. In general, draw down amounts should not exceed the actual expenditure. DCPS provided a detailed listing of cash receipts and provided a comparison with the federal expenditures reported for FY 2007. Based on the analysis, it appeared that there were instances when the cash receipts requested exceeded the federal expenditures for the corresponding period.

Further, DCPS has not met certain conditions of the CMIA agreement. During our testing, we noted that DCPS did not request funding timely. The CMIA agreement imposes certain funding techniques, based on average clearance patterns, that should be adopted for payroll and nonpayroll program payment requests. DCPS failed to make reimbursement requests in accordance with the specified timelines in the agreement.

We also found that the reimbursement requests included expenditures that had not been disbursed as of the date when the request for draw down was made. This resulted in funds being drawn down in advance of payments, and also resulted in interest being owed to the Federal government

Context – This finding appears to be a systemic issue and has been identified in other DCPS programs as well. As of year-end, we noted that cash receipts for the Title I program aggregated to approximately \$54 million while federal expenditures aggregated to approximately \$50.5 million, thus reflecting overdrawn funds of approximately \$3.5 million.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

It is noted that subsequent to year-end in October 2008, DCPS and the Office of the State Superintendent of Education calculated the exact amount overdrawn considering cumulative expenditures incurred over all open phases of the grant. District officials represent that they have sent back \$3,097,499 in overdrawn funds to the U.S. Department of Education.

Effect – The draw downs may have not been requested for DCPS' immediate needs and DCPS' requests for federal funds were not matched to the amounts spent on actual disbursements. DCPS appears to have drawn receipts in excess of supported expenditures and may owe amounts back to the Federal government. Interest may also be owed to the Federal government, since these draw downs were effectively made in advance of the expenditures being incurred.

Additionally DCPS is not in compliance with the CMIA agreement. DCPS' requests for federal funding for the programs did not match the exact amount of the actual disbursement. Interest may also have been owed to the Federal government since these draw downs were effectively made in advance of the related subsequent payment to the vendor(s).

Cause – It appears that the review process over cash management was not functioning properly and as intended. DCPS did not appear to exercise due diligence in requesting federal funds consistent with its actual cash needs. DCPS 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 DCPS request federal funds based on its actual expenditures. We also recommend that DCPS develop written procedures for its draw down process. Those procedures should be consistently performed for each draw down request.

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

Views of Responsible Officials and Planned Corrective Actions – We disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. We do, however, concur that our drawdown procedures were inconsistent with the federal cash management guidelines. Our drawdowns systematically included accrued expenses and thus resulted in drawdowns in advance of the cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only, except for the last drawdown of the fiscal year.

To ensure that federal drawdowns are received during the correct grant period we include accrued expenditures in our final drawdown for the fiscal year (September 30). It should be noted that the District has completed an extensive analysis on grant drawdown activity and has returned overdrawn funds to the U.S. Department of Education.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Starting in FY 2008, the Office of Chief Financial Officer (OCFO) staff for the Office of the State Superintendent of Education (OSSE) have been responsible for drawing down U.S. Department of Education grant funds related to the Title I program and other state-level education grants for the District of Columbia.

OSSE has followed the policies and procedures of the Government Operations Cluster within the OCFO, except in those cases where U.S. Department of Education grant requirements conflict with those policies and procedures. In these cases, the OSSE OCFO staff has adhered to federal requirements.

Grants are drawn down on a bi-weekly basis based on expenditures recorded in the District's financial system. Expenditures incurred by sub-grantees are reviewed for allowability prior to drawing down federal funds associated with those expenditures. Funds are drawn down in accordance with U.S. Department of Education requirements that federal funds may be provided a maximum of three days in advance of the expense itself. In the rare cases in which expenditures are reduced, subsequent grant funds being drawn down to support those expenditures, grant funds are returned to the U.S. Department of Education.

With respect to the non-compliance with the CMIA agreement, we disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. Those draw downs systematically included accrued expenses, and thus resulted in the receipt of cash in advance of the actual cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only, except for the last drawdown of the fiscal year. We do, however, concur that the request for federal funds was not consistent with the provisions of the CMIA agreement.

Starting in FY 2008, the Office of Chief Financial Officer (OCFO) staff for the Office of the State Superintendent of Education (OSSE) have been responsible for drawing down U.S. Department of Education grant funds related to the Title I program and other state-level education grants for the District of Columbia. OSSE has followed the policies and procedures of the Government Operations Cluster within the OCFO, except in those cases where U.S. Department of Education grant requirements conflict with those policies and procedures. In these cases, the OSSE OCFO staff has adhered to federal requirements.

Grants are drawn down on a bi-weekly basis based on expenditures recorded in the District's financial system. Expenditures incurred by sub-grantees are reviewed for allowability prior to drawing down federal funds associated with those expenditures. In FY 2008, the review of sub-grant expenditures resulted in a significant delay between the expenditure itself and the draw down of associated revenue. OSSE is adopting a monthly reimbursement process for all sub-grant payments in FY 2009. This will provide for a close correlation between the sub-grantee expenditure and the draw down of revenue for DCPS and OSSE's other sub-grantees.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-89

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-90	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A060009A Grant Award Period: 7/1/06–9/30/07	Cash Management: Drawdown of Funds	\$482,909

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

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

Condition – DCPS has set guidelines on creating payment/draw down requests. In general, draw down amounts should not exceed the actual expenditure. DCPS provided a detailed listing of cash receipts and provided a comparison with the federal expenditures reported for FY 2007. Based on the analysis, it appeared that there were instances when the cash receipts requested exceeded the federal expenditures for the corresponding period.

Further, DCPS has not met certain conditions of the CMIA agreement. During our testing, we noted that DCPS did not request funding timely. The CMIA agreement imposes certain funding techniques, based on average clearance patterns, that should be adopted for payroll and nonpayroll program payment requests. DCPS failed to make reimbursement requests in accordance with the specified timelines in the agreement.

Context – This finding appears to be a systemic issue and has been identified in other DCPS programs as well. As of year-end, we noted that cash receipts for the Special Education program aggregated to approximately \$15.7 million while federal expenditures aggregated to approximately \$15.3 million, reflecting overdrawn funds of \$482,909.

It is noted that subsequent to year-end in October 2008, DCPS and the Office of the State Superintendent of Education calculated the exact amount overdrawn considering cumulative expenditures incurred over all open phases of the grant. District officials represent that they have sent back \$1,274,008 in overdrawn funds to the U.S. Department of Education.

Effect – The draw downs may have not been requested for DCPS' immediate needs and DCPS' requests for federal funds were not matched to the amounts spent on actual disbursements. DCPS appears to have drawn receipts in excess of supported expenditures and may owe amounts back to the Federal government.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Interest may also be owed to the Federal government, since these draw downs were effectively made in advance of the expenditures being incurred.

Additionally, DCPS is not in compliance with the provisions of the CMIA agreement. DCPS' requests for federal funding for the programs did not match the exact amount of the actual disbursement. Interest may also have been owed to the Federal government since these draw downs were effectively made in advance of the related subsequent payment to the vendor(s).

Cause – It appears that the review process over cash management was not functioning properly and as intended. DCPS did not appear to exercise due diligence in requesting federal funds consistent with its actual cash needs. DCPS 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 DCPS request federal funds based on its actual expenditures. We also recommend that DCPS develop written procedures for its draw down process. Those procedures should be consistently performed for each draw down request.

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

Views of Responsible Officials and Planned Corrective Actions – We disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. We do, however, concur that our drawdown procedures were inconsistent with the federal cash management guidelines. Our drawdowns systematically included accrued expenses and thus resulted in drawdowns in advance of the cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only, except for the last drawdown of the fiscal year.

To ensure that federal drawdowns are received during the correct grant period we include accrued expenditures in our final drawdown for the fiscal year (September 30). It should be noted that the District has completed an extensive analysis on grant drawdown activity and has returned overdrawn funds to the U.S. Department of Education.

Starting in FY 2008, the Office of Chief Financial Officer (OCFO) staff for the Office of the State Superintendent of Education (OSSE) have been responsible for drawing down U.S. Department of Education grant funds related to the Special Education cluster program and other state-level education grants for the District of Columbia. OSSE has followed the policies and procedures of the Government Operations Cluster within the OCFO, except in those cases where U.S. Department of Education grant requirements conflict with those policies and procedures. In these cases, the OSSE OCFO staff has adhered to federal requirements.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Grants are drawn down on a bi-weekly basis based on expenditures recorded in the District's financial system. Expenditures incurred by sub-grantees are reviewed for allowability prior to drawing down federal funds associated with those expenditures. Funds are drawn down in accordance with U.S. Department of Education requirements that federal funds may be provided a maximum of three days in advance of the expense itself. In the rare cases in which expenditures are reduced, subsequent grant funds being drawn down to support those expenditures, grant funds are returned to the U.S. Department of Education.

With respect to the non compliance with the CMIA agreement, we disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. Those draw downs systematically included accrued expenses, and thus resulted in the receipt of cash in advance of the actual cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only. We do, however, concur that the request for federal funds was not consistent with the provisions of the CMIA agreement.

Starting in FY 2008, the Office of Chief Financial Officer (OCFO) staff for the Office of the State Superintendent of Education (OSSE) have been responsible for drawing down U.S. Department of Education grant funds related to the Special Education cluster program, and other state-level education grants for the District of Columbia. OSSE has followed the policies and procedures of the Government Operations Cluster within the OCFO, except in those cases where U.S. Department of Education grant requirements conflict with those policies and procedures. In these cases, the OSSE OCFO staff has adhered to federal requirements.

Grants are drawn down on a bi-weekly basis based on expenditures recorded in the District's financial system. Expenditures incurred by sub-grantees are reviewed for allowability prior to drawing down federal funds associated with those expenditures. In FY 2008, the review of sub-grant expenditures resulted in a significant delay between the expenditure itself and the draw down of associated revenue. OSSE is adopting a monthly reimbursement process for all sub-grant payments in FY 2009. This will provide for a close correlation between the sub-grantee expenditure and the draw down of revenue for DCPS and OSSE's other sub-grantees.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-91

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-92	U.S. Department of Education Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A6008A Grant Award Period: 7/1/06–9/30/07	Cash Management: Drawdown of Funds	\$376,441

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

Also, the Cash Management Improvement Act of 1990 (CMIA) agreement between DCPS and U.S. Department of Treasury requires that established funding techniques must be complied with, when requesting federal funds. This requires the District to minimize the time that elapses between the disbursement to the vendor(s), and the request for reimbursement against the disbursement. It also requires that the amount of the reimbursement request shall match the amount of the actual disbursement. In addition, all requests for federal funds should be properly supported.

Condition – DCPS has set guidelines on creating payment/draw down requests. In general, draw down amounts should not exceed the actual expenditures. DCPS provided a detailed listing of cash receipts and provided a comparison with the federal expenditures reported for FY 2007. Based on the analysis, it appeared that there were instances when the cash receipts requested exceeded the federal expenditures for the corresponding period.

Further, DCPS has not met certain conditions of the CMIA agreement. During our testing, we noted that DCPS did not request funding timely. The CMIA agreement imposes certain funding techniques, based on average clearance patterns, that should be adopted for payroll and nonpayroll program payment requests. DCPS failed to make reimbursement requests in accordance with the specified timelines in the agreement.

Context – This finding appears to be a systemic issue and has been identified in other DCPS programs as well. As of year-end, we noted that cash receipts for this grant aggregated to approximately \$12.9 million while federal expenditures aggregated to approximately \$12.5, reflecting overdrawn funds of \$376,441.

It is noted that subsequent to year-end in October 2008, DCPS and the Office of the State Superintendent of Education calculated the exact amount overdrawn considering cumulative expenditures incurred over all open phases of the grant. District officials represent that they have sent back \$1,280,131 in overdrawn funds to the U.S. Department of Education.

Effect – The draw downs may have not been requested for DCPS' immediate needs and DCPS' requests for federal funds were not matched to the amounts spent on actual disbursements.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

DCPS appears to have drawn receipts in excess of supported expenditures and may owe amounts back to the Federal government. Interest may also be owed to the Federal government, since these draw downs were effectively made in advance of the expenditures being incurred.

Additionally DCPS is not in compliance with the provisions of the CMIA agreement. DCPS' requests for federal funding for the programs did not match the exact amount of the actual disbursement. Interest may have been owed to the Federal government since these draw downs were effectively made in advance of the related subsequent payment to the vendor(s).

Cause – It appears that the review process over cash management was not functioning properly and as intended. DCPS did not appear to exercise due diligence in requesting federal funds consistent with its actual cash needs. DCPS 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 DCPS request federal funds based on its actual expenditures. We also recommend that DCPS develop written procedures for its draw down process. Those procedures should be consistently performed for each draw down request.

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

Views of Responsible Officials and Planned Corrective Actions – We disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. We do, however, concur that our drawdown procedures were inconsistent with the federal cash management guidelines. Our drawdowns systematically included accrued expenses and thus resulted in drawdowns in advance of the cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only, except for the last drawdown of the fiscal year.

To ensure that federal drawdowns are received during the correct grant period we include accrued expenditures in our final drawdown for the fiscal year (September 30). It should be noted that the District has completed an extensive analysis on grant drawdown activity and has returned overdrawn funds to the U.S. Department of Education.

Starting in FY 2008, the Office of Chief Financial Officer (OCFO) staff for the Office of the State Superintendent of Education (OSSE) have been responsible for drawing down U.S. Department of Education grant funds related to the Improving Teacher Quality State Grant program, and other state-level education grants for the District of Columbia. OSSE has followed the policies and procedures of the Government Operations Cluster within the OCFO, except in those cases where U.S. Department of Education grant requirements conflict with those policies and procedures. In these cases, the OSSE OCFO staff has adhered to federal requirements.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Grants are drawn down on a bi-weekly basis based on expenditures recorded in the District's financial system. Expenditures incurred by sub-grantees are reviewed for allowability prior to drawing down federal funds associated with those expenditures. Funds are drawn down in accordance with U.S. Department of Education requirements that federal funds may be provided a maximum of three days in advance of the expense itself. In the rare cases in which expenditures are reduced, subsequent grant funds being drawn down to support those expenditures, grant funds are returned to the U.S. Department of Education.

With respect to the non compliance with the CMIA agreement, we disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. Those draw downs systematically included accrued expenses, and thus resulted in the receipt of cash in advance of the actual cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only. We do, however, concur that the request for federal funds was not consistent with the provisions of the CMIA agreement.

Starting in FY 2008, the Office of Chief Financial Officer (OCFO) staff for the Office of the State Superintendent of Education (OSSE) have been responsible for drawing down U.S. Department of Education grant funds related to the Improving Teacher Quality State grant, and other state-level education grants for the District of Columbia. OSSE has followed the policies and procedures of the Government Operations Cluster within the OCFO, except in those cases where U.S. Department of Education grant requirements conflict with those policies and procedures. In these cases, the OSSE OCFO staff has adhered to federal requirements.

Grants are drawn down on a bi-weekly basis based on expenditures recorded in the District's financial system. Expenditures incurred by sub-grantees are reviewed for allowability prior to drawing down federal funds associated with those expenditures. In FY 2008, the review of sub-grant expenditures resulted in a significant delay between the expenditure itself and the draw down of associated revenue. OSSE is adopting a monthly reimbursement process for all sub-grant payments in FY 2009. This will provide for a close correlation between the sub-grantee expenditure and the draw down of revenue for DCPS and OSSE's other sub-grantees

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-93

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-94	U.S. Department of Health and Human Services Head Start (Direct Funding) CFDA Number: 93.600 Grant Award Number: 03CH033/20, 03CH033/21 Grant Award Period: 9/1/06-8/31/07, 9/1/07–8/31/08	Cash Management: Drawdown of Funds	\$838,282

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

Also, the Cash Management Improvement Act of 1990 (CMIA) agreement between DCPS and U.S. Department of Treasury requires that established funding techniques must be complied with, when requesting federal funds. This requires the District to minimize the time that elapses between the disbursement to the vendor(s), and the request for reimbursement against the disbursement. It also requires that the amount of the reimbursement request shall match the amount of the actual disbursement. In addition, all requests for federal funds should be properly supported.

Condition – DCPS has set guidelines on creating payment/draw down requests. In general, draw down amounts should not exceed the actual expenditure. DCPS provided a detailed listing of cash receipts and provided a comparison with the federal expenditures reported for FY 2007. Based on the analysis, it appeared that there were instances when the cash receipts requested exceeded the federal expenditures for the corresponding period.

Further, DCPS has not met certain conditions of the CMIA agreement. During our testing, we noted that DCPS did not request funding timely. The CMIA agreement imposes certain funding techniques, based on average clearance patterns, that should be adopted for payroll and nonpayroll program payment requests. DCPS failed to make reimbursement requests in accordance with the specified timelines in the agreement.

As of year-end, we noted that cash receipts for this grant aggregated to approximately \$6.5 million while federal expenditures aggregated to approximately \$5.7 million, reflecting overdrawn funds of \$838,282.

Further, the reimbursement requests included expenditures that had not been disbursed as of the date when the request for draw down was made. This resulted in funds being drawn down in advance of payments, and also resulted in interest being owed to the Federal government.

Context – This finding appears to be a systemic issue and has been identified in other DCPS programs as well.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Effect – The draw downs may have not been requested for DCPS' immediate needs and DCPS' requests for federal funds were not matched to the amounts spent on actual disbursements. DCPS appears to have drawn receipts in excess of supported expenditures and may owe amounts back to the Federal government. Interest may also be owed to the Federal government, since these draw downs were effectively made in advance of the expenditures being incurred.

Additionally, DCPS is not in compliance with the provisions of the CMIA agreement. DCPS' requests for federal funding for the programs did not match the exact amount of the actual disbursement. Interest may have been owed to the Federal government since these draw downs were effectively made in advance of the related subsequent payment to the vendor(s).

Cause – It appears that the review process over cash management was not functioning properly and as intended. DCPS did not appear to exercise due diligence in requesting federal funds consistent with its actual cash needs. DCPS 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 DCPS request federal funds based on its actual expenditures. We also recommend that DCPS develop written procedures for its draw down process. Those procedures should be consistently performed for each draw down request.

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

Views of Responsible Officials and Planned Corrective Actions – We disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. We do, however, concur that our drawdown procedures were inconsistent with the federal cash management guidelines. Our drawdowns systematically included accrued expenses and thus resulted in drawdowns in advance of the cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only, except for the last drawdown of the fiscal year. To ensure that federal drawdowns are received during the correct grant period, we include accrued expenditures in our final drawdown for the fiscal year (September 30). It should be noted that the District has completed an extensive analysis on grant drawdown activity and has returned overdrawn funds to the U.S. Department of Health and Human Services.

With respect to the non compliance with the provisions of the CMIA agreement, we disagree that DCPS did not exercise due diligence in requesting federal funds. It was the practice of DCPS to perform bi-weekly draw downs. Those draw downs systematically included accrued expenses, and thus resulted in the receipt of cash in advance of the actual cash expenditure. We have revised our drawdown procedures to include drawing down grant funds for cash expenditures only. We do, however, concur that the request for federal funds was not consistent with the provisions of the CMIA agreement.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-95

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-96	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	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) and 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 at both the SEA and LEA levels of its compliance with the supplement not supplant requirement.

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

Effect – Because DCPS was not able to provide conclusive evidence that it is attempting to meet this requirement, it has the effect of not meeting the requirement.

Cause – DCPS did not have any policies and procedures in place to ensure compliance with the requirement. DCPS has not set up its system to separately track the amount of local expenditures incurred on a per program level. DCPS only tracks, through SOAR (the District's accounting system of record), the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at DCPS cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. DCPS must set up a process to track funds on both a federal and a non-federal basis and on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the DCPS local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – DCPS strongly disagrees with this finding. DCPS informed the auditors that the supplement, not supplant requirement is tested at the level of a specific cost; but that no specific form of testing is prescribed by the law. 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues, USDE stated, "keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation."
- In an October 13, 2004 web cast 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**. We believe that there is no basis to conclude DCPS failed to comply with supplement not supplant requirement. DCPS has taken steps to ensure costs comply with federal supplanting restrictions. In school year 2007-2008, 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 2008-2009 consolidated application continues to include this assurance, and the Office of the State Superintendent of Education (OSSE) has also provided guidance to LEAs on the supplement not supplant requirements.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-97	U.S. Department of Education Improving Teacher Quality State Grants CFDA Number: 84.367 Grant Award Number: S367A6008A Grant Award Period: 7/1/06–9/30/07	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) and 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 at both the SEA and LEA levels of its compliance with the supplement not supplant requirement.

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

Effect – Because DCPS was not able to provide conclusive evidence that it is attempting to meet this requirement, it has the effect of not meeting the requirement.

Cause – DCPS did not have any policies and procedures in place to ensure compliance with the requirement. DCPS has not set up its system to separately track the amount of local expenditures incurred on a per program level. DCPS only tracks, through SOAR (the District's accounting system of record), the amount of federal grant expenditures on a consolidated basis. Therefore, the systems at DCPS cannot provide information on whether supplanting has occurred on a grant by grant basis.

Recommendation – Federal funds should not be used for programs which have been funded by non-federal funds in the preceding year. DCPS must set up a process to track funds on both a federal and a non-federal basis and on a grant by grant basis. This should be monitored and reviewed at regular intervals. If there is any supplanting, the DCPS local funding allocation should be increased for the concerned programs to ensure that no actual supplanting is occurring.

Views of Responsible Officials and Planned Corrective Actions – DCPS strongly disagrees with this finding. DCPS informed the auditors that the supplement, not supplant requirement is tested at the level of a specific cost; but that no specific form of testing is prescribed by the law. 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. 6321(b)(1). 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

- In its February 2008 Non-Regulatory Guidance on Title I Fiscal Issues, USDE stated, "keep in mind that any determination about supplanting is very case specific and it is difficult to provide general guidelines without examining the details of a situation."
- In an October 13, 2004 web cast 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.

Thus, a supplanting analysis must be based on the specific facts and circumstances surrounding a **particular cost**. We believe that there is no basis to conclude DCPS failed to comply with supplement not supplant requirement. DCPS has taken steps to ensure costs comply with federal supplanting restrictions. In school year 2007-2008, 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 2008-2009 consolidated application continues to include this assurance, and the Office of the State Superintendent of Education (OSSE) has also provided guidance to LEAs on the supplement not supplant requirements.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-98	U.S. Department of Health and Human Services Head Start (Direct and Pass-through Funding) CFDA Number: 93.600 Grant Award Number: 03CH033/20, 03CH033/21 Grant Award Period: 9/1/06-8/31/07, 9/1/07–8/31/08	Matching, Level of Effort, Earmarking	\$47,637

Criteria or Specific Requirement – Grantees are required to contribute at least 20% of the costs of the program through cash or in-kind contributions, unless a lesser amount has been approved by DHHS (42 USC 9835 (b); 45 CFR sections 1301.20 and 1301.21). OMB Circular A-102 Common Rule requires that matching costs must be allowable under OMB Circular A-87 Cost Principles. OMB Circular A-87 states that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Condition – In FY 2007, DCPS provided details that it had expended local expenses of \$3,405,007 as its match against the directly funded Head Start grant and \$2,019,787 as its match against the pass-through grant received from United Planning Organization (UPO). We selected 20 samples from the details provided to determine if these were properly supported and met the matching criteria specified.

Of the 20 items requested, all of which related to payroll expenses, we noted that:

- DCPS was unable to provide evidence that the time charged per the timesheet agreed to the payroll expenditure for 5 of the 20 timesheets selected for testing.
- DCPS was unable to provide approved timesheets to reflect that the amount charged was properly authorized for 5 of the 20 timesheets selected for testing.
- DCPS was unable to provide evidence that proper time and effort certifications has been submitted as required for 1 of the 20 items selected for testing,
- The payroll expenditure of the selected employee did not agree to the employee's data in the personnel file for 7 of the 20 items selected for testing.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. The unsupported items amounted to \$47,637.

Effect – Failure to furnish the requested documents results in a limitation of our ability to determine whether the costs incurred and classified as matching costs were valid and reasonable.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Cause – Policies and procedures are not functioning as intended. Documentation and files are not being maintained to support matching costs and are consequently, not available for review.

Recommendation – We recommend that DCPS review its current record retention policy to ensure that complete documentation is maintained for all expenditures incurred in the program. Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned.

Views of Responsible Officials and Planned Corrective Actions – We concur that we were unable to provide supporting documentation for the identified payroll transactions. We are reviewing and revising our document management procedures for payroll files to ensure timely retrieval of timesheets in the future. It should be noted that DCPS is scheduled to migrate to an electronic time management system (PeopleSoft) in FY 2009. The electronic system will partially eliminate the need for paper timesheets and will capture the grade and step information.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-99	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	Period of Availability	Not Determinable

Criteria or Specific Requirement – Federal funding must be obligated during the allowable 27-month period, which includes the initial availability of 15 months and a 12 month period for carryover. In addition, for Title I Part A funds, a Local Educational Agency (LEA) that receives \$50,000 or more cannot carryover beyond the initial 15 months of availability more than 15% of its Title I, Part A allocation. The State Educational Agency (SEA) may grant a waiver of the percentage limitation once every 3 years to the LEA, if the LEA's request is considered to be reasonable and necessary.

Condition – DCPS reported certain expenditures for the 2006 phase of the grant in FY 2007. The amounts expended exceeded the allowable carryover limits. This condition was noted from the SEA carryover expenditure report, by which the DCPS LEA had been informed that there was a disallowed carryover amount for FY 2006. The amount disallowed was the portion that exceeded 15% of the grant award for fiscal 2006.

Context – This is a condition identified per review of DCPS' actual spending for the 2006 phase of the grant in FY 2007, as compared with the carryover amount allowed. The questioned cost represents the current year amount expended in excess of the allowable amount, related to the 2006 phase of the grant.

Effect – The federal expenditures reported in FY 2007 may have been overstated, when considering the amount allowed to be carried over.

Cause – DCPS policies and procedures may not be adequate to address the requirements related to allowable carryover amounts, that are available for spending during the additional 12 month period allowed.

Recommendation – We recommend that DCPS should review its current written policies and procedures on the carryover process and the related controls so as to monitor the actual allowable carryover amounts which can be expended in the carryover period. Appropriate controls should be in place to ensure that the budget agrees with the approved carryover amount to prevent overspending.

Views of Responsible Officials and Planned Corrective Actions – We acknowledge that the FY 2007 phase 06 budget load did exceed the allowable carryover amount. In conjunction with the Office of the State Superintendent of Education (OSSE), DCPS will review and revise the current written policies and procedures on the carryover process. We are committed to improving the communication and involvement of the LEA office with regards to the carryover analysis and subsequent budget load.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Starting in FY 2008, the Office of Chief Financial Officer (OCFO) staff for the Office of the State Superintendent of Education have been responsible for drawing down U.S. Department of Education grant funds related to the Title I program and other state-level education grants for the District of Columbia.

The OSSE OCFO staff ensures that grants are not expended outside their period of allowability by establishing budget authority within SOAR that aligns to the available funds within the grant. Because federal grant awards vary on a year-to-year basis and grant award amounts are typically not final until after the District of Columbia's budget has been approved by the D.C. Council, the OSSE OCFO staff carefully monitor grant award documentation and adjust the budget authority to align with those grant awards. The categorical budget amounts are determined by the OSSE program allocation staff, which ensures that grants are allocated in line with grant requirements and program priorities. Once allocations are completed, grant budgets are adjusted through the city-wide budget modification process.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-100	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	Procurement, Suspension, and Debarment	\$103,109

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

The District's procurement regulations require one oral quote for purchase orders which are less than \$25,000. For purchase orders over \$25,000, it is required to have at least three quotes. A single source letter is required to be filed and submitted, if there is only one bidder. Further, in FY 2007, DCPS has a directive policy on procurement that requires a determination letter to be made, of reasonable price and award, effective April 20, 2007.

Condition – Our review of the procurement's office compliance with Federal and D.C. government regulations of 132 procurements selected for testing disclosed the following non-compliance issues:

- DCPS was unable to provide determination price and award letters for 3 procurements.
- There was no single award letter for 1 procurement over \$25,000.

Context – This is a condition identified per review of DCPS' compliance with specified requirements. The questioned costs represent the value of the purchase orders for which DCPS was unable to provide determination price and award letters.

Effect – The lack of supporting documentation, authorization, and review of procurements may lead to expenditures being incurred which are not allowed by the federal grant and also by DCPS' internal policies.

Cause – The procurement office has not properly maintained documentation in contract files, and it appears that policies and procedures related to documentation were not functioning as intended.

Recommendation – We recommend that the DCPS' procurement department properly document in the contract files its compliance with all federal and District regulations and its own internal control policies and procedures. This should be done by proper maintenance of all support documentation related to the procurement process.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – DCPS' Office of Contracts and Acquisition management and staff will make every effort to take greater care at ensuring adherence to Federal and District procurement guidelines and regulations.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-101	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	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). The 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 DCPS with a one-year lag.

Condition – DCPS' Title I expenditures for FY 2006 as presented in Section 7 of the SPPE report was approximately \$63.37 million while the summary of federal expenditures for Title I as reflected on the FY 2006 Schedule of Expenditures of Federal Awards was approximately \$46.64 million. There is a difference in the expenditures reported to NCES by approximately \$16.73 million.

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

Effect – The report generated by the SEA is not accurate.

Cause – This was caused because of the inaccuracies in the information database (i.e. SOAR, the District's accounting system of record), from which the report was generated in order to prepare the SPPE report.

Recommendation – We recommend DCPS should maintain 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 DCPS' financial reports should be reconciled with SOAR and reviewed by a responsible official prior to release.

Views of Responsible Officials and Planned Corrective Actions – We acknowledge that the amount shown on the FY 2007 report did not reconcile with the balance reported on the FY 2006 report. After review, we have determined that this discrepancy is the result of a clerical error. We have revamped our procedures to ensure all reports go through multiple reviews prior to submission to ensure accuracy.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-102	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A060009A Grant Award Period: 7/1/06–9/30/07	Reporting	Not Determinable

Criteria or Specific Requirement - DCPS is required to submit to the U.S. Department of Education (DOE), on an annual basis, a Report of Children and Youth with Disabilities Receiving Special Education under Part B of the Individuals with Disabilities Education Act, as amended (OMB 1820-0043).

Each State Educational Agency (SEA) must: (1) establish procedures to be used by Local Educational Agency (LEA) and other educational institutions in counting the number of children with disabilities receiving special education and related services; (2) obtain certifications from each agency and institution that an unduplicated and accurate count has been made; and (3) ensure that documentation is maintained that enables the State and the Secretary to audit the accuracy of the count (34 CFR sections 300.645(a), (c), and (e)).

Condition – The aforementioned required procedures, in connection with an LEA's child counting procedures, were not established by DCPS. LEA certifications were not obtained by the SEA in FY 2007. As such there was no evidence which indicated that an unduplicated and accurate count had been provided in the Report of Children and Youth with Disabilities Receiving Special Education. No policies or procedures were in place to ensure that adequately reviewed supporting documentation was maintained for the audit.

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

Effect – The child count numbers may not accurately reflect the actual number of children with disabilities receiving special education and related services and may contain duplicate information. In addition, the inability to meet the compliance requirement may result in loss of federal funding.

Cause – DCPS does not appear to have proper policies and procedures in place to ensure the accuracy of the child count process at the LEAs, and neither did DCPS appear to have a tracking and monitoring mechanism to ensure that appropriate certifications were being received from all LEAs.

Recommendation – We recommend that DCPS' management should implement systems and procedures to ensure adherence to the requirement of this program. In addition, supporting data should be properly documented, maintained, and reviewed for completeness and accuracy. We were informed that the Office of the State Superintendent of Education (OSSE) is currently working to establish necessary procedures to ensure that all data coming in from LEAs is certified prior to submission.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – DCPS disagrees with this finding. The ENCORE office within DCPS took specific steps to ensure an accurate Federal Child Count for SY '06-'07.

The ENCORE office provided extensive training on how to use DCPS' ENCORE data system. The training was customized for both new and experienced users of the system. This training reinforced the fact that ENCORE is both a database and system for ensuring special education compliance. DCPS also provided monthly compliance reports to special education coordinators, principals, special education leadership, and the Regional Assistant Superintendents for each division. These reports provided information to allow special education coordinators to manage the special education process within their schools.

In late 2006, DCPS engaged in an official child count data management clean-up process. This entailed detailed instructions to the local schools on how to "clean-up" their ENCORE data to ensure an accurate and quality child count. These instructions and reports were sent to the local schools through the Divisional Assistant Superintendent's Office to make certain that all entities within DCPS were aware of the importance of this activity. Please note that the school principal and special education coordinator were required to submit back to their Regional Assistant Superintendent a signed copy of their updated report, certifying that their school's ENCORE data was accurate.

In early 2007, DCPS performed a final review of every school's data and once satisfied with the results, DCPS performed a data extract. This information was then captured in the Data Transmission System (DTS) provided by the Office of Special Education Programs (OSEP). Per the instructions within the DTS, DCPS verified that there were zero "red cells," which are indications of an error. In addition, DCPS submitted the electronic copies of the DTS to Westat, OSEP's data contractor, because we received the file by e-mail. DCPS concluded this activity by providing the Divisional Assistant Superintendents with a detailed status report of each school's completion of the December 1 Federal Child Count Milestone.

Data from the charter schools was collected by spreadsheets individually emailed to each school. Personnel from what is now the OSSE's Office of the Chief Information Officer personally contacted each school to make sure data was submitted in a timely manner and reviewed the data spreadsheets as they were submitted. Schools returning incomplete or anomalous data were contacted and provided assistance in completing and correcting their data. The final, approved charter school reports were integrated into a database separate from ENCORE, where they became part of the data filed with OSEP. As mentioned previously, Westat's auditing process identified any residual errors.

The Office of the State Superintendent of Education (OSSE) assumed responsibility for SEA-level functions on October 1, 2007, after the time period of this audit; thus, it is now responsible for submitting SEA-level reports to the U.S. Department of Education. As shared with the auditors during their field work, the OSSE has taken a number of steps to improve the quality of the data reported to the Department.

- For reporting on SY 2007 – 2008, the OSSE introduced the Interim Collection Tool (ICT), an online data reporting and collection application specifically tailored to capture all of the data necessary from charter schools for IDEA reporting. Features built into the ICT validate the data as entered and allow both charter schools and OSSE to quickly identify missing data elements.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

- The Special Education Data System (SEDS), introduced in fall 2008, allows DCPS and participating charter and nonpublic schools to more extensively track students with IEPs, as well as providing OSSE with an additional source of data. Having a single database used by the District's LEAs reduces any potential variables introduced by the separate reporting systems previously used.
- Whenever possible, OSSE is currently using data from the independently conducted Annual Public School Enrollment Audit to cross-check and verify data OSSE collects throughout the year using its other data applications.
- OSSE's Office of Special Education is accessing technical assistance from the Data Accountability Center, OSEP's funded technical assistance provider, to ensure that the proper policies and procedures are implemented in the coming year to address non-compliance. Furthermore, the Office of Special Education and the Office of the Chief Information Officer are working closely in monitoring the submission of data so that the Training and Technical Assistance Division can target its provision of guidance to any schools or areas of data collection that do not comply with federal requirements.

The ongoing development of the State Longitudinal Education Data Warehouse (SLED), completely integrating all of the District's data collection applications, will further enhance OSSE's data validation and reporting capabilities.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-103			

This finding # was not used.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-104	U.S. Department of Health and Human Services	Reporting	\$22,642

Head Start (Pass-through Funding)
CFDA Number: 93.600
Grant Award Number: Delegate Agency UPO
Agreement No. 010307 dated July 23, 2007

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

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

- Monthly Program Information Report Summary required to be submitted on the 5th day of each month.
- Quarterly Narrative Progress Report required quarterly on the 10th day of each month following the end of the quarter.
- Quarterly Quality Training Plan Update on the 10th day of each month following the end of the quarter.
- Monthly Quality Improvement Plan (QIP) Tracking Report required on the 5th day of each month after self assessment findings have been determined.
- Final written report required on the 5th day of each month.
- Disabilities report required on the 5th day of each month.

Further, the Head Start Delegate Agency Agreement with UPO states that upon termination or close-out of the agreement, DCPS shall provide an accounting of funds received, expended and expenses incurred and accrued, obligated and remaining under the Agreement to the UPO financial officer and promptly pay outstanding obligations. DCPS shall liquidate all obligations incurred under this Agreement not later than 45 days after the end of the operating period. In addition, within 45 days after the termination of the Agreement, DCPS shall submit all financial, performance, and other reports required as a condition of the Agreement. The UPO financial officer may extend the deadline upon request by DCPS.

In addition, DCPS is required to establish and maintain a consistent system of accounting and fiscal management to ensure that there is adequate internal controls that provide for timely, accurate, current and complete disclosure of financial information while providing for oversight and protection of federal funds.

Condition – DCPS was unable to provide some of the reports required to be submitted to UPO; in addition, the following was noted:

- For the Monthly program information report summary, only the September 2007 report summary was available and the other months of the year were not available and not provided to us.

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- The Quarterly Narrative Progress Report provided was an annual report. Quarterly reports were not available.
- The Quarterly Quality Training Plan Update report provided was an annual report. Quarterly reports were not available.
- None of the monthly QIP Tracking Reports were available.
- The final written report was only provided for September 2007 and was not available for the other months of the year.
- Disabilities report for was only provided for September 2007 and was not available for the other months of the year.

It was also noted that the final close out report was submitted as of December 14, 2007; which was beyond the 45-day period requirement. The due date was November 15, 2007. DCPS also provided a detailed disbursements database that did not agree with the reimbursement reports submitted to the United Planning Organization (UPO), the federal grant pass-through agency. There was a difference of \$22,642 between the details provided to us and the amounts which had been submitted to UPO.

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

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

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

Recommendation – DCPS should establish policies and procedures to ensure that reports are submitted on a timely basis to the governing agency, and a copy of the report should also be maintained as required by OMB Circular A-102 Common Rule. In order to accomplish this, DCPS should establish and implement proper recording, reconciliation, and review procedures over the federal reporting requirements to ensure that there is consistency between the accounting system and the reports that are submitted.

Views of Responsible Officials and Planned Corrective Actions – DCPS' Office of School Readiness & Early Childhood Programs will review and revise its existing policies and procedures as needed and will take the appropriate steps to ensure copies of reports are maintained and submitted timely as outlined in the UPO agreement. The Office of School Readiness & Early Childhood Programs will also ensure its staff is trained and understand the significance of timely reporting. Also, the previous policies regarding review and submission of required reports have been reviewed. Previously, there was little review and verification prior to submission. Currently, all report are reviewed and verified by at least two Office of Chief Financial Officer (OCFO) staff members before being submitted.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-105

This finding # was not used.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-106

This finding # was not used.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-107	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	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 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 – DCPS' monitoring tools consist of site visits and receipts of quarterly financial and performance reports and Single Audit reports from its subrecipients. Out of the 17 subrecipients selected for testing, DCPS was unable to provide evidence of receipt of required financial and performance reports for 8 subrecipients.

In addition, DCPS has set guidelines on making payment to subrecipients. DCPS provided a detailed listing of cash payments to subrecipients and provided comparisons with the amounts awarded / allocated to the specific subrecipients.

- We noted that for Title I, there were 3 instances where the subrecipient details of payments exceeded the allocated amounts for the specific subrecipient; the aggregated questioned cost for the excess amount is \$50,500. Of these 3 instances, in 1 instance we noted that the payment had been canceled and the check had been voided. However, the accounting system continued to reflect the expenditure.
- We also noted instances where subrecipient payments had been erroneously posted to an incorrect grant code. Although this did not result in an exception on account of actual payment to the subrecipient, the expenditure per the accounting system for the specific grant was misstated because of the effect of the erroneous posting.

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Effect – Failure to meet the timeliness of submission of the reports by the subrecipients may result in the risk of the subrecipients not using federal funds for the purposes specified by DCPS. This could lead to improper usage and/or wastage of the funds and increase the associated fraud risk. DCPS has no method of knowing how the funds are actually being used if it does not perform the required monitoring. In addition, lack of monitoring over the subrecipient payments during the fiscal year could result in subrecipients not using federal funds for the purpose that DCPS or the federal agency intended.

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies. Subrecipients are not fully aware of the implication and repercussions for not complying with the reporting requirements. It also appears that comprehensive policies and procedures are not in place to ensure adequate control over subrecipient payments.

Recommendation – DCPS should adhere to its policies and procedures to ensure that it is appropriately monitoring subrecipient activities. In performing the monitoring function, DCPS should ensure that it documents the:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of A-133 report, review of financial requirement, etc.).
- A formalized corrective action plan for A-133 reports with findings.
- Consideration of site visits, when appropriate.
- Its system for monitoring and follow-up with subrecipients who are not 100% in compliance with requirements.

The policies and procedures should outline the appropriate timeframe for follow-up and the types of follow-up required in various situations. All documentation should be maintained for all monitoring efforts in a subrecipient monitoring folder. DCPS should also establish safeguards to ensure all the subrecipients have had the required A-133 audit, if appropriate, and ensure that all the subrecipient folders are properly maintained.

Additionally, DCPS should adhere to its policies and procedures to ensure that subrecipient payments do not exceed the allocated amount.

Views of Responsible Officials and Planned Corrective Actions – With regard to monitoring, DCPS disagrees with this finding. The DCPS SEA (now part of the Office of the State Superintendent of Education (OSSE)) disagrees with the characterization of its monitoring process as described in this finding. The DCPS SEA had a specific monitoring tool and process for Title I, Part A that it used to monitor subrecipients for compliance; that tool and process formed the basis for the DCPS SEA's monitoring of Title I, Part A subrecipients, not the reports discussed in this finding.

Specifically, the DCPS SEA had a specific process, policy, and procedures for monitoring Title I, Part A subrecipients, including a schedule of monitoring visits, required corrective action by the subgrantees where instances of noncompliance were discovered, and DCPS SEA follow up on the corrective actions.

The reports mentioned in this finding were never a part of the core of the DCPS SEA monitoring process; instead they were an additional method for the DCPS SEA to gather information about its subrecipients.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

It is essential to note that the reports mentioned in this finding are not required by federal law and that the DCPS SEA did not consider these reports to be part of its formal monitoring process; instead these reports gave the DCPS SEA additional information about its subgrantees.

The subrecipient amounts reflected were accrued expenses established in error at year end. We should note that these amounts did not result in additional cash disbursements made to the subrecipient. We will continue to partner with OSSE to ensure that subrecipient payments do not exceed the allowable amount. It should be noted that the District has completed an extensive analysis on grant drawdown activity and has returned overdrawn funds to the U.S. Department of Education in FY 2008.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-108

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, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-109	U.S. Department of Education Special Education Cluster CFDA Number: 84.027, 84.173 Grant Award Number: H027A060009A Grant Award Period: 7/1/06–9/30/07	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 subrecipients 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 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.

Additionally per the grant award letter, each recipient is required to provide monthly expenditure reports, and all supporting documentation to the State Educational Agency (SEA). Further, the DCPS Special Education Monitoring Manuals specifies that the grant management specialist is responsible for conducting the financial review of the Local Educational Agency (LEA) that has received the federal funding.

Condition – DCPS' monitoring tools consist of site visits and receipt of quarterly financial and performance reports and Single Audit reports from its subrecipients. DCPS was not able to provide evidence that proper financial monitoring of subrecipients was done during FY 2007 for all of the 5 samples selected for review.

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

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

Cause – It appears that the monitoring procedures were not applied as was intended by the stated policies. Comprehensive policies and procedures were not functioning to ensure adequate subrecipient monitoring occurred during fiscal year 2007 and evidence of actual subrecipient monitoring was not provided by DCPS during the audit. Further subrecipients did not appear to have been made fully aware of the implication and repercussions for not complying with the reporting requirements.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Recommendation – DCPS should adhere to its policies and procedures to ensure that it is appropriately monitoring subrecipient activities. In performing the monitoring function, DCPS should ensure that it documents the:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of A-133 report, review of financial requirement, etc.).
- A formalized corrective action plan for A-133 reports with findings.
- Consideration of site visits, when appropriate.
- Its system for monitoring and follow-up with subrecipients who are not 100% in compliance with requirements.

DCPS policies and procedures should outline the appropriate timeframes for follow-up and the types of follow-up required in various situations. All documentation should be maintained for all monitoring efforts in a subrecipient monitoring folder.

Views of Responsible Officials and Planned Corrective Actions – The Office of the State Superintendent of Education (OSSE) assumed responsibility for SEA-level functions on October 1, 2007, after the time period of this audit; thus, it is now responsible for monitoring subrecipient activities to ensure compliance with applicable federal requirements. OSSE has taken a number of steps to ensure the effective monitoring of IDEA, Part B requirements:

- New IDEA, Part B Application Process – OSSE has developed a new application for IDEA, Part B funds. This process will provide OSSE with an opportunity to determine, before federal funds are awarded, whether a local educational agency has a plan that is likely to be successful in achieving program purposes, will spend federal funds on allowable costs, and meets relevant eligibility requirements. The application is specifically aligned to IDEA, Part B requirements, especially federal and state priority issues.
- New Payment Process – OSSE has developed a new payment process, which is an important part of ensuring that federal funds are spent appropriately. In order to receive a payment, subgrantees will be required to submit summary expenditure reports. These reports will provide information on the nature of the relevant costs and the status of the subgrantee's budget. This will allow OSSE to ensure the subgrantee has budgeted for the costs, and that the costs are generally consistent with the subgrantee's program plan and application, and rules regarding allowable costs.

OSSE is continuing to strengthen its monitoring process by developing standardized monitoring instruments and monitoring indicators, and by implementing a cycle-based monitoring system to ensure all compliance areas are monitored in a way that most effectively utilizes OSSE's staff resources. To assist with these efforts OSSE is recruiting for an IDEA grants specialist with knowledge of IDEA, Part B requirements, especially grants management and financial management responsibilities who will work in the Office of Special Education to ensure that subgrantees are following the appropriate federal guidelines and that appropriate action is taken when there is an area of noncompliance.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
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2007-110

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, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-111	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. 010307 dated July 23, 2007	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – In accordance to the sub-grant agreement between United Planning Organization (UPO) and DCPS for the Head Start program, DCPS awarded a sub-grant to an organization named Spanish Education Development Center (sub-grantee). The sub-grantee is required to submit monthly activity reports by the 10th workday of the following month to DCPS as part of the subrecipient monitoring requirement. The written monthly report shall include financial information as well as narrate the progress and problems in implementing the approved Head Start program.

Condition – DCPS was unable to provide the monthly reports required to be submitted by the sub-grantee.

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

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

Cause – It appears that policies and procedures designed to ensure that reports from the subrecipient are received and reviewed were not functioning as intended.

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

Views of Responsible Officials and Planned Corrective Actions – DCPS' Office of School Readiness & Early Childhood Programs will review and revise its existing policies and procedures as needed and will take the appropriate steps to ensure copies of reports are maintained and submitted timely as outlined in the UPO agreement. The Office of School Readiness & Early Childhood Programs will also ensure its staff is trained and understands the significance of timely reporting.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-112	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals	Not Determinable

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

The OMB Circular A-133 Compliance Supplement, with reference to 34 CFR Section 200.56, defines the requirements for highly qualified teachers. The supplement states that all teachers must hold at least a bachelor's degree and state certification to teach in the state. Further, 34 CFR Section 200.58 defines the qualification of paraprofessionals. All paraprofessionals covered by the section, regardless of the hiring date, must have earned a secondary school diploma or equivalent and must have completed at least 2 years of study at an institution of higher education or obtained an associate or higher degree.

Condition – DCPS was unable to provide documentation that some of its teachers met the requirements to work on the Title I program. Out of 45 teachers and paraprofessionals selected for testing, DCPS was unable to provide evidence that 3 teachers had received a bachelor's degree.

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

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

Cause – It appears that DCPS has not adequately monitored the qualification status of teachers and paraprofessionals working on the Title I program. Further, DCPS failed to retain the necessary supporting documentation to verify that individuals had met the highly qualified teachers and paraprofessionals requirements.

Recommendation – DCPS should improve its document retention function to ensure that the supporting documents for all teachers and paraprofessionals is retained, which properly shows that the federal requirements for hiring highly qualified teachers and paraprofessionals is being followed.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – DCPS does monitor the qualification status of teachers and paraprofessionals as evident by the supporting documentation provided during the audit for 43 of the teachers and paraprofessionals in the testing sample. The 3 instances where qualification documents were not submitted, 2 of the teachers have retired and 1 has resigned. DCPS will revisit its current policies and procedures to ensure continued adherence with the Highly Qualified Teachers and Paraprofessionals requirement of the No Child Left Behind Act.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – District of Columbia Public Schools (DCPS)

<u>No.</u>	<u>Program</u>	<u>Findings/ Noncompliance</u>	<u>Questioned Costs</u>
2007-113	U.S. Department of Education Title I Grants to Local Educational Agencies CFDA Number: 84.010 Grant Award Number: S010A060051A Grant Award Period: 7/1/06–9/30/07	Special Tests and Provisions: Participation of Private School Children	Below Reporting Threshold

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement indicates that if a Local Educational Agency (LEA) reserves funds from its Title I, Part A allocation to provide instructional and related activities for public school students at the district level, the LEA must also provide from those funds, equitable services to eligible private school students. The amount of funds available to provide these services must be proportionate to the number of private school children from low-income families residing in participating public school attendance areas, in accordance with Section 1113c and 1120 of ESEA. The control of funds used to provide equitable services to eligible private school students, teachers, and other educational personnel and families and title to materials, equipment, and property purchased with those funds must be with a public agency and the public agency must administer the funds, the materials, the equipment, and the property.

Condition – DCPS was unable to provide supporting documentation for 2 payroll items reported as Title I private school expenditures.

Context – This is a condition identified per review of DCPS' compliance with specified requirements to determine that program federal expenditures for education services to the private school had been provided as planned.

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

Cause – It appears that policies and procedures are not functioning as intended. DCPS does not appear to have adequate processes and procedures in place to ensure that personnel records are properly filed and data available in the general ledger is adequate as support for the selected payroll expenditures.

Recommendation – DCPS should establish policies and procedures to ensure that there is adequate ease of data extraction related to payroll expenditures from its accounting system and also ensure that records are being properly retained for a minimum period of three years.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – We concur that we were unable to provide timesheets for 1 payroll transaction. Because the current payroll process requires employee analysis and the payroll files are voluminous, the use of electronic data management is not an efficient or cost effective option for the agency.

We are reviewing and revising our document management procedures for payroll files to ensure timely retrieval of timesheets in the future. We should note that DCPS is scheduled to migrate to an electronic time management system (PeopleSoft) in FY 2009. The electronic system will partially eliminate the need for paper timesheets and will facilitate our retrieval of requested documents. The DCPS Human Resources Department has already begun the review process of its policies and procedures in preparation of the PeopleSoft rollout in April 2009. With the implementation of PeopleSoft, the DCPS Human Resources Department anticipates improved effectiveness and efficiency in maintaining and updating personnel files.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-114	U.S Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2006G994235, 2007G996115 Grant Award Period: 10/1/05-9/30/06, 10/1/06-9/30/07	Allowable Costs: Nonpayroll and Payroll Activities	\$18,590

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. A-87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.”

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

In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards; be allocable to federal awards under provisions of the Circular; and be adequately documented to be allowable under federal awards.

Condition – During our review of expenditures charged to the TANF grant, we identified several instances of noncompliance with OMB Circular A-87 cost principles:

- DHS charged 2 Food Stamp expenditures totaling \$4,610 to the TANF grant.
- DHS was unable to provide signed personnel action forms for 4 employees totaling \$7,164.
- DHS provided personnel action forms that did not support the amount charged to the grant for 3 employees. The questioned costs related to these three employees was \$6,816.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 14 payroll expenditures totaling \$18,904 and 61 nonpayroll expenditures totaling \$592,225. Total payroll and nonpayroll expenditures charged to the TANF program in FY 2007 was \$14,226,391 and \$59,967,226, respectively.

DHS is required to have personnel action forms related to all employees. As stated above, DHS did not have this form available for certain employees as they were misplaced.

Effect – DHS is not in compliance with stated requirements and program directives governing the grant, and the controls over the approval of payroll do not appear to be working properly.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Cause – DHS appeared to have misplaced the personnel files. DHS management charges all administrative expenditures of the Income Maintenance Administration (IMA) to an administration pool regardless of whether the expenditures are directly related to a particular program, and then allocates the expenditures to various IMA programs.

Recommendation – We recommend that DHS should improve its processes and procedures over the retention of employee personnel records. These records should be properly maintained and safeguarded. We also recommend that DHS should exclude all direct program charges from the IMA administration pool.

Views of Responsible Officials and Planned Corrective Actions – In regards to the two items charged to TANF, all expenditures for TANF, Food Stamps, Medicaid, and Appropriated Funds for IMA are accumulated and allocated based on time studies. As a result, it does not matter where the initial expenditures are posted as they will be allocated based on the time studies provided by IMA.

Because of the large volume of personnel documentation held by the Office of Personnel (OOP), OOP periodically purges their files and ships the documents to an off-site location out-of-state. Therefore, the initial hard copies of personnel records are no longer available since conversion to PeopleSoft.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-115	U.S Department of Health and Human Services Community Services Block Grant CFDA Number: 93.569 Grant Award Number: 2006G994002, 2007G994002 Grant Award Period: 10/1/05-9/30/07, 10/1/06-9/30/08	Allowable Costs: Payroll Activities	\$10,651

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. A-87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.”

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

In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards; be allocable to federal awards under provisions of the Circular; and be adequately documented to be allowable under federal awards.

Condition – DHS was unable to provide signed personnel action forms for 4 employees. As a result, we were unable to determine if the employees were authorized allowable positions under the Community Services Block grant and whether the amounts charged to the grant were correct.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed five payroll expenditures totaling \$12,033. Total payroll expenditures charged to the Community Services Block grant in FY 2007 was \$355,982. The questioned costs relate to employees whose signed personnel action forms were missing.

Effect – DHS is not in compliance with stated requirements and program directives governing the grant, and the controls over the approval of payroll do not appear to be working properly.

Cause – DHS misplaced the employees' personnel files.

Recommendation – We recommend that DHS review its current record retention policy to ensure that complete documentation is maintained for employee personnel records. Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – DHS management states that because of the large volume of personnel documentation held by the Office of Personnel (OOP), OOP periodically purges their files and ships the documents to an off-site location out-of-state. Therefore, the initial hard copies of personnel records are no longer available since conversion to PeopleSoft.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-116	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: G-0701DCCCCDF Grant Award Period: 10/1/06-9/30/08	Allowable Costs: Nonpayroll and Payroll Activities	Below Reporting Threshold

Criteria or Specific Requirement – Per Attachment A, OMB Circular No. A-87 Section C (1) (j), we noted that “to be allowable under Federal awards, costs must be adequately documented.”

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

In addition, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards; be allocable to federal awards under provisions of the Circular; and be adequately documented to be allowable under federal awards.

Condition – During our review of expenditures charged to the Child Care grant, we identified several instances of noncompliance with OMB Circular A-87 cost principles:

- DHS charged a nonpayroll expenditure totaling \$1,061 to the incorrect grant period. The expenditure was a 2006 travel expense that was charged to the FY 2007 Child Care grant.
- DHS provided personnel action forms that did not support the amount charged to the grant for 3 employees. The questioned cost related to these 3 employees was \$4,017.

Context –This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 4 payroll expenditures totaling \$5,401 and 26 nonpayroll expenditures totaling \$1,840,680. Total payroll and nonpayroll expenditures charged to the Child Care program in FY 2007 was \$3,669,742 and \$26,426,003, respectively.

Effect – DHS is not in compliance with stated requirements and program directives governing the grant, and the controls over the approval of payroll do not appear to be working properly.

Cause – The travel expenses were not submitted for payment until FY 2007. DHS misplaced the employees' updated personnel action forms.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Recommendation – We recommend that DHS review its current record retention policy to ensure that complete documentation is maintained for employee personnel records. Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned. We also recommend DHS charge expenditures to the proper grant period.

Views of Responsible Officials and Planned Corrective Actions – The travel expenditure was an allowable expenditure which was not received until May 2007 and, therefore, not obligated in FY 2006. Thus, the only alternative was to make payment out of the FY 2007 grant.

Because of the large volume of personnel documentation held by the Office of Personnel (OOP), OOP periodically purges their files and ships the documents to an off-site location out-of-state. Therefore, the initial hard copies of personnel records are no longer available since conversion to PeopleSoft.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-117			

This finding # was not used.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-118	U.S Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2006G994235, 2007G996115 Grant Award Period: 10/1/05-9/30/06, 10/1/06-9/30/07	Allowable Costs: Indirect Cost Activities	Not Determinable

Criteria or Specific Requirement – Under OMB Circular A-87, where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation is 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 required that (a) DHS agency costs be allocated to IMA divisions and units based on DHS' indirect cost rate; (b) IMA divisional costs be allocated to lower units; (c) allowable costs be allocated to the TANF program either based on quarterly time studies, call volume, or at 100%; and (d) information systems costs be allocated 100% to the TANF program as a program related cost.

In our review of DHS' cost allocation to the TANF program, we determined that the administrative costs allocated to the program in FY 2007 were not in accordance with that cost allocation plan. Based on our review of DHS' two quarterly TANF allocation schedules, administrative costs were allocated to the TANF program based on the administration costs remaining after the deduction of two other federal programs' share of those administration costs. There was no evidence of the allocation of agency costs to IMA costs using DHS' indirect cost rate. DHS allocated some agency costs directly to the program; allocation of IMA divisional costs to the lower units; and the allocation of IMA costs based on quarterly time studies or call volume. DHS also included in its second quarter administration schedule allocated information system costs.

We also identified some duplication in DHS' first and second quarter administration allocation schedules:

- DHS allocated costs totaling \$572,154 to the TANF program that had already been allocated to the Food Stamp program.
- DHS reported the same costs twice under 2 different cost centers. The total amount duplicated was \$513,469.

Context – This is a condition identified per review of DHS' compliance with specified requirements. The total amount of DHS administration costs allocated to the TANF federal program in FY 2007 was \$4,548,226.

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Cause – DHS personnel were unaware of the IMA cost allocation methodology outlined in the agency's cost allocation plan.

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

Views of Responsible Officials and Planned Corrective Actions – Management does not concur with the finding. TANF allows 15% of the grant award for administrative costs. The cost allocation plan for IMA is required for the allocation of administrative cost to the Food Stamp and Medicaid programs. Any residual cost can be allocated to TANF as long as it does not exceed 15% of the grant award.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-119	U.S. Department of Education Vocational Rehabilitation Grants to States CFDA Number: 84.126 Grant Award Number: H126A070011D Grant Award Period: 10/1/06-9/30/08	Cash Management: Funding Technique	Not Determinable

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

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

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

Condition – We reviewed 5 drawdown requests totaling \$1,386,851. Total FY 2007 drawdown requests were \$9,879,903. All 5 DHS drawdown requests were not in accordance with the District's 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. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds 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 a weekly basis.

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

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

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-120	U.S Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2006G994235, 2007G996115 Grant Award Period: 10/1/05-9/30/06, 10/1/06-9/30/07	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 three funding techniques for the Temporary Assistance for Needy Families grant for the draw down of funds:

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

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

Condition – We reviewed 44 drawdown requests totaling \$60,122,540. Total FY 2007 drawdown requests were \$74,035,534. All 44 DHS drawdown requests were not in accordance with the District's CMIA agreement. 6 drawdown requests were also not based on the agency's immediate cash needs. More specifically,

- 1 drawdown request exceeded the amount of expenditures incurred by \$1,418,039. DHS requested \$5,052,166 from the Federal government. However, the actual expenditures were \$3,634,127.
- Some of the expenses that supported five drawdown requests were found not to have been paid prior to the date of the reimbursement request. The total amount of the expenses was \$1,767,286. The total drawdowns related to these 5 requests was \$5,419,351.

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

Effect – DHS is not in compliance with the provisions of the CMIA agreement. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds 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.

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

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

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

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

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District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-121	U.S Department of Health and Human Services Community Services Block Grant CFDA Number: 93.569 Grant Award Number: 2006G994002, 2007G994002 Grant Award Period: 10/1/05-9/30/07, 10/1/06-9/30/08	Cash Management: Funding Technique	Not Determinable

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

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

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

Condition – We reviewed 6 drawdown requests totaling \$3,749,159. Total FY 2007 drawdown requests were \$9,882,795. All 6 DHS drawdown requests were not in accordance with the District's 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. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds 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 a weekly basis.

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

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

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

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District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-122	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: G-0701DCCCCDF Grant Award Period: 10/1/06-9/30/08	Cash Management: Funding Technique	Not Determinable

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

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

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

Condition – We reviewed 18 drawdown requests totaling \$18,923,272. Total FY 2007 drawdown requests were \$30,095,745. All 18 DHS drawdown requests were not in accordance with the District's 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. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds 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 a weekly basis.

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

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

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

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District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-123	U.S Department of Health and Human Services Social Services Block Grant CFDA Number: 93.667 Grant Award Number: 2007G992432 Grant Award Period: 10/1/06-9/30/08	Cash Management: Funding Technique	Not Determinable

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

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

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

Condition – We reviewed 4 drawdown requests totaling \$398,921. Total FY 2007 drawdown requests were \$6,899,249. All 4 DHS drawdown requests were not in accordance with the District's 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. DHS' requests for federal funds for the program were not based on the exact amount of the actual disbursements. Interest may be owed to the Federal government. In addition, we noted examples where federal funds 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 a weekly basis.

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

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

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

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-124	U.S. Department of Education Vocational Rehabilitation Grants to States CFDA Number: 84.126 Grant Award Number: H126A070011D Grant Award Period: 10/1/06-9/30/08	Eligibility	Not Determinable

Criteria or Specific Requirement – The OMB Circular A-133 Compliance Supplement states the following:

1. An individual is eligible for Vocational Rehabilitation (VR) services if the individual (a) has a physical or mental impairment that, for the individual, constitutes or results in a substantial impediment to employment; (b) can benefit in terms of an employment outcome from VR services; and (c) requires VR services to prepare for, secure, retain, or regain employment (Section 102(a) (1) of the Act (29 USC 722(a) (1))).
2. An individual who is a beneficiary of Social Security Disability Insurance or a recipient of Supplemental Security Income is presumed to be eligible for VR services (provided that the individual intends to achieve an employment outcome consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual) unless the State VR Agency can demonstrate by clear and convincing evidence that such individual is incapable of benefiting in terms of an employment outcome from VR services due to the severity of the disability of the individual (Section 102(a)(3) of the Act (29 USC 722(a)(3))).
3. The State VR Agency must determine whether an individual is eligible for VR services within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless (Section 102(a)(6) of the Act (29 USC 722(a)(6)):
 - Exceptional and unforeseen circumstances beyond the control of the State VR agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time; or
 - The State VR Agency is exploring an individual's abilities, capabilities, and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from VR services.
4. The Rehabilitation Services Administration Program Instruction states: Rehabilitation services will be provided in accordance with the Individualized Plan for Employment (IPE) or Individualized Living Plan (ILP). The IPE or ILP will be a written document prepared on forms provided by DC/RSA and must be designed and implemented to achieve a specific employment or independent living outcome that has been selected by the client consistent with the client's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and exercise of informed choice in selecting:

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- The employment or independent living outcome;
- The specific vocational rehabilitation or independent living;
- Services needed to achieve the outcome; and
- The entity or entities that will provide the services.

5. A Counselor shall facilitate the implementation of an IPE within 90 days or an ILP within 120 days of the client's eligibility determination or within 90 days of a determination that the client should participate in extended evaluation and review the IPE or ILP at least annually with the client or, as appropriate, with the client's representative, to assess the client's progress in achieving the identified employment or independent living outcome.

Condition – We noted the following during our test work:

1. Department of Human Services (DHS), Rehabilitative Services Agency (RSA) was unable to provide documentation:

- Evidencing that the client had a disability for 2 of the 77 cases selected for testing.
- Evidencing that the recipient was eligible to receive SSI benefits for 1 of the 77 cases selected for testing.
- Of an Individualized Plan for Employment (IPE) for 5 of the 77 cases selected for testing.
- Evidencing that the waiver included in the file was completed within 60 days for 3 of the 77 cases selected for testing.

2. Department of Human Services (DHS), Rehabilitative Services Agency (RSA) was unable to provide evidence that the Individualized Plan for Employment (IPE) was prepared within the required 90 days for 24 of the 77 cases selected for testing.

3. Department of Human Services (DHS), Rehabilitative Services Agency (RSA) was unable to provide support that:

- The Individualized Plan for Employment (IPE) was signed for 3 of the 77 cases selected for testing.
- The Certificate of Eligibility was signed for 1 of the 77 cases selected for testing.

4. DHS provided supporting documentation evidencing eligibility; however, eligibility was determined after the 60-day window had expired for 30 of the 77 cases selected for testing. In addition:

- In 1 case out of these 30, we were provided a waiver of the 60-day window period; however it was not fully completed and was missing pertinent information.
- In another case, out of these 30, we were provided a waiver of the 60-day window period; however the eligibility for 1 of these 30 was determined after the time period stated in the waiver.

Context – DHS did not comply with the eligibility requirements of the program. This may be systemic to the population.

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

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

Recommendation – Rehabilitation Services Administration should evaluate the reporting process that flags client applications that are approaching the threshold dates, so that accurate determinations can be made, and the Individualized Plan for Employment can be constructed in a timely manner. In addition, a checklist should be included in each file to ensure that all requirements for documentation have been met before service is granted. In all instances there should be proper documentation kept to validate the status of all eligible recipients.

Views of Responsible Officials and Planned Corrective Actions – The Department on Disability Services, Rehabilitation Services Administration (DDS/RSA) is in the process of procuring another case management system and hopefully when the Single Audit is conducted covering FY 2008 cases, DDS/RSA will be timely in submitting the samples selected for testing.

The Chief of Vocational Rehabilitation Services Division (VRSD) has met with the acting supervisory staff and provided one-on-one direction and training to assist the supervisors with case reviews and monitoring cases for compliance with eligibility and IPE development and implementation. The supervisors have also participated in training from the DDS Training Institute. DDS is in the process of developing more training geared towards the vocational rehabilitation process, our amended regulations to assist all staff in enhancing their skills and knowledge.

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District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-125	U.S Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2006G994235, 2007G996115 Grant Award Period: 10/1/05-9/30/06, 10/1/06-9/30/07	Eligibility	Not Determinable

Criteria or Specific Requirement – To be eligible for TANF “assistance” as defined in 45 CFR section 260.31 or any MOE-funded benefits, services, or “assistance,” a family must include a minor child who lives with a parent or other adult caretaker relative. A family must also be “needy,” i.e., financially eligible according to the State’s applicable income and resource criteria.

A State may, at its option, provide Federal public benefits to qualified aliens who entered the United States before August 22, 1996, and, for aliens entering the United States on or after August 22, 1996, after the expiration of the five-year time bar.

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

- Income documentation was not included in 3 participant case files.
- Supervisory review had not been performed for 1 participant case file.
- TANF benefits do not automatically terminate at the end of the specified six month period or when the participant becomes ineligible. In addition, at the end of the eligibility period, the Automated Client Determination System (ACEDS) does not automatically send a recertification letter to the participant notifying them to recertify for TANF benefits. TANF benefits continue to be provided until Income Maintenance Administration (IMA) manually processes the request for the participant to recertify.
- There was no evidence of 3 participants assigning the rights to child support, to the District.
- DHS was unable to provide 1 case file for our review.
- No documentation was in the case files for 3 participants that supported the participant’s eligibility for TANF benefits.

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

Effect – Participants could be receiving benefits that they are not entitled to receive under the program.

Cause – DHS does not appear to be performing periodic reviews of the data in its participants’ files. DHS does not appear to have adequate internal controls to ensure that TANF benefits are paid only to eligible participants.

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Recommendation – We recommend that DHS perform periodic reviews of the data in its participant files to ensure that data is accurate and complete. We also recommend DHS develop adequate internal controls to ensure that TANF benefits are paid to eligible participants. In addition, we recommend DHS develop procedures to automatically notify participants to recertify prior to the expiration date, so that TANF benefits continue seamlessly.

Views of Responsible Officials and Planned Corrective Actions – IMA disagrees with the auditors' finding of a deficiency due to TANF benefits not automatically terminating at the end of the specified six month period. TANF and GC cases must be reviewed once every six months. However, benefits in these two programs do not expire if a redetermination is not scheduled prior to the end of the six-month period. TANF is recertified and approved semi-annually. In the six of the seven cases in which the auditor states that at recertification was not approved, the sample month fell within a valid TANF recertification period.

Case Number: 306063

Sample Month: 2/07

Exception: Recertification not approved.

IMA disagrees with the auditors' findings in this case. The sample month is February 2007 and the audit states that the recertification was not approved. Official recertification of TANF benefits is completed in the Automated Eligibility Determination System (ACEDS). A recertification for TANF case 306063 was authorized by a supervisor in ACEDS on 12/11/06, which covers the sample month of 2/07.

Case Number: 415594

Sample Month: 6/07

Exception: Recertification not approved.

IMA disagrees with the auditors' findings in this case. The sample month is June 2007 and the audit findings state that the recertification was not approved. Official recertification of TANF benefits is completed in the Automated Eligibility Determination System (ACEDS). A recertification for TANF case 415594 was authorized by a supervisor in ACEDS on 06/01/07, which covers the sample month of June 2007.

Case Number: 51704

Sample Month: 6/07

Exception: Recertification not approved.

IMA disagrees with the auditors' findings in this case. The sample month was June 2007 and the audit findings state that the recertification was not approved. Official recertification of TANF benefits is completed in the Automated Eligibility Determination System (ACEDS). A reapplication for TANF case 51704 was authorized by a supervisor in ACEDS on 05/24/07, which covers the sample month of June 2007.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Case Number: 393306

Sample Month: 11/06

Exception: Income verification documentation not provided, recertification not approved, and case not reviewed and approved by supervisor.

IMA disagrees that income verification was needed and that the case was not reviewed and reviewed by a supervisor. Our review of the record does not indicate any income received by Jamar Ross, who is the payee for this case. The income indicated on the recertification form is for the paternal grandmother, who is not included in the TANF grant, and whose income is excluded.

Case Number: 372715

Sample Month: 09/07

Exception: Recertification not approved.

IMA disagrees with the auditors' findings in this case. The sample month was September 2007 and the audit findings state that the recertification was not approved. Official recertification of TANF benefits is completed in the Automated Eligibility Determination System (ACEDS). A recertification for TANF case 372715 was authorized by a supervisor in ACEDS on 5/21/07, which covers the sample month of September 2007.

Case Number: 272555

Sample Month: 03/07

Exception: Income verification documentation not provided.

IMA disagrees with the auditors' findings in this case. The audit findings state that income verification documentation was not provided. TANF case 272555 is a child only case. The non-parental adult is not included in the TANF cases and her income is excluded. Therefore, no verification is required.

Case Number: 124677

Sample Month: 02/07

Exception: Recertification not approved.

IMA disagrees with the auditors' findings in this case. The sample month for this case was February 2007 and the audit findings state that the recertification was not approved. Official recertification of TANF benefits is completed in the Automated Eligibility Determination System (ACEDS). A recertification for TANF case 124677 was authorized by a supervisor in ACEDS on 11/30/2006, which covers the sample month of February 2007.

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Case Number: 414827

Sample Month: 12/06

Exception: Income verification documentation not provided.

IMA disagrees with the auditors' finding. Verification of income was provided in June 2006 and was still countable in the review month.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-126	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: G-0701DCCCCDF Grant Award Period: 10/1/06-9/30/08	Eligibility	Not Determinable

Criteria or Specific Requirement – The Child Care federal program subsidizes child care expenses for eligible participants. The federal payment is the difference between the daily child care expenses and the participant's co-payment amount. One of the documentation requirements in determining a participant's eligibility is the submission of his/her child's birth certificate.

Condition – In our review of 77 participant cases, we identified the following eligibility deficiencies:

- DHS calculated 6 participant's co-payments correctly in their case files. However, DHS had not updated its system to reflect the correct co-payment amounts.
- DHS calculated the co-payment amount incorrectly for 1 participant.
- A copy of 1 child's birth certificate was not in the case file.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 77 participant cases. The total number of participants who received services in FY 2007 was 11,798.

Effect – The use of incorrect co-payment amounts in eligibility determinations may result in the Federal government paying more than its required share.

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

Recommendation – We recommend DHS perform periodic reviews of the data in its participant database to ensure that data is accurate and complete.

Views of Responsible Officials and Planned Corrective Actions – Out of seventy-seven records reviewed, six (6) participants' cases showed co-payments computed correctly but entered incorrectly in the database.

The Early Care and Education Administration (ECEA) is in partial agreement with these findings; however, these findings had no effect on provider payments.

Of the 6 records reviewed, we are in agreement with the findings for five (5) of them. For one record, child #68 (J.A.) the fee entered was correct. She was the third child in the family and her fee was correctly entered as "zero".

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The 5 incorrectly entered fees did not result in erroneous payment to the providers. All these children were served by Level II providers. Level II providers receive the full payment based on the assigned service and their tier status, regardless of the amount of the parent's co-payment.

ECEA acknowledges that Level II providers occasionally make errors in properly completing their data entry. This problem is exacerbated by our antiquated computer system. At any given time there are several providers who are unable to connect with the ECEA database and must come into the Child Care Services Division to use ECEA's computers to do data entry. The likelihood of error is increased when data entry must be delayed. Sunshine Early Learning Center was, in fact, one of the providers having such problems during FY 2007.

The following monitoring processes were put into effect at the beginning of FY 2008 to increase ECEA's discovery and timely corrections of errors:

1. College interns visited a number of Level II child care programs to check for specified eligibility documents as well as to compare co-payments listed in the files to co-payments entered in the database. This project continued for several months.
2. Effective October 1, 2007, the Eligibility Monitors began reviewing 100% of the records maintained by each Level II provider, rather than a sample of cases. A Social Service Representative was assigned to spend 60% of her time as an Eligibility Monitor to increase our capacity.
3. A comparison of the case file with the database became part of the monitoring process as of October 1, 2007.
4. ECEA is in the process of recruiting one additional Eligibility Monitor in order to increase its monitoring of the database and Level II providers. Additionally, ECEA is in the process of reviewing the functions and responsibilities of the Eligibility Monitoring Unit to determine the appropriate staffing for the unit.

The co-payment was incorrectly calculated for one participant.

ECEA disagrees with this finding since there was no error in payment to the Level II provider and that this finding is below the threshold of reporting. ECEA acknowledges that the Level II provider incorrectly calculated the customer's income, interpreting the pay statements as weekly when in fact they represented biweekly salary. Actually, the provider somehow came up with the co-payment that would have been correct had they calculated the correct salary. Either way, there was no error in payment for this provider, since parent co-payments are not deducted from the payments to Level II providers.

As discussed earlier, the Eligibility Monitors have increased their monitoring to include 100% of the records for which each provider is responsible.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

A copy of one child's birth certificate was not in the case file.

ECEA agrees with this finding; however, the provider was already cited for this error during an eligibility monitoring visit in August 2007 and was instructed to obtain the birth certificate for the child. The provider failed to obtain the document, and the Eligibility Monitor who made the original visit had extended sick leave subsequent to this visit. The provider was terminated from the Child Care Subsidy Program as of February 29, 2008, which was when this child's payment was terminated.

1. An Eligibility Monitor continues to attempt to obtain the child's birth certificate, although efforts to reach the father have been unsuccessful to date.
2. Eligibility Monitors will redouble their efforts to complete all follow up visits promptly, that would have an early identification of the provider's non-compliance with the specific correction action and thus minimized the amount of payment to the provider for the child in question. The child's subsidy should have been terminated within 30 days after the original finding when the parent did not comply.
3. ECEA is in the process of recruiting the third Eligibility Monitor to ensure eligibility monitoring follow up visits are done timely and that Level II providers comply with corrective actions timely to minimize the amount of payment error.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2007-127

This finding # was not used.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-128	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: G-0701DCCCDF Grant Award Period: 10/1/06-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – Lead agencies must ensure that not less than 70 percent of the total amount of mandatory and matching funds are used to provide child care assistance to families who are receiving assistance under the Temporary Assistance for Needy Families (TANF) program.

Condition – DHS was unable to provide supporting documentation that substantiated its compliance with the requirement that not less than 70% of the Child Care mandatory and matching grant funds were used to provide child care assistance to TANF recipients.

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

Effect – DHS may not be meeting the requirement.

Cause – DHS does not have adequate policies and procedures in place to ensure that the agency meets the earmarking requirement.

Recommendation – We recommend DHS develop policies and procedures over the TANF recipient earmarking requirement to ensure that no less than 70% of the Child Care mandatory and matching funds are spent for child care assistance to TANF recipients.

Views of Responsible Officials and Planned Corrective Actions – DHS disbursed \$6,041,357 of which \$4,566,974 and \$1,474,383 were for mandatory and matching, respectively. Of the disbursed amount, \$5,824,974 (\$4,566,974 plus \$1,258,000) was for child care activities which are 96.4% of the total disbursement.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-129	U.S Department of Health and Human Services Social Services Block Grant CFDA Number: 93.667 Grant Award Number: 2007G992432 Grant Award Period: 10/1/06-9/30/08	Matching, Level of Effort, Earmarking	Not Determinable

Criteria or Specific Requirement – The State shall use all of the amount transferred in from the Temporary Assistance for Needy Families (TANF) program (CFDA 93.558) only for programs and services to children or their families whose income is less than 200 percent of the official poverty guideline as revised annually by DHHS (42 USC 604(d)(3)(A) and 9902(2)).

Condition – DHS was unable to provide the case files for 7 participants who received services during the fiscal year. As a result, we were unable to determine if the participants were eligible to receive services under the Social Services Block Grant.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 45 participant cases. The total number of participants who received services in FY 2007 was 196.

Effect – The 7 participants may not have been eligible to receive services under the grant.

Cause – DHS misplaced the case files.

Recommendation – We recommend DHS maintain program records in its files for a minimum of three years or until reviews have been completed of the Social Services Block grant program.

Views of Responsible Officials and Planned Corrective Actions – The Virginia Williams Intake Center relocated in December 2007 and all 7 case files were moved. During this process, 4 records selected for review were lost. Electronic copies of all records have been retained and records could be recreated, but the actual paper folders were not available for 4 cases for review.

Family Services staff contacted the subrecipient who conducted a thorough search of stored files. The subrecipient advised that the new office site has less file room space and records were purged during the move. The subrecipient will seek additional storage space to ensure that adequate space is available for all records to be secured and maintained for a period of three years from the date of the client's discharge from shelter services. The subrecipient has also volunteered that they will search all of the files to determine if other cases are missing to avoid a repetition of lost files.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-130	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: G-0701DCCCDF Grant Award Period: 10/1/06-9/30/08	Period of Availability	\$223,352

Criteria or Specific Requirement – Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Obligation means the amounts of orders placed, contracts and sub-grants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

Condition – DHS charged 3 transactions totaling \$223,352 to Child Care program that were outside of the FY 2006 grant award period. We reviewed 11 transactions totaling \$320,168 that had been charged to the Child Care program.

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

Effect – The costs are considered unallowable costs under the Child Care program.

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

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

Views of Responsible Officials and Planned Corrective Actions – The NOGA (Notice of Grant Award) representing this expenditure (\$7,635.70) began on May 1, 2005 and ended April 30, 2007. Since an obligation existed, the allowable services were performed and charged to FY 2006 based on the modified NOGA.

In regards to the balance, we concur with the finding with a qualification. Although the expenditure was posted to the '06 instead of the '07 award, the expenditure is an allowable cost per the terms of the grant and not a questioned cost. In the future, DHS will be more diligent in regards to the correct funding period in posting CCDF expenditures.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-131	U.S Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2006G994235, 2007G996115 Grant Award Period: 10/1/05-9/30/06, 10/1/06-9/30/07	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – In our review of 47 procurement files related to the TANF grant, we determined that DHS' procurements were not in compliance with some of OMB Circular A-102 procurement procedures:

- DHS was unable to provide procurement files that documented the methodology and cost analysis used to award contracts to 12 vendors.
- DHS was unable to provide evidence of verifying whether 36 vendors had been debarred or suspended from working with the Federal government.
- DHS was unable to provide 1 procurement file.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 47 vendor procurements with purchase orders over \$25,000 that been recorded to the TANF grant in FY 2007.

Effect – Services could have been purchased at a lower purchase price. DHS could have inadvertently contracted with a vendor that is suspended or debarred from doing business with the federal government.

Cause – Whenever a DHS staff does the search to determine whether the vendor is suspended or debarred, the copy printed from the internet is placed with the file prepared for Council approval and in the instances stated above, we were informed that the individual responsible, inadvertently forget to include a copy in the file for record keeping purposes. The DHS program office personnel who initiated the procurement transaction with the vendors were not aware that a search for suspension and debarment related to procurement is required to be filed for record purposes. Further, policies and procedures related to documentation were not functioning as intended.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Recommendation – We recommend DHS document the methodology and cost analyses used to award contracts to all vendors in its procurement files. We also recommend DHS should verify whether vendors have been debarred or suspended from working with the Federal government. This verification should also be documented in DHS' procurement files.

Views of Responsible Officials and Planned Corrective Actions – Below is a response as it relates to Debarment Certifications for subgrants based on the audit review:

1. DHS currently requires in both its RFAs and subgrant agreements the Certification regarding Lobbying; Debarment, Suspension and other Responsibility Matters; and Drug-Free Workplace Requirements.
2. Copies of both RFAs and subgrant agreements for the requested sample subgrants were provided for review.
3. The Grants Administrator indicated that DHS' current policy was the requirement of the debarment certification in all DHS RFAs and from each subgrantee and that prior to the Audit Review, DHS did not have an established policy requiring the verification of debarment certifications submitted.
4. Copies of the verification were done for both the TANF test subjects and all DHS subgrants during the audit process. Copies of the results for the subject subgrants were submitted to the Auditor as part of the package review. No debarments exist for any active DHS subgrants.
5. A recommendation was made to the Director that the policy of verification be instituted as part of the department-wide subgrant process. This request was made and approved.
6. Based on the Director's approval, the new Agency-wide policy to verify debarment certifications has been implemented.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-132	U.S Department of Health and Human Services Community Services Block Grant CFDA Number: 93.569 Grant Award Number: 2006G994002, 2007G994002 Grant Award Period: 10/1/05-9/30/07, 10/1/06-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – In our review of the Community Services Block grant, we determined that DHS' procurements were not in compliance with some of OMB Circular A-102 procurement procedures:

- There was no evidence in the procurement file of a cost or price analysis being performed for 1 subrecipient.
- DHS was unable to provide procurement files that documented the methodology and cost analysis used to award grants to 4 subrecipients.
- DHS was unable to provide evidence of verifying whether all 5 subrecipients tested had been debarred or suspended from working with the Federal government.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed all vendor procurements with purchase orders over \$25,000 that been recorded to the Community Services Block Grant in FY 2007.

Effect – Grant award services could have been purchased at a lower purchase price. DHS could have inadvertently contracted with subrecipients that are suspended or debarred from doing business with the Federal government.

Cause – Whenever a DHS staff does the search to determine whether the vendor is suspended or debarred, the copy printed from the internet is placed with the file prepared for Council approval and in the instances stated above, we were informed that the individual responsible, inadvertently forget to include a copy in the file for record keeping purposes. The DHS program office personnel who initiated the procurement transaction with the vendors were not aware that a search for suspension and debarment related to procurement is required to be filed for record purposes. Further, policies and procedures related to documentation were not functioning as intended.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Recommendation – We recommend DHS document the methodology and cost analyses used to award grants to all subrecipients in its procurement files. We also recommend DHS verify whether the subrecipients have been debarred or suspended from working with the Federal government. This verification should also be documented in DHS' procurement files.

Views of Responsible Officials and Planned Corrective Actions – Based upon the review of the conditions identified above, the CSBG program office's view is that the subgrant awards do meet the District's sole source requirements for making such grants to private organizations. Specifically, in situations where "there is a recognized coalition of service providers through which the broadest community participation may be obtained in serving the targeted clientele"; "the applicant has a program or project that clearly furthers the purpose of the grant"; and "the proposal reflects proprietary skills or technology that are limited in availability". [See: 1 DCMR 5002.1].

The purpose of the CSBG program (42 U.S.C. 9901 et seq.) is to "[support] innovative programs and activities conducted by community action agencies or other neighborhood-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization". The subrecipients in question are uniquely qualified to provide services and programs to the "targeted clientele" (low-income residents) that clearly further the purpose of the CSBG program.

Verification of the condition cited relating to "suspension and debarment" is documented in the properly executed DHS' grant agreement files (Article XX: Compliance and Assurances). The files are located in the CSBG program office.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-133	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: G-0701DCCCDF Grant Award Period: 10/1/06-9/30/08	Procurement, Suspension, and Debarment	Not Determinable

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

Condition – In our review of the Child Care grant, we determined that DHS' procurements were not in compliance with some of OMB Circular A-102 procurement procedures:

- For 1 vendor, DHS was unable to provide procurement files that documented the methodology and cost analysis used to award the contract. In addition, DHS was unable to provide evidence of verifying whether this vendor had been debarred or suspended from working with the Federal government.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 4 vendor procurements with purchase orders over \$25,000 that been recorded to the Child Care grant in FY 2007.

Effect – Services could have been purchased at a lower purchase price. DHS could have inadvertently contracted with a vendor that is suspended or debarred from doing business with the Federal government.

Cause – DHS does not have adequate procurement processes and controls in place to ensure compliance with the federal procurement regulations. Whenever a DHS staff does the search to determine whether the vendor is suspended or debarred, the copy printed from the internet is placed with the file prepared for Council approval and in the instances stated above, we were informed that the individual responsible, inadvertently forget to include a copy in the file for record keeping purposes. The DHS program office personnel who initiated the procurement transaction with the vendors were not aware that a search for suspension and debarment related to procurement is required to be filed for record purposes. Further, policies and procedures related to documentation were not functioning as intended.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Recommendation – We recommend DHS document the methodology and cost analyses used to award contracts to all vendors in its procurement files. We also recommend DHS verify whether vendors have been debarred or suspended from working with the Federal government. This verification should also be documented in DHS' procurement files.

Views of Responsible Officials and Planned Corrective Actions – The Language Doctors, Inc. PO: 209456-V2 had original amount of \$10,000. The contract was modified up to the amount of \$45,000. The contract was encumbered in December 2006 for the purpose of procuring interpreter services. The procurement is under \$100,000 and is not subject to verification of methodology documenting a cost analysis prior to award. The process used to make the contract award is documented in the files located at 64 New York Ave., in the office of Contracting and Procurement.

Below is a response to the finding as it relates to Debarment Certifications for subgrants based on the audit review:

1. DHS currently requires in both its RFAs and subgrant agreements the Certification regarding Lobbying; Debarment, Suspension and other Responsibility Matters; and Drug-Free Workplace Requirements.
2. Copies of both RFAs and subgrant agreements for the requested sample subgrants were provided for review.
3. The Grants Administrator indicated that DHS' current policy was the requirement of the debarment certification in all DHS RFAs and from each subgrantee and that prior to the Audit Review, DHS did not have an established policy requiring the verification of debarment certifications submitted.
4. Copies of the verification were done for both the TANF test subjects and all DHS subgrants during the audit process. Copies of the results for the subject subgrants were submitted to the Auditor as part of the package review. No debarments exist for any active DHS subgrants.
5. A recommendation was made to the Director that the policy of verification be instituted as part of the department-wide subgrant process. This request was made and approved.
6. Based on the Director's approval, the new Agency-wide policy to verify debarment certifications has been implemented.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
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2007-134

This finding # was not used.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-135	U.S Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2006G994235, 2007G996115 Grant Award Period: 10/1/05-9/30/06, 10/1/06-9/30/07	Reporting	Not Determinable

Criteria or Specific Requirement – Beginning with first quarter of FY 2000, a State must submit on a quarterly basis, the ACF-209, maintenance of effort report to the Federal government.

Condition – DHS was unable to provide for our review its quarterly ACF-209 Maintenance of Effort Data report that was submitted to the Federal government.

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

Effect – DHS may not be complying with programmatic requirements.

Cause – DHS did not maintain a copy of the report submitted to the federal grantor agency.

Recommendation – We recommend DHS maintain in its records the quarterly ACF-209 Maintenance of Effort Data reports that are submitted to the Federal government for a minimum of three years. We also recommend that DHS review its current record retention policy to ensure that complete documentation for maintenance of effort is maintained. Access to the files should be limited to only authorized personnel. Removal/retrieval of supporting documentation should be tracked as to the person removing the documentation and the date the data was removed and returned.

Views of Responsible Officials and Planned Corrective Actions – There is no actual 209 Form, which is filled out and sent in by DHS. Rather, all of the data is entered into the TDRS (TANF Data Recording System) and the report is automatically generated. ACF accesses the information electronically. There is no form, which IMA keeps a copy of or ACF sends back. The data is entered, and the TDRS generates the report. Income Maintenance Administration (IMA) is responsible for inputting the data into the TDRS.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-136	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: G-0701DCCCDF Grant Award Period: 10/1/06-9/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – A pass-through entity is responsible for:

Award Identification—At the time of the award, identifying to the subrecipient the federal award information (e.g., CFDA title and number, award name, name of federal agency) and applicable compliance requirements.

During-the-Award Monitoring—Monitoring 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.

Subrecipient Audits—(1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 (or \$300,000 prior to that date) as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (Gov. Doc. No. 8) and that the required audits are completed within nine months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Pass-through Entity Impact—Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

Condition – DHS had not properly monitored its Level II providers under the Child Care grant program. More specifically, DHS:

- Had not received the required Single Audit reports for 18 providers.
- Was unable to provide evidence of site visits for 22 providers.
- Had not identified federal award information in the grant agreements for 45 providers.

Context – This is a condition identified per review of DHS' compliance with specified requirements. We reviewed 45 Level II providers. The total number of Level II providers in FY 2007 was 51.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Effect – Failure to meet the timeliness of submission of the reports by the subrecipients may result in the risk of the subrecipients not using federal funds for the purposes specified by DHS. This could lead to improper usage and/or waste of the funds and increase the associated fraud risk. DHS has no method of knowing how the funds are actually being used if it does not perform the required monitoring.

Cause – DHS' subrecipient monitoring procedures and controls do not address the requirements for identifying federal award information to subrecipients and the submission of Single audit reports. Monitoring procedures were not applied as was intended.

Recommendation – We recommend DHS revise its subrecipient monitoring procedures and controls to address the identification of federal award information to subrecipients and the submission of Single Audit reports for those applicable subrecipients. We also recommend DHS to perform periodic reviews of the scheduled monitoring visits to ensure that the monitoring has been adequately performed. In performing the monitoring function, DHS should ensure that it documents the:

- Scope, timing, and results of its review (inspection, review of management documentation, review of performance requirements, review of A-133 report, review of financial requirement, etc.).
- A formalized corrective action plan for A-133 reports with findings.
- Consideration of site visits, when appropriate.
- Its system for monitoring and follow-up with subrecipients who are not 100% in compliance with requirements.

Views of Responsible Officials and Planned Corrective Actions – The Early Care and Education Administration (ECEA) concurs with the findings with explanation and has identified or taken corrective action steps.

(1) Missing Single Audit Reports from Providers

As stipulated in the provider agreement (contract) ECEA requires providers received payments from ECEA for \$500,000 or more federal funds to submit single audit report in accordance with the OMB Circular A-133 Certification. Providers had submitted their single audit report; however, the single audit reports submitted did not meet the format specified in the OMB Circular A-133 Certification. Due to failure to follow-up by Program Quality Division (PQD) manager and supervisor, training to PQD staff in 2006-2007 by a Certified Public Accountant, who is also an Accounting Professor, on understanding of the requirements of the OMB Circular A-133 Certification did not occur. In FY 2009, ECEA will take the following action:

A. Training

ECEA will seek assistance from the University of the District of Columbia Center for Applied Research and Urban Policy to provide training and technical assistance to ECEA PQD staff and child care providers and grantees regarding the single audit report requirements and format specified in the OMB Circular A-133 Certification.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

B. Policy

ECEA will develop and disseminate a policy issuance regarding A-133 single audit report and requirements to all child care providers and grantees to ensure compliance.

C. Internal Control

For providers/grantees that meet A-133 single audit requirements, a PQD support staff will:

- (i) Set up a calendar of audit report due dates by provider/grantee based on its fiscal year;
- (ii) Track the single audit reports received from providers/grantees; and
- (iii) Track the single audit reports reviewed and accepted by PQD monitors/Supervisor/Manager for compliance with the OMB. Circular A-133 Certification requirements and appropriate corrective action taken to ensure ongoing compliance by providers/grantees.

D. Reporting

PQD Manager will submit quarterly status of acceptable A-133 single audit reports received from providers/grantees to the ECEA Grants Management Specialist and the Deputy Administrator.

(2) Missing Provider Site Visit Reports

ECEA was aware of this deficiency in early FY 2007 and had taken corrective action. One staff was terminated in mid-2007 and another staff voluntarily resigned in early 2008. The Program Monitoring Unit was also severely understaffed in FY 2007. A support staff resigned in mid-FY 2007. One monitor was on extended sick leave since late FY 2006 and eventually died in mid-FY 2007. Three (3) other monitors were ill and on extended sick leave much of FY 2007; and one of these three (3) monitors died shortly after the end of FY 2007. Majority of the missing monitoring site visit reports were from the caseloads assigned to these four (4) monitors.

Since summer of 2007, ECEA senior management has conducted ongoing internal review of the operations at PQD. Monitors and the Acting Program Manager collaborated and have identified corrective action steps, and some have been implemented, to improve program operations and compliance. Some of the corrective action steps are as follows:

- Each monitor submits a schedule for monitoring visits by provider site in advance to the Acting Program Manager for review.
- Revised the monitoring procedures to insure that monitors (i) conduct program monitoring visits to each provider site a minimum of twice a year; (ii) conduct at least one attendance verification site visit per year; and (iii) submit typed monitoring visit reports within five (5) days of the visit to the Supervisor/Manager.
- Supervisor or Manager will review site visit reports within 10 days of receipt from monitors.
- A support staff has set up a database to track all visits completed and receipt of visit reports by a monitor and has begun entering all site visit reports received from monitors and reviewed by the Acting Program Manager into a database.

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- A tracking report will be generated monthly to identify completed and outstanding visits and reports and the Acting Program Manager will use this report in monthly meetings with the monitors to discuss accomplishments and to identify challenges and solutions.
- Monthly statistical report to the Deputy Administrator will include number of site visits completed and site visit reports completed.

(3) Identification of Federal Award Information in Grant Agreements for Providers in the Child Care Subsidy Program

ECEA will include the federal grant award identification number(s) in grant agreements (contracts) for providers in the Child Care Subsidy Program beginning with the renewal period on October 1, 2008.

Currently, ECEA does not have access to DHS' accounting system to determine source of funding that was/were used to pay for providers for child care services rendered.

ECEA has been transitioned to the Office of the State Superintendent of Education (OSSE) on April 1, 2008. ECEA agrees that it is a good fiscal management tool to identify and track provider payment by funding source and will discuss with the OSSE's Office of the Chief Financial Officer (OCFO) regarding how OCFO can implement this recommendation.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-137	U.S Department of Health and Human Services Social Services Block Grant CFDA Number: 93.667 Grant Award Number: 2007G992432 Grant Award Period: 10/1/06-9/30/08	Subrecipient Monitoring	Not Determinable

Criteria or Specific Requirement – A pass-through entity is responsible for at the time of the award, identifying to the subrecipient the federal award information (e.g., CFDA title and number, award name, name of federal agency) and applicable compliance requirements.

Condition – DHS had 1 subrecipient under the Social Services Block grant. DHS did not include in the subrecipient's grant award, the identification of the federal award information.

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

Effect – The subrecipient may not be complying with federal grant requirements.

Cause – DHS was unaware of the requirement to include certain federal award information in the grant award.

Recommendation – We recommend DHS include in its future subrecipient grant award agreements the identification of federal award information.

Views of Responsible Officials and Planned Corrective Actions – Funds transferred from the TANF grant into the Social Services Block Grant are added to the baseline budget for homeless services for families. These funds are a budget line item and are not issued as a grant award. When the contract is issued for homeless services for families, attachments include the OMB Circular A-122 audit requirements so the subrecipient is aware of compliance requirements even if the subrecipient did not receive the CFDA number.

The CFDA number 93.667 is for the regular Social Services Block Grant and none of the funds from this grant go to the subrecipient for homeless services for families. Funds from this award are used for FSA personnel and for homemaker services for vulnerable adults in Adult Protective Services.

The Notice of Grant Award is addressed to the DHS Finance Office at 64 New York Avenue and FSA staff do not receive copies of the award letter for the TANF grant or for other federal grants.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Actions Taken: FSA staff contacted the DHS Agency Fiscal Officer and conveyed the necessity of forwarding the TANF grant information so that the CFDA number and grant information can be forwarded to the subrecipient. FSA was assured that federal grant award information will be forwarded to program staff in future years to avoid repetition of this finding.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2007

District Agency – Department of Human Services (DHS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-138	U.S Department of Health and Human Services Temporary Assistance for Needy Families (TANF) CFDA Number: 93.558 Grant Award Number: 2006G994235, 2007G996115 Grant Award Period: 10/1/05-9/30/06, 10/1/06-9/30/07	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 SFAG for failure to substantially comply with this required State child support program (42 USC 608(a)(2) and 609(a)(8); 45 CFR sections 264.30 and 264.31).

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

Context – This is a condition identified per review of DHS' compliance with specified requirements. DHS provided TANF assistance to 166,745 participants in FY 2007.

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

Cause – DHS did not maintain the electronic reports because it was not informed that the reports should be retained.

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – When we attempted to recall the daily reports for FY 2007, we were unable to retrieve all of them. When we looked at the reports we were able to get, we discovered that the data was not accurate because of a problem with the way the incoming data was being matched to the Automated Client Eligibility Determination System (ACEDS). This made the reports we were able to get completely useless. We were not aware of this problem. It has since been fixed and the daily reports will be stored for future audits.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-139	U.S. Department of Housing and Urban Development Community Development Block Grants/ Entitlement Grants CFDA Number: 14.218 Grant Award Number: B06-MC-11-001 HOME Investment Partnerships Program CFDA Number: 14.239 Grant Award Number: M06-SG-11-0100 Grant Award Periods: 10/1/06 – 9/30/07	Allowable Costs: Indirect Cost Activities	Not Determinable

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

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

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

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

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

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

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

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions - DCHD has submitted a cost allocation plan for fiscal year 2007 to our cognizant agency, the Department of Housing and Urban Development (HUD).

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-140	U.S. Department of Housing and Urban Development Community Development Block Grants/ Entitlement Grants CFDA Number: 14.218 Grant Award Number: B06-MC-11-001 Grant Award Period: 10/1/06 – 9/30/07	Allowable Costs: Payroll Activities	Not Determinable

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

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

Condition – DHCD does not prepare, submit, or maintain on record the time and effort certifications of the employees who work on federal grants, as required under OMB Circular A-87. Further, during our transactional testing of payroll costs, we noted a lack of adequate documentation to support payroll charges recorded in the general ledger for all 7 employees selected for testing.

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

Effect – The absence of certifications, as required by OMB Circular A-87, indicates a lack of review and the possibility of expenses being incorrectly allocated to federal awards. Further, due to the absence of adequate documentation, we were unable to completely confirm the allowability or validity of expenses claimed as federal expenditures.

Cause – DHCD appears to lack a system of internal controls that adequately ensures time and effort reports are completed in a timely manner to substantiate payroll charges to federal award programs. Further, controls and systems are not in place to generate adequate supporting documentation for federal payroll expenses charged.

Recommendation – Where employees work on a single program, charges for their salaries and wages should be supported by periodic certifications in accordance with OMB Circular A-87. Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages should be supported by personnel activity reports or equivalent documents in accordance with OMB Circular A-87. DHCD management should ensure that adequate documentation is maintained on file for all expenditures charged to federal grants. Management may consider reviewing its current records retention policies taking into account that access to files should be limited to authorized personnel.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – DHCD currently has employees certify their timesheets every pay period. The certifications are prepared and signed by the employees(s) and their supervisor who has firsthand knowledge of the work performed by the employees. DHCD will prepare semi-annual employee timesheet certifications as suggested by the auditors. DHCD is reviewing its timesheet process and its link to the PeopleSoft payroll system to investigate how to resolve the issue surrounding the support of payroll to the general ledger.

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Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007



<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-141			

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, 2007

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-142	U.S. Department of Housing and Urban Development Community Development Block Grants/ Entitlement Grants CFDA Number: 14.218 Grant Award Number: B06-MC-11-001 Grant Award Period: 10/1/06 – 9/30/07	Allowable Costs: Payroll Activities	Not Determinable

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

Condition – During our transactional testing of payroll costs, we noted a lack of adequate documentation to support payroll charges recorded in the general ledger as we were unable to agree the payroll registers to the general ledger.

Context – This is a condition identified per review of DHCD's compliance with specified requirements. The annual salaries of the 10 selected employees which comprised the 10 selected sample items totaled \$621,662.

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

Cause – DHCD appears to lack controls and a system in place to generate adequate supporting documentation for federal payroll expenses charged in the general ledger.

Recommendation – DHCD management should ensure that adequate documentation is maintained on file for all expenditures charged to federal grants.

Views of Responsible Officials and Planned Corrective Action – DHCD is now using new software "PeopleSoft" to document personnel time and attendance activities. DHCD is sure the new software will help address the audit finding of maintaining on file expenditures charged to federal grants.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-143	U.S. Department of Housing and Urban Development HOME Investment Partnerships Program CFDA Number: 14.239 Grant Award Number: M06-SG-11-0100 Grant Award Period: 10/1/06 – 9/30/07	Matching, Level of Effort, Earmarking	Not Determinable

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

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

Condition – DHCD did not properly compute the required match to support compliance with the matching requirements specified in the OMB Compliance Supplement.

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

Effect – As DHCD did not properly calculate the match requirement, DHCD appears to have overstated the excess match carried over to the next fiscal year.

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

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

Views of Responsible Officials and Planned Corrective Actions – DHCD realized the error in the HOME Match computation and will correct the mistake. DHCD will also ensure that, the same mistake is not again committed in the future.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-144	U.S. Department of Housing and Urban Development Community Development Block Grants/ Entitlement Grants CFDA Number: 14.218 Grant Award Number: B06-MC-11-001 Grant Award Period: 10/1/06 – 9/30/07	Program Income	Not Determinable

Criteria or Specific Requirement – Sound financial management practices require entities to record transactions and perform account reconciliations in a timely manner.

Condition – DHCD has contracted with a financial institution to perform the loan servicing function for the Home Purchase Assistance Program (HPAP). It has also entered into an agreement with a community based organization to perform the community outreach, loan application, and loan approval process. Both of these organizations provide DHCD with monthly reports detailing activity. DHCD personnel do not use these reports to record information in the general ledger timely. The loans receivable balances are adjusted only at year end.

Cash activity related to loans (i.e. collections and loan issuances) are recorded during the year. However, because the loan balances are adjusted only at year end, there is no corresponding balancing entry to loans. Therefore, it is possible for the loan or cash transaction to be recorded to another program. The reconciliation procedures in place are not effective to prevent an out-of-balance condition.

Because DHCD records cash activity throughout the year and loan activity only at year end, the offsets to these entries are revenue and expense accounts. If all transactions are properly offset and reconciled, there would be no net effect at year end. However, this has not been the case for the past several years. As a result, the general ledger cannot be used to produce financial statements without significant adjustments that are identified through the financial statement audit process.

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

Effect – It is possible for transactions to be recorded to the incorrect program. In addition, the general ledger cannot be used to produce financial statements without significant adjustments that are identified through the financial statement audit process.

Cause – DHCD has not set up a system and corresponding controls to record transactions on a timely basis.

Recommendation – DHCD should use reports received from the financial institution and the community-based organization to record information in the general ledger on a timely basis, such as on a monthly or a quarterly frequency.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – DHCD recorded loans at year end because of system changes in how to record the loans. However, starting from FY 2008, DHCD is recording loans quarterly.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2007-145	U.S. Department of Housing and Urban Development HOME Investment Partnerships Program CFDA Number: 14.239 Grant Award Number: M06-SG-11-0100 Grant Award Period: 10/1/06 – 9/30/07	Special Tests and Provisions: Housing Quality Standards	Not Determinable

Criteria or Specific Requirement – During the period of affordability (i.e., the period for which the non-Federal entity must maintain subsidized housing) for HOME Investment Partnerships grant assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than:

- (a) every three years for projects containing 1 to 4 units,
- (b) every two years for projects containing 5 to 25 units, and
- (c) every year for projects containing 26 or more units.

The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR sections 92.251, 92.252, and 92.504(b)).

Condition – DHCD did not perform the required annual on-site inspections on homes and buildings funded with the HOME Investment Partnerships projects.

Context – This is a condition identified per review of DHCD's compliance with specified requirements. DHCD had 13 projects during the fiscal year and all were selected as part of our sample.

Effect – Federal funding is provided to ensure that low and very low income individuals and families get proper quality housing. By abdicating the inspection requirements, DHCD has violated this requirement which may impact the living conditions of individuals in the low and very low income categories.

Cause – DHCD did not have a system in place to ensure adherence to the required inspections as specified in the OMB compliance requirements so as to ensure that the proper Housing Quality Standards were being met.

Recommendation – DHCD should perform annual on-site inspections for HOME Investment Partnerships grant projects in order to comply with laws, regulations, and the provisions of contracts or grant agreements. The on-site inspections performed should be documented with the information maintained in the project files.

Government of the District of Columbia

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Views of Responsible Officials and Planned Corrective Actions – DHCD did not perform HOME inspections for FY 2007, but is now performing, in FY 2008, HOME inspections and eligibility testing.

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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:

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

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
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District Agency: Department of Health (DOH)				
2006-05	Special Supplemental Nutrition Program for Women, Infants, and Children	Allowable Costs: Time and Effort Activities	10.557	Corrected.
2006-06	Centers for Disease Control and Prevention – Investigations/Technical Assistance	Allowable Costs: Time and Effort Activities	93.283	Corrected.
2006-07	Medical Assistance Program Cluster	Allowable Costs: Time and Effort Activities	93.775, 93.777, 93.778	Corrected.
2006-08	Medical Assistance Program Cluster State Children's Health Insurance Program	Allowable Costs: SEFA Expenditures	93.775, 93.777, 93.778, 93.767	Corrected.
2006-09	Medical Assistance Program Cluster	Allowable Costs: Escheated Warrants	93.775, 93.777, 93.778	Repeated. Finding No. 2007-13.
2006-10	HIV Emergency Relief Project Grants	Allowable Costs: Time and Effort Activities	93.914	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.				
2006-11	HIV Care Formula Grants	Allowable Costs: Time and Effort Activities	93.917	Corrected.
2006-12	HIV Prevention Activities	Allowable Costs: Time and Effort Activities	93.940	Partially corrected. Similar Finding No. 2007-14.
2006-13	Block Grants for Prevention and Treatment of Substance Abuse	Allowable Costs: Time and Effort Activities	93.959	Repeated. Finding No. 2007-14.
2006-14	Maternal and Child Health Services Block Grant to the States	Allowable Costs: Time and Effort Activities	93.994	Corrected.
2006-15	Special Supplemental Nutrition Program for Women, Infants, and Children	Cash Management: Funding Technique	10.557	Repeated. Finding No. 2007-15.
2006-16	Housing Opportunities for Persons with AIDS	Cash Management: Funding Technique	14.241	Repeated. Finding No. 2007-16.
2006-17	Centers for Disease Control and Prevention – Investigations/Technical Assistance	Cash Management: Funding Technique	93.283	Repeated. Finding No. 2007-17.
2006-18	Medical Assistance Program Cluster	Cash Management: Funding Technique	93.775, 93.777, 93.778	Repeated. Finding No. 2007-18.
2006-19	HIV Emergency Relief Project Grants	Cash Management: Funding Technique	93.914	Repeated. Finding No. 2007-19.

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.				
2006-20	HIV Care Formula Grants	Cash Management: Funding Technique	93.917	Repeated. Finding No. 2007-20.
2006-21	HIV Prevention Activities	Cash Management: Funding Technique	93.940	Not corrected. Similar Finding No. 2007-15 through 2007-22.
2006-22	Maternal and Child Health Services Block Grant to the States	Cash Management: Funding Technique	93.994	Repeated. Finding No. 2007-22.
2006-23	State Children's Health Insurance Program	Eligibility	93.767	Repeated. Finding No. 2007-23.
2006-24	Medical Assistance Program Cluster	Eligibility	93.775, 93.777, 93.778	Repeated. Finding No. 2007-24.
2006-25	HIV Care Formula Grants	Eligibility	93.917	Corrected.
2006-26	This finding number was not used.			
2006-27	Block Grants for Prevention and Treatment of Substance Abuse	Matching, Level of Effort, Earmarking	93.959	Corrected.
2006-28	Maternal and Child Health Services Block Grant to the States	Matching, Level of Effort, Earmarking	93.994	Corrected.
2006-29	Centers for Disease Control and Prevention – Investigations/Technical Assistance	Procurement, Suspension, and Debarment	93.283	Corrected.

Government of the District of Columbia

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

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Health (DOH) - Cont'd.				
2006-30	This finding number was not used.			
2006-31	This finding number was not used.			
2006-32	Medical Assistance Program Cluster	Reporting	93.775, 93.777, 93.778	Corrected.
2006-33	This finding number was not used.			
2006-34	This finding number was not used.			
2006-35	Housing Opportunities for Persons With AIDS	Subrecipient Monitoring	14.241	Repeated. Finding No. 2007-26.
2006-36	HIV Emergency Relief Project Grants	Subrecipient Monitoring	93.914	Repeated. Finding No. 2007-27.
2006-37	HIV Care Formula Grants	Subrecipient Monitoring	93.917	Repeated. Finding No. 2007-28.
2006-38	HIV Prevention Activities	Subrecipient Monitoring	93.940	Not corrected. Similar Finding No. 2007-26 through 2007-28.
2006-39	Block Grants for Prevention and Treatment of Substance Abuse	Subrecipient Monitoring	93.959	Corrected.
2006-40	Maternal and Child Health Services Block Grant to the States	Subrecipient Monitoring	93.994	Corrected.

Government of the District of Columbia

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

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Health (DOH) - Cont'd.				
2006-41	Medical Assistance Program Cluster	Special Tests and Provisions: Provider Eligibility	93.775, 93.777, 93.778	Corrected for all new providers and alternative procedures have addressed old issues.
2006-42	Medical Assistance Program Cluster	Special Tests and Provisions: Utilization Control and Program Integrity	93.775, 93.777, 93.778	Repeated. Finding No. 2007-31.
District Agency: University of the District of Columbia (UDC)				
2006-43	Higher Education Institutional Aid	Allowable Costs	84.031	Corrected.
2006-44	Student Financial Aid Cluster	Eligibility	84.033, 84.063, 93.925	Corrected.
2006-45	Student Financial Aid Cluster	Special Tests and Provisions: Return of Title IV Funds	84.033, 84.063, 93.925	Corrected.
District Agency: Department of Human Services (DHS)				
2006-46	Vocational Rehabilitation Grants to States	Cash Management: Funding Technique	84.126	Repeated. Finding No. 2007-119.
2006-47	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Cash Management: Funding Technique	93.596	Repeated. Finding No. 2007-122.
2006-48	Social Services Block Grant	Cash Management: Funding Technique	93.667	Repeated. Finding No. 2007-123.
2006-49	Vocational Rehabilitation Grants to States	Eligibility	84.126	Repeated. Finding No. 2007-124.

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.				
2006-50	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Eligibility	93.596	Corrected.
2006-51	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Eligibility	93.596	Repeated. Finding No. 2007-126.
2006-52	Vocational Rehabilitation Grants to States	Procurement, Suspension, and Debarment	84.126	Corrected.
2006-53	Child Care Mandatory & Matching Funds of the Child Care & Development Fund	Procurement, Suspension, and Debarment	93.596	Repeated. Finding No. 2007-133.
District Agency: Metropolitan Police Department (MPD)				
2006-54	National Motor Carrier Safety	Allowable Costs	20.218	Corrected.
2006-55	Public Safety Partnership and Community Policing Grants	Procurement, Suspension, and Debarment	16.710	Corrected.
District Agency: Child & Family Services Agency (CFSA)				
2006-56	Promoting Safe and Stable Families	Allowable Costs	93.556	Partially corrected. Similar Finding No. 2007-49.
2006-57	Foster Care – Title IV-E	Allowable Costs	93.658	Partially corrected. Similar Finding No. 2007-49.
2006-58	Foster Care – Title IV-E	Cash Management: Funding Technique	93.658	Repeated. Finding No. 2007-51.
2006-59	Foster Care – Title IV-E	Eligibility	93.658	Repeated. Finding No. 2007-54.

Government of the District of Columbia

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

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
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District Agency: Child & Family Services Agency (CFSA) - Cont'd.

2006-60	Foster Care – Title IV-E	Eligibility	93.658	Repeated. Finding No. 2007-53.
2006-61	Promoting Safe and Stable Families	Period of Availability	93.556	Corrected.
2006-62	Promoting Safe and Stable Families	Procurement, Suspension, and Debarment	93.556	Not corrected. Similar Finding No. 2007-59 and 2007- 60.
2006-63	Foster Care – Title IV-E	Procurement, Suspension, and Debarment	93.658	Repeated. Finding No. 2007-59.
2006-64	Promoting Safe and Stable Families	Reporting	93.556	Not corrected. Similar Finding No. 2007-61 and 2007-62.

District Agency: Office of Attorney General (OAG)

2006-65	This finding number was not used.			
2006-66	Child Support Enforcement	Allowable Costs: Indirect Cost Activities	93.563	Repeated. Finding No. 2007-69.
2006-67	Child Support Enforcement	Allowable Costs: Time and Effort Activities	93.563	Corrected.
2006-68	Child Support Enforcement	Cash Management: Funding Technique	93.563	Repeated. Finding No. 2007-70.
2006-69	This finding number was not used.			
2006-70	Child Support Enforcement	Procurement, Suspension, and Debarment	93.563	Repeated. Finding No. 2007-71.

Government of the District of Columbia

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

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Office of Attorney General (OAG) - Cont'd.				
2006-71	Child Support Enforcement	Program Income	93.563	Corrected.
2006-72	Child Support Enforcement	Reporting	93.563	Repeated. Finding No. 2007-72.
2006-73	Child Support Enforcement	Special Tests and Provisions: Securing and Enforcing Medical Support Obligations	93.563	Corrected.
2006-74	Child Support Enforcement	Special Tests and Provisions: Enforcement of Support Obligations	93.563	Corrected.
2006-75	Child Support Enforcement	Special Tests and Provisions: Provision of Child Support Services for Interstate Initiating Cases	93.563	Repeated. Finding No. 2007-75.
2006-76	Child Support Enforcement	Special Tests and Provisions: Interstate Responding	93.563	Corrected.
District Agency: Department of Employment Services (DOES)				
2006-77	Employment Service Cluster	Cash Management	17.207,17.801, 17.804	Not corrected. Similar Finding No. 2007-65.
2006-78	Unemployment Insurance	Cash Management: Funding Technique	17.225	Repeated. Finding No. 2007-63.

Government of the District of Columbia

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

Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: Department of Employment Services (DOES) - Cont'd				
2006-79	Unemployment Insurance	Eligibility	17.225	Repeated. Finding No. 2007-66.
2006-80	This finding number was not used.			
2006-81	Unemployment Insurance	Special Tests and Provisions: Employer Experience Rating	17.225	Repeated. Finding No. 2007-68.
District Agency: Department of Housing and Community Development (DHCD)				
2006-82	Community Development Block Grants/Entitlement Grants HOME Investment Partnerships Program	Allowable Costs: Indirect Cost Activities	14.218, 14.239	Repeated. Finding No. 2007-139.
2006-83	Community Development Block Grants/Entitlement Grants	Allowable Costs: Time and Effort Activities	14.218	Repeated. Finding No. 2007-140 and 2007-142.
2006-84	Community Development Block Grants/Entitlement Grants	Cash Management: Funding Technique	14.218	Corrected.
2006-85	HOME Investment Partnerships Program	Cash Management: Funding Technique	14.239	Corrected.
2006-86	HOME Investment Partnerships Program	Eligibility	14.239	Corrected.
2006-87	Community Development Block Grants/Entitlement Grants	Matching, Level of Effort, Earmarking	14.218	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 Housing and Community Development (DHCD) - Cont'd.				
2006-88	HOME Investment Partnerships Program	Matching, Level of Effort, Earmarking	14.239	Partially corrected. Finding No. 2007- 143.
2006-89	Community Development Block Grants/ Entitlement Grants	Program Income	14.218	Repeated. Finding No. 2007-144.
2006-90	Community Development Block Grants/ Entitlement Grants	Subrecipient Monitoring	14.218	Corrected.
2006-91	HOME Investment Partnerships Program	Special Tests and Provisions: Housing Quality Standards	14.239	Repeated. Finding No. 2007-145.
District Agency: Office of City Administrator (OCA)				
2006-92	Homeland Security Cluster	Allowable Costs: Nonpayroll Activities	97.004 , 97.067	Repeated. Finding No. 2007-36.
2006-93	Homeland Security Cluster	Allowable Costs: Time and Effort Activities	97.004 , 97.067	Corrected.
2006-94	Urban Areas Security Initiative	Allowable Costs: Nonpayroll Activities	97.008	Not corrected. Similar Finding No. 2007-36.
2006-95	Homeland Security Cluster	Cash Management	97.004 , 97.067	Repeated. Finding No. 2007-37.
2006-96	Urban Areas Security Initiative	Cash Management	97.008	Not corrected. Similar Finding No. 2007-37 and 2007-38.
2006-97	Homeland Security Cluster	Procurement, Suspension, and Debarment	97.004 , 97.067	Repeated. Finding No. 2007-41.

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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 City Administrator (OCA) - Cont'd.				
2006-98	This finding number was not used.			
2006-99	This finding number was not used.			
2006-100	Homeland Security Cluster	Subrecipient Monitoring	97.004 , 97.067	Repeated. Finding No. 2007-44.
2006-101	Urban Areas Security Initiative	Subrecipient Monitoring	97.008	Not corrected. Similar Finding No. 2007-44 and 2007-45.
2006-102	Homeland Security Cluster	Special Tests and Provisions: Subgrant Awards	97.004 , 97.067	Repeated. Finding No. 2007-46.
2006-103	Urban Areas Security Initiative	Special Tests and Provisions: Subgrant Awards	97.008	Not corrected. Similar Finding No. 2007-46.
2006-104	This finding number was not used.			
District Agency: District of Columbia Public Schools (DCPS)				
2006-105	Title I Grants to Local Educational Agencies	Allowable Costs: Time and Effort Activities	84.010	Repeated. Finding No. 2007-82.
2006-106	Special Education Cluster	Allowable Costs: Time and Effort Activities	84.027 , 84.173	Repeated. Finding No. 2007-83.
2006-107	Vocational Education – Basic Grants to States	Allowable Costs: Time and Effort Activities	84.048	Not corrected. Similar Finding No. 2007-82 and 2007-83.
2006-108	Charter Schools	Allowable Costs: Time and Effort Activities	84.282	Not corrected. Similar Finding No. 2007-82 and 2007-83.

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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: District of Columbia Public Schools (DCPS) - Cont'd.				
2006-109	Improving Teacher Quality State Grants	Allowable Costs: Time and Effort Activities	84.367	Corrected.
2006-110	Head Start	Allowable Costs: Time and Effort Activities	93.600	Corrected.
2006-111	Title I Grants to Local Educational Agencies	Allowable Costs: Indirect Cost Activities	84.010	Partially corrected. Finding No. 2007-77.
2006-112	Special Education Cluster	Allowable Costs: Indirect Cost Activities	84.027, 84.173	Partially corrected. Finding No. 2007-78.
2006-113	Vocational Education – Basic Grants to States	Allowable Costs: Indirect Cost Activities	84.048	Partially corrected. Similar Finding No. 2007-77 through 2007-80.
2006-114	Charter Schools	Allowable Costs: Indirect Cost Activities	84.282	Partially corrected. Similar Finding No. 2007-77 through 2007-80.
2006-115	Improving Teacher Quality State Grants	Allowable Costs: Indirect Cost Activities	84.367	Partially corrected. Finding No. 2007-79.
2006-116	Head Start	Allowable Costs: Indirect Cost Activities	93.600	Corrected.
2006-117	Title I Grants to Local Educational Agencies	Cash Management	84.010	Repeated. Finding No. 2007-88.

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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: District of Columbia Public Schools (DCPS) - Cont'd.				
2006-118	Special Education Cluster	Cash Management	84.027, 84.173	Repeated. Finding No. 2007-90.
2006-119	Vocational Education – Basic Grants to States	Cash Management	84.048	Repeated. Similar Finding No. 2007-88, 2007-90, 2007-92, and 2007-94.
2006-120	Improving Teacher Quality State Grants	Cash Management	84.367	Repeated. Finding No. 2007-92.
2006-121	Head Start	Cash Management	93.600	Repeated. Finding No. 2007-94.
2006-122	Title I Grants to Local Educational Agencies	Eligibility	84.010	Corrected.
2006-123	Vocational Education – Basic Grants to States	Eligibility	84.048	Corrected.
2006-124	This finding number was not used.			
2006-125	Head Start	Eligibility	93.600	Corrected.
2006-126	Head Start	Eligibility	93.600	Corrected.
2006-127	This finding number was not used.			
2006-128	This finding number was not used.			
2006-129	This finding number was not used.			

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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
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District Agency: District of Columbia Public Schools (DCPS) - Cont'd.				
2006-130	This finding number was not used.			
2006-131	This finding number was not used.			
2006-132	This finding number was not used.			
2006-133	This finding number was not used.			
2006-134	Title I Grants to Local Educational Agencies	Matching, Level of Effort, Earmarking	84.010	Repeated. Finding No. 2007- 96
2006-135	Vocational Education – Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Not corrected. Similar Finding No. 2007-96 and 2007-97.
2006-136	Improving Teacher Quality State Grants	Matching, Level of Effort, Earmarking	84.367	Repeated. Finding No. 2007-97.
2006-137	Special Education Cluster	Matching, Level of Effort, Earmarking	84.027, 84.173	Corrected.
2006-138	Special Education Cluster	Matching, Level of Effort, Earmarking	84.027, 84.173	Corrected.
2006-139	Vocational Education – Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Corrected.
2006-140	Vocational Education – Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Partially corrected. Similar Finding No. 2007-98.

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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: District of Columbia Public Schools (DCPS) - Cont'd.				
2006-141	Vocational Education – Basic Grants to States	Matching, Level of Effort, Earmarking	84.048	Partially corrected.
2006-142	Charter Schools	Matching, Level of Effort, Earmarking	84.282	Corrected.
2006-143	Head Start	Matching, Level of Effort, Earmarking	93.600	Partially corrected. Finding No. 2007-98.
2006-144	Title I Grants to Local Educational Agencies	Procurement, Suspension, and Debarment	84.010	Repeated. Finding No. 2007-100.
2006-145	Special Education Cluster	Procurement, Suspension, and Debarment	84.027 , 84.173	Corrected.
2006-146	Vocational Education – Basic Grants to States	Procurement, Suspension, and Debarment	84.048	Partially corrected. Similar Finding No. 2007-100.
2006-147	Improving Teacher Quality State Grants	Procurement, Suspension, and Debarment	84.367	Corrected.
2006-148	Head Start	Procurement, Suspension, and Debarment	93.600	Corrected.
2006-149	Title I Grants to Local Educational Agencies	Reporting	84.010	Repeated. Finding No. 2007-101

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Finding Number	Program Name	Type of Finding	Program CFDA Number	Current Status
District Agency: District of Columbia Public Schools (DCPS) - Cont'd.				
2006-150	Special Education Cluster	Reporting	84.027, 84.173	Repeated. Finding No. 2007-102.
2006-151	Vocational Education – Basic Grants to States	Reporting	84.048	Corrected.
2006-152	Head Start	Reporting	93.600	Corrected.
2006-153	Head Start	Reporting	93.600	Repeated. Similar Finding No. 2007-104.
2006-154	Special Education Cluster	Subrecipient Monitoring	84.027, 84.173	Repeated. Finding No. 2007-109.
2006-155	Vocational Education – Basic Grants to States	Subrecipient Monitoring	84.048	Partially corrected. Similar Finding No. 2007-107, 2007-109, and 2007-111.
2006-156	Charter Schools	Subrecipient Monitoring	84.282	Partially corrected. Similar Finding No. 2007-107, 2007-109, and 2007-111.
2006-157	Head Start	Subrecipient Monitoring	93.600	Repeated. Finding No. 2007-111.
2006-158	Title I Grants to Local Educational Agencies	Special Tests and Provisions: Access to Federal Funds for New or Significantly Expanded Charter Schools	84.010	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: District of Columbia Public Schools (DCPS) - Cont'd.				
2006-159	Special Education Cluster	Special Tests and Provisions: Access to Federal Funds for New or Significantly Expanded Charter Schools	84.027, 84.173	Corrected.
2006-160	Improving Teacher Quality State Grants	Special Tests and Provisions: Access to Federal Funds for New or Significantly Expanded Charter Schools	84.367	Corrected.
2006-161	Title I Grants to Local Educational Agencies	Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals	84.010	Repeated. Finding No. 2007-112.
2006-162	Title I Grants to Local Educational Agencies	Special Tests and Provisions: Schoolwide Programs	84.010	Corrected.
2006-163	Vocational Education – Basic Grants to States	Special Tests and Provisions: Annual Accountability Report	84.048	Corrected.