

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**USE OF HOMELAND SECURITY FUNDS  
AT THE DISTRICT OF COLUMBIA  
PUBLIC SCHOOLS**



**CHARLES C. MADDOX, ESQ.  
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



September 30, 2003

Dr. Paul L. Vance  
Superintendent  
District of Columbia Public Schools  
825 North Capital Street, N.E., Suite 9026  
Washington, D.C. 20002

Dear Dr. Vance:

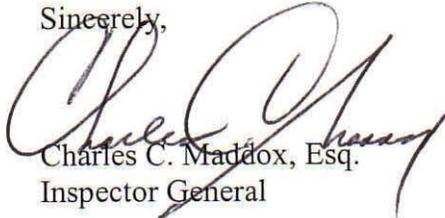
Enclosed is the final audit report summarizing the results of the Office of the Inspector General's (OIG) Audit, *Use of Homeland Security Funds at the District of Columbia Public Schools* (OIG No. 03-2-24GA).

Management Alert Report (MAR 03-A-06), dated August 13, 2003, has been incorporated as a finding to this report. Your response to the MAR, dated August 27, 2003, is provided verbatim at Exhibit C.

We directed two recommendations to the District of Columbia Public Schools (DCPS) for necessary action to correct the described deficiencies. Specifically, our audit disclosed that the Superintendent of DCPS should expeditiously: 1) identify appropriate uses within DCPS for any remaining Homeland Security funds; and 2) evaluate the DCPS processes for Homeland Security funds, including the process for developing and implementing spending plans, monitoring use, and reporting their use. Prior to the issuance of this report, DCPS initiated actions with regard to both of our recommendations.

We appreciate the cooperation and courtesies extended to our staff during the audit and the professional attitude exhibited by your staff in attempting to implement the recommendations. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits, or me at (202) 727-2540.

Sincerely,



Charles C. Maddox, Esq.  
Inspector General

CCM/cj

Enclosure

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**USE OF HOMELAND SECURITY FUNDS  
AT THE DISTRICT OF COLUMBIA  
PUBLIC SCHOOLS**

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**FINDING: USE OF HOMELAND SECURITY FUNDS AT THE DCPS**

**EXECUTIVE OVERVIEW**

The District of Columbia Office of the Inspector General (OIG) has completed an audit of the use of homeland security funds at the District of Columbia Public Schools (DCPS). This is the first in a series of reports addressing various aspects of the security function at DCPS.

**CONCLUSIONS**

We found that, to date, DCPS has lost the use of approximately \$4.5 million in homeland security funds because DCPS was unable to timely identify a use for and obligate these monies. We discussed this matter with the Superintendent, DCPS, on July 30, 2003, who directed immediate action to improve processes for developing and implementing spending plans to effectively address DCPS security issues.

According to Executive Office of the Mayor (EOM) officials, the District was able to put these funds to use at other agencies prior to their expiration on September 30, 2003. Although DCPS lost the use of \$4.5 million, DCPS still has an identified need for security enhancements totaling \$5.7 million.

**BACKGROUND**

In the wake of the September 11<sup>th</sup> tragedy, Public Law 107-117, dated January 10, 2002, appropriated a federal payment of \$156 million to the District of Columbia for homeland security-related expenses.<sup>1</sup> These funds will expire on September 30, 2003. Funds are allocated based on spending plans submitted by District agencies. This report focuses on monies allocated to DCPS.

With regard to increased facility security, Public Law 107-117 allocated \$25.5 million to 3 District agencies, which includes \$14,575,000 for DCPS.<sup>2</sup> Public Law 107-117 also provides that the District's Chief Financial Officer (CFO) has the authority to transfer funding between accounts provided the CFO "notifies in writing the Committees on Appropriations of the Senate and the House of Representatives 30 days in advance of such transfer."<sup>3</sup>

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<sup>1</sup> Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002, Pub. L. No. 107-117, 115 Stat. 2230, 2302-06.

<sup>2</sup> *Id.* 115 Stat. 2230, 2304.

<sup>3</sup> *Id.* § 401, 115 Stat. 2230, 2306.

Subsequent federal legislation, Public Law 107-206, provides that:

The District of Columbia may use up to 1 percent of the funds appropriated to the District of Columbia under the Emergency Supplemental Act, 2002 (Public Law 107-177; 115 Stat. 2230), to fund the administrative costs that are needed to fulfill the purposes of that Act. The District may use these funds for this purpose as of January 10, 2002.<sup>4</sup>

Accordingly, DCPS's potential net allocation is \$14,429,250 (\$14,575,000 less \$145,750).

On August 13, 2003, the Office of the Inspector General (OIG) issued a Management Alert Report (MAR 03-A-06) to bring to the immediate attention of the DCPS Superintendent the identification of approximately \$6.3 million of homeland security funds that may be available for increased facility security at DCPS. These funds are set to expire on September 30, 2003.

## DISCUSSION

We obtained limited documentation on July 23, 2003, from the Executive Office of the Mayor (EOM) that identifies DCPS expenditures for facility security and the balance of facility security funds allocated for DCPS as of July 25, 2003. Our calculations are shown in Table 1.

<b>Date</b>	<b>Description</b>	<b>Amount</b>
1-10-2002	Initial Appropriation	\$14,575,000
<b>Less:</b>	Potential Administrative Cost (1 percent)	(145,750)
<b>Less:</b>	Gross Obligations Itemized Below (\$8,089,250) <sup>5</sup>	
6-27-2003	Project Billing – USACE	(2,693,008)
7-22-2003	Project Billing – USACE	(323,196)
7-25-2003	Unexpended Balance – USACE Project	<u>(5,073,046)</u>
<b>7-25-2003</b>	<b>Total DCPS Facility Security Available Balance</b>	<b>\$6,340,000</b>

<sup>4</sup> 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States, Pub. L. No. 107-206, § 401, 116 Stat. 820, 846.

<sup>5</sup> An intra-District transfer of \$8,089,250 from the Office of Property Management to DCPS was processed January 15, 2003, for the United States Army Corps of Engineers (USACE) Project.

In April 2002, DCPS prepared a Memorandum of Understanding (MOU) with the USACE to provide domestic anti-terrorism funds for facility projects and initiatives executed by USACE on behalf of DCPS. The scope of work included the installation of closed circuit television systems in 84 schools, the purchase and installation of 22 x-ray machines, and the repair or installation of fencing and exterior lighting at various DCPS locations. The MOU provided for a term of April 1, 2002, through September 30, 2003, in the amount of \$8,089,250.

As of July 25, 2003, project billings totaling \$3,016,204 (\$2,693,008 plus \$323,196), as shown in the preceding table, have been made to USACE against the original \$8.1 million obligation. The remaining \$5.1 million is expected to be expended against this obligation by September 30, 2003, which would leave an available balance of approximately \$6.3 million after subtracting administrative reallocations of as much as \$145,750.

According to EOM officials, DCPS will be unable to expend at least \$2 million of the remaining unobligated balance. Officials from EOM also stated that they were in the process of reviewing requests from various District agencies for additional funding for homeland security-related items to determine whether reallocations can be made. EOM officials planned to reprogram unobligated funds to other agencies to ensure that homeland security funds received by the District are obligated before their expiration.

Subsequent to the issuance of our MAR, District officials transferred \$4.5 million of DCPS homeland security funds to other District agencies, thereby reducing the original homeland security fund allocation to DCPS. Additionally, on August 20, 2003, DCPS submitted to the Deputy Mayor for Public Safety and Justice a detailed scope of work for each project for which the remaining funds available for encumbrance under the USACE MOU will be used. DCPS also identified a need for additional security enhancements totaling \$5.7 million, which is contingent upon the availability of funding after September 30, 2003.

## **RECOMMENDATIONS**

We recommended that the Superintendent of DCPS expeditiously:

1. Identify appropriate uses within DCPS for any remaining homeland security funds.
2. Evaluate the DCPS processes for homeland security funds, including the process for developing and implementing spending plans, monitoring use, and reporting their use.

### **DCPS Response (Recommendations 1-2)**

DCPS concurred with the recommendations. In addition to submitting the detailed scope of work documentation mentioned above, DCPS officials reported that they have revised their processes for developing and implementing spending plans to effectively address DCPS security issues. DCPS has also identified a need for an additional \$5.7 million to fund other projects which are contingent upon the availability of funds after September 30. The complete text of DCPS' response is included at Exhibit C.

### **OIG Comment (Recommendations 1-2)**

In regard to our first recommendation, we contacted the Deputy Mayor for Public Safety and Justice to determine the status of homeland security funds for DCPS. We were informed that on August 3, 2003, the District's Chief Financial Officer notified the Committees on Appropriations of the Senate and the House of Representatives of their intention to transfer funding between accounts based on Public Law 107-117. This request included a reduction of \$4.5 million for DCPS. Final approval of this transfer was received on September 3, 2003.

On August 20, 2003, DCPS officials notified the EOM that they expect to expend the remaining \$5.1 million related to the USACE against the original \$8.1 million obligation. Additionally, DCPS officials reported that they plan to expend the remaining balance of approximately \$2.1 million before the funds expire on September 30, 2003.

With respect to our second recommendation, we are pleased that DCPS reported that it has revised its processes for developing and implementing spending plans to effectively address security issues. Actions taken or planned by DCPS meet the intent of the recommendations.

## **EXHIBIT A**

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### **OBJECTIVES, SCOPE, AND METHODOLOGY**

Our audit objectives were to determine whether the DCPS managed and used resources in an efficient, effective, and economical manner and complied with requirements of applicable laws, regulations, policies and procedures. We applied these objectives to the use of homeland security funds.

To accomplish our objectives, we examined relevant documentation pertaining to the original authorization, obligations, encumbrances, reductions, and remaining balance of \$14.575 million of homeland security funds received by the DCPS under Public Law 107-117, Department of Defense Appropriations Act, 2002. Additionally, we conducted interviews with DCPS and EOM officials.

Our audit was conducted in accordance with generally accepted auditing standards and included such tests as we considered necessary under the circumstances.

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**EXHIBIT B**

**SUMMARY OF POTENTIAL MONETARY BENEFITS  
RESULTING FROM AUDIT**

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<b>Recommendation</b>	<b>Description of Benefit</b>	<b>Amount and Type of Monetary Benefit</b>
1	Compliance, Economy and Efficiency and Internal Control.	Non Monetary
2	Compliance and Internal Control. Establishes policies to ensure proper use of funds.	Non Monetary

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## EXHIBIT C

### AGENCY RESPONSE

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CHILDREN FIRST

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

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OFFICE OF THE SUPERINTENDENT  
825 North Capitol Street, NE, 9<sup>TH</sup> Floor  
Washington, DC 20002-1994  
(202) 442-5885 – fax: (202) 442-5026

August 27, 2003

The Honorable Charles C. Maddox, Esq.  
Inspector General  
Government of the District of Columbia  
717 14<sup>th</sup> Street, NW  
Washington, DC 20005



Dear Mr. Maddox:

Thank you for the opportunity to address recommendations contained in your letter of August 13<sup>th</sup> regarding the availability of Homeland Security Funds and to update our spending. The DC Public Schools has judiciously planned and executed essential security projects using funding made available to this agency under the 2003 National Defense Supplemental Authorization Act. DCPS, through the US Army Corps of Engineers (USACE), will expend nearly the entire \$8.1 million in projects authorized from the Domestic Preparedness Emergency Response Fund. As of August 13, 2003, we had obligated \$7,225,647.27 (Expended - \$4,689,562.84 + Undelivered Orders - \$2,536,084.43) from an authorized budget of \$8,089,250.00 leaving a balance of \$863,602.73 (with \$851,269.28 pre-encumbered). With this update, our comments regarding your recommendations are as follows:

*Recommendation 1 – Identify appropriate uses within DCPS for any remaining Homeland Security funds.*

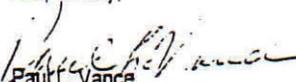
The remaining funds available for encumbrance (\$12,333.45) from the \$8.1 million USACE project will be used to purchase additional fencing materials and will be expended by September 30<sup>th</sup>. DCPS identified several short-term projects totaling more than \$2.3M including Safe and Secure Schools (\$1.2M), Schools as Community Shelters (\$675K), and Command Center (\$500K) and submitted a detailed scope of work for each project to the Deputy Mayor for Public Safety and Justice on August 20<sup>th</sup>. We have also identified nearly \$5.7M in other projects, should funding be made available beyond September 30<sup>th</sup>, that would build upon the previous gains made in the project categories described above and cover the cost of installation for materials and equipment purchases.

*Recommendation 2 – Evaluate the DCPS processes for Homeland Security funds, including the process for developing and implementing spending plans, monitoring use, and reporting their use.*

We have revised our processes for developing and implementing spending plans to effectively address DCPS security issues, to achieve effective execution and to ensure that academic, operations and security components are in the decision matrix as plans are formulated. Monitoring and USACE reports will be thorough, detailed, timely and accurate.

If you have any questions, please call me directly at 202-442-5885.

Respectfully,

  
Paul L. Vance  
Superintendent

PLV:wg/swl/bd

cc: 