

**EXHIBITS**

**EXHIBIT A**

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

<b>Recommendation</b>	<b>Description of Benefit</b>	<b>Amount and Type of Monetary Benefit</b>
1a	Compliance and Internal Control. Ensures adequate monitoring and oversight of grantee's use of funds and operations.	Non Monetary
1b	Internal Control. Establishes and provides for proper oversight and enforcement of terms of grant agreements.	Non Monetary
1c	Compliance, Internal Control, and Economy and Efficiency. Establishes a system that will provide for accountability over processing reimbursements to grantees.	Non Monetary
1d	Internal Control. Provides DCOA executive management with assurance that grantee's performance will be properly monitored.	Non Monetary
2	Compliance and Internal Control. Ensures that SCCDS possesses all required health and safety certifications and licenses enabling it to conduct business safely within the District.	Non Monetary
3	Compliance and Internal Control. Ensures that SCCDS is provided with governance to monitor and oversee its operations.	Non Monetary
4a	Compliance and Internal Control. Ensures that appointed fiduciary agent of SCCDS monitors whether DCOA grant funds are expended in the manner intended.	Non Monetary
4b	Compliance and Internal Control. Monitors the fiduciary agent's success in monitoring SCCDS's compliance.	Non Monetary
5	Economy and Efficiency. Recovers funds paid to SCCDS that cannot be supported with valid documentation.	Monetary \$298,066

## EXHIBITS

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

Recommendation	Description of Benefit	Amount and Type of Monetary Benefit
6	Compliance, Internal Control, and Economy and Efficiency. Ensures that DCOA funds released to SCCDS for reimbursement of claims are fully supported and documented.	Non Monetary
7	Compliance and Internal Control. Establishes assurance that service activity provided by SCCDS will be evaluated and validated periodically.	Non Monetary
8	Internal Control. Ensures that SCCDS and any other grantee (if warranted) will discontinue the practice of billing elderly for meals delivered to their residences.	Non Monetary
9	Internal Control and Economy and Efficiency. Ensures that SCCDS will discontinue selling meals not provided to elderly residents. Also, establishes procedure to ensure that the number of meals ordered from caterer will be consistent with the number of meals served to eligible recipients.	Non Monetary
10	Compliance and Internal Control. Ensures that SCCDS will be provided with instructions for the handling of surplus congregate meals.	Non Monetary
11a	Internal Control and Economy and Efficiency. Establishes criteria that will enable DCOA to ensure that requests for reimbursement from SCCDS are correct and not inflated.	Monetary Cost avoidance \$44,344
11b	Internal Control and Economy and Efficiency. Provides DCOA with the task of obtaining grant funds that were reimbursed to SCCDS for inflated claims.	Monetary To be determined

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

Recommendation	Description of Benefit	Amount and Type of Monetary Benefit
12	Compliance, Internal Control, and Economy and Efficiency. Establishes policies and procedures to ensure that SCCDS will cease billing elderly residents monthly fees for geriatric day care.	Non Monetary
13a ad b	Compliance, Internal Control, and Economy and Efficiency. Ceases reimbursements for costs associated with social/recreation activities held outside of District boundaries, and discontinues inclusion of ineligible guests as participants of social/recreational activities.	Non Monetary
14	Compliance and Internal Control. Establishes written policies and procedures to direct SCCDS to cease providing prohibited services to elderly District residents, and provides DCOA reimbursement of fees for prohibited services.	Monetary Cost recovery \$4,160
15	Compliance, Internal Control, and Economy and Efficiency. Ensures that DCOA will enforce policies and procedures to ensure timely submission of certified financial statement audit reports, and to take appropriate action when deadlines are not met.	Non Monetary
16	Compliance and Internal Control. Provides DCOA with assurance that they will know that the firms engaged by SCCDS are licensed in the District of Columbia.	Non Monetary

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

<b>Recommendation</b>	<b>Description of Benefit</b>	<b>Amount and Type of Monetary Benefit</b>
17	Internal Control. Ensures that DCOA reviews audit findings and recommendations and hold SCCDS accountable for providing corrective actions.	Non Monetary
18	Compliance and Internal Control. Provides grantees with specific guidelines and procedures for maintaining complete and accurate records.	Non Monetary
19	Compliance and Internal Control. Establishes specific guidelines that grantees must adhere to for maintaining complete and accurate records.	Non Monetary
20	Compliance and Internal Control. Ensures grantee compliance with records maintenance.	Non Monetary

## EXHIBITS

### EXHIBIT B: MANAGEMENT ALERT REPORT (MAR) NO. 03-A-02

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



May 16, 2003

E. Veronica Pace  
Executive Director  
Government of the District of Columbia  
Office on Aging  
441 4<sup>th</sup> Street N.W., Suite 900, South  
Washington, D.C. 20001

Re: Management Alert Report (MAR No. 03-A-02)

Dear Ms. Pace:

The Office of the Inspector General is currently conducting an audit of the management and administration of a grant awarded to Senior Citizens' Counseling and Delivery Service (SCCDS). The audit is being conducted under OIG No. 03-2-03BY.

The purpose of this Management Alert Report (MAR No. 03-A-02) is to inform you that SCCDS could not provide documentation to support claims for reimbursement for certain services. During the course of the audit, we found that approximately 90 percent of payments for counseling services and congregate meals made by the Office on Aging (Aging) to SCCDS during the period October 1 to December 31, 2002, were not supported by adequate documentation. Accordingly, Aging should recoup, as appropriate, funds it paid to SCCDS for inadequately supported claims. Further, future claims made by SCCDS should be fully supported before payment.

#### Background

In a letter to the Inspector General dated November 1, 2002, you requested that our Office perform an audit of SCCDS because of major concerns about the "financial viability" of the grantee. After a number of preliminary meetings with Aging, the OIG began audit fieldwork in March 2003. The objectives of the ongoing audit are to determine whether Aging and the SCCDS grantee: (1) achieved program results in an effective, efficient, and accurate manner; (2) complied with requirements of applicable laws, regulations, policies, procedures, and contract (grant) requirements; and (3) had internal controls in place to prevent or detect material errors and irregularities.

This MAR provides interim information regarding our ongoing audit and provides recommendations regarding the preliminary finding that follows.

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### EXHIBIT B: MANAGEMENT ALERT REPORT (MAR) NO. 03-A-02

E. Veronica Pace, Executive Director, Office on Aging  
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May 16, 2003  
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**Finding: SCCDS Could Not Provide Documentation to Support Claims for Reimbursement**

**Synopsis.** Aging made payments to SCCDS without receiving proper documentation to support the claims for reimbursement. Our review of records provided by SCCDS did not substantiate the claims submitted. Specifically, claims made by SCCDS for counseling services and congregate meals did not match rosters of the actual number of clients serviced. We found that the number of clients reported to Aging as having received services by SCCDS to be inflated.

During the course of the audit, we made repeated requests to SCCDS for records. SCCDS provided only a portion of the requested records. When records were provided, we found that SCCDS maintained them in a haphazard manner. Eventually, we issued a subpoena to obtain the records needed for our review.

**Discussion.** Aging awarded a grant (No. UPO 22-B) in the amount of \$488,000 on October 1, 2002, to SCCDS to provide services to Ward 8 underprivileged elderly citizens. SCCDS has been the recipient of a similar annual grant for at least the past 15 years. Some of the services to be provided under the grant are: congregate meals, counseling, geriatric daycare, home delivered meals, recreation, and socialization. The grant provides that services are accounted for in a Unit of Service designation with 1 hour of time equating to one Unit of Service. For some services such as congregate meals, a meal served is recorded as a Unit of Service. Units of Service are recorded daily, totaled monthly, and multiplied by a Grant Reimbursement Rate fixed by Aging. The resulting computation is the basis for claims made by SCCDS and paid by Aging. In fiscal year 2003, SCCDS was paid \$5.79 for each counseling service unit provided and \$1.60 for each congregate meal served.

The grant requires SCCDS to prepare a monthly report outlining and certifying the number of units of services provided. Based on the claims made in this report, Aging reimburses SCCDS within 14 days of the end of the reporting month.

For the 3-month period that ended December 31, 2002, Aging paid SCCDS a total of \$112,012. We tested some of the claims for payment made during the period. Our tests of claims for reimbursement related to counseling services and congregate meals, totaling \$31,922, showed \$28,534 was unsubstantiated. For example, counseling services that SCCDS claimed to have provided during the month of December 2002 totaled \$9,113, of which only \$130 could be supported by documentation. For the month of November 2002 congregate meals SCCDS claimed to have served totaled \$1,894, of which only \$672 was supported by SCCDS documents.

Appropriate recoupment action should be taken on amounts paid for unsupported claims, and procedures should be promptly implemented to require that all future claims be adequately supported. Such actions and controls would provide Aging with the assurance that grant funds disbursed are being used, as originally intended, for the senior citizens of Ward 8.

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### EXHIBIT B: MANAGEMENT ALERT REPORT (MAR) NO. 03-A-02

E. Veronica Pace, Executive Director, Office on Aging  
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#### Recommendations

We recommend that the Executive Director, Office on Aging:

1. Recoup, as appropriate, all Aging funds paid to SCCDS for claims unsupported by adequate documentation.
2. Reimburse SCCDS only for claims that are adequately supported.

#### Closing

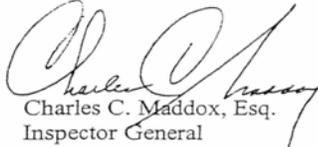
Please provide your comments and response to the recommendations by **June 2, 2003**. Your response should include actions planned or taken, target dates for completing planned actions, and reason(s) for any disagreements with the finding and recommendations. You may suggest alternative actions that would resolve the conditions disclosed in this report.

We emphasize that our review is incomplete at this stage. In this regard, we look forward to continuing our working relationship with your staff in an effort to bring closure to concerns that have surfaced during our review.

**Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.** The finding in the MAR is part of a work in progress, with additional audit work progressing on the overall issue of management of SCCDS. The completed audit will be the subject of a separate report that incorporates the resolution of preliminary results of this MAR.

Should you have questions concerning this report or desire a conference before preparing your response, please call me or William J. DiVello, Assistant Inspector General for Audits, at 727-2540.

Sincerely,



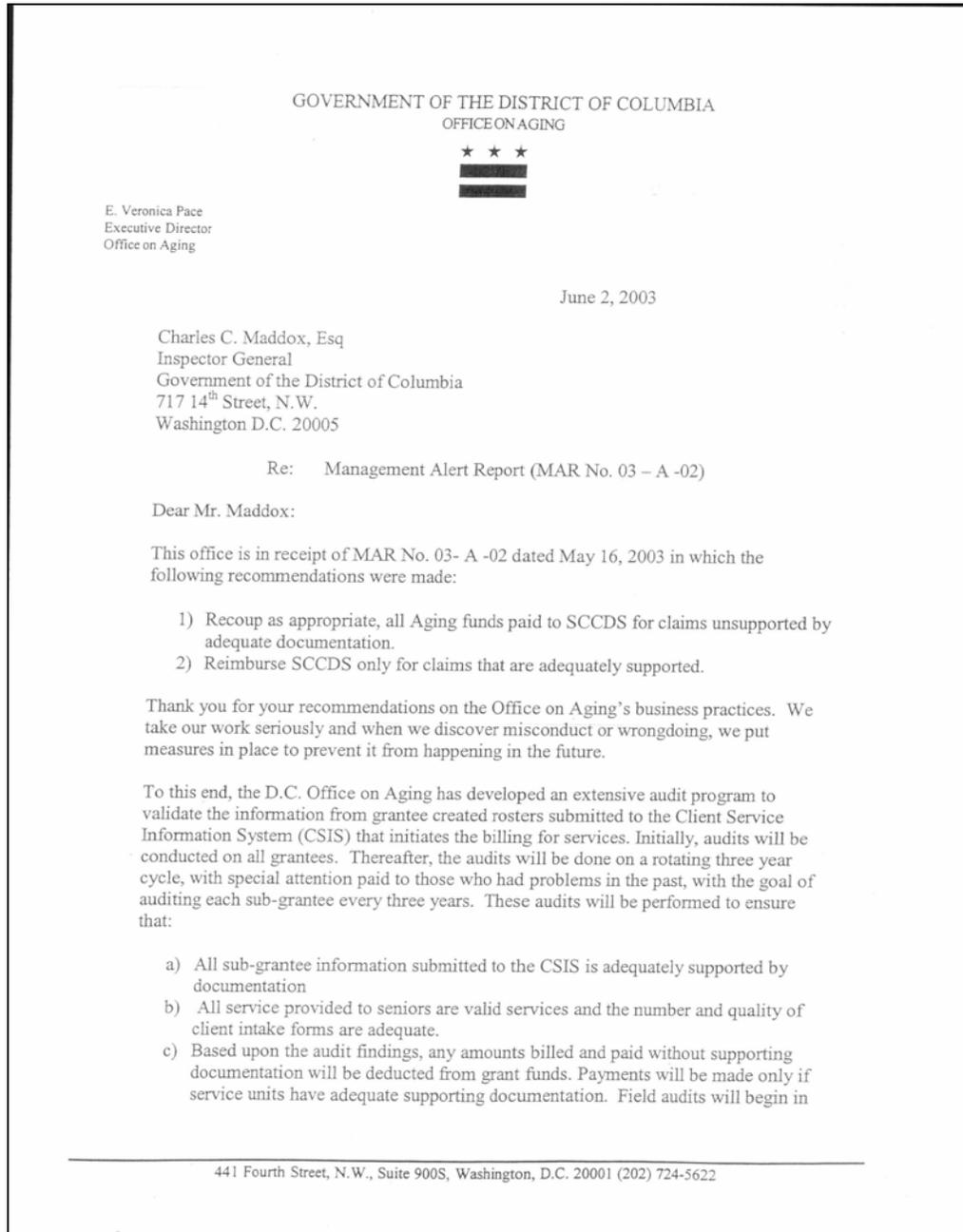
Charles C. Maddox, Esq.  
Inspector General

CCM/lw

cc: Mr. John A. Koskinen, City Administrator  
Ms. Carolyn N. Graham, Deputy Mayor for Children, Youth, Families and Elders

## EXHIBITS

### EXHIBIT C: MANAGEMENT COMMENTS ON MAR NO. 03-A-02



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## EXHIBITS

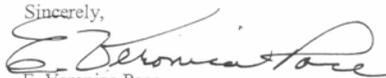
### EXHIBIT C: MANAGEMENT COMMENTS ON MAR NO. 03-A-02

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July 2003 and will continue thru fiscal years 2004 and 2005 based upon the availability of funds

Should you require additional information, please contact me or [REDACTED]  
Compliance and Administration Manager.

Sincerely,



E. Veronica Pace  
Executive Director

Cc: John Koskinen, City Administrator  
Carolyn Graham, Deputy Mayor for Children, Youth, Family and Elders

**EXHIBIT D: SCHEDULE OF CPA AUDIT REPORT FINDINGS AND RECOMMENDATIONS  
OVER A FIVE-YEAR PERIOD**

Findings/ Recommendations	Wilson & Co., CPA, PC Sept. 13, 2002	Gardiner, Kanya & Associates, P.C. Oct. 12, 2001	Wilson & Co., CPA P.C. Mar. 28, 2001	Lucas, Tucker P.C. Mar. 28, 2000	Lucas, Tucker P.C. Mar. 5, 1999	OIG Analysis
Findings -Transactions not supported by proper documentation; Lack of supporting documentation. Recommendations - Transactions should be supported by adequate documentation; Forward supporting documentation to the accounting staff so the proper entries can be posted to the ledger; Ensure supporting documentation is maintained for all amounts reported in SCCDS accounting records.	X	X	X	X	X	All five CPA firms could not obtain proper documentations from SCCDS to support financial transactions. CPA recommendations were never implemented.
Findings – Maintenance of financial reporting system; Inaccurate accounting records; Incorrect balances for all assets and liabilities; Bank reconciliations for some cash accounts were not prepared in a timely manner. Recommendations – General ledger should be complete and maintained currently and all balance sheet accounts should be reconciled monthly; Ensure monthly reconciliations are conducted for all liability accounts; Ensure prior year’s audit adjustments are recorded on SCCDS accounting records; Provide accountant with all necessary bank account information and require that all bank accounts be reconciled on a monthly basis and reviewed by the Executive Director. Bank statements should be reconciled within a week to ten days of the bank statement receipt.	X	X	X	X	X	All five CPA firms found that SCCDS did not maintain complete and accurate accounting records CPA recommendations were never implemented.
Finding – Federal program funds used to fund non-federal programs. Recommendations – Reimburse federal program for monies previously received and establish a process to ensure that only non-restricted receipts are used to supplement cash shortfalls.	X	Scope Limitation. Therefore, this auditor rendered no opinion.	X	X	X	Four CPA firms found that SCCDS used federal program funds to fund non-federal programs. CPA recommendations were never implemented.
Finding - Erroneous accounting for a capital lease. Recommendation – Capitalize any leased property that meets GAAP.		X				One CPA firm found that the financial statements were not prepared in conformity with GAAP.

**EXHIBIT D: SCHEDULE OF CPA AUDIT REPORT FINDINGS AND RECOMMENDATIONS  
OVER A FIVE-YEAR PERIOD**

Findings/ Recommendations	Wilson & Co., CPA, PC  Sept. 13, 2002	Gardiner, Kanya & Associates, P.C.  Oct. 12, 2001	Wilson & Co., CPA P.C.  Mar. 28, 2001	Lucas, Tucker P.C.  Mar. 28, 2000	Lucas, Tucker P.C.  Mar. 5, 1999	OIG Analysis
Finding - Outstanding Checks. Recommendation - Follow up on checks outstanding for more than 90 days and when necessary issue replacement checks.		X				One CPA firm found that SCCDS had checks outstanding totaling \$259,569.
Finding - Delinquent Status Report. Recommendation - Requires status reports should be submitted timely in order to comply with grant agreement.		X				One CPA firm found that SCCDS had not filed a required Status Report with the United Way Campaign.
Finding - Current fixed monthly expenditures exceed current monthly revenue Recommendations - Establish a monthly operating budget to determine what its current financial status and to determine what its financial needs are. Attempt to negotiate with vendors to get some temporary relief. Immediately seek to acquire additional funding from third party unrestricted source. Put in place an on going working budget to ensure that expenditure levels are matched with revenue flows.		Scope Limitation. Therefore, this auditor rendered no opinion.	X	X	X	Three CPA firms found that SCCDS's current fixed monthly expenditures exceeded current monthly revenue.
Finding - Costs are not properly allocated between programs. Recommendation - Establish a formalized overhead allocation process so that as new funding programs are added to the organization, joint operating cost can be shared appropriately.		Scope Limitation. Therefore, this auditor rendered no opinion.	X	X	X	Three CPA firms found that SCCDS does not allocate costs properly between programs.
Finding - General ledger did not reflect all program activity. Recommendation - Accountant should receive all necessary financial information including support documentation and ensure that transactions are posted to the ledger in a timely manner.	X	Scope Limitation. Therefore, this auditor rendered no opinion.	X	X	X	All five CPA firms found that SCCDS did not maintain general ledger accurately. CPA recommendations were never implemented.
Finding - No formal budgeting process. Recommendation - Develop an annual budget and then on a monthly basis perform a budget variance analysis against the established operating budget.		Scope Limitation. Therefore, this auditor rendered no opinion		X	X	Two CPA firms found that SCCDS had no budget.

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### EXHIBIT E: AGENCY RESPONSE

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE ON AGING

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E. Veronica Pace  
Executive Director  
Office on Aging

March 25, 2004

Mr. Austin A. Andersen  
Interim Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, NW  
Washington, D.C. 20005

Re: *Response to Draft Audit Report No. OIG 03-2-03BY dated January 30, 2004, of Management of Grantee Operations at the Office on Aging*

Dear Mr. Andersen:

This letter serves as the response of the D.C. Office on Aging (DCOA) to the Office of the Inspector General's (OIG) Draft Audit of Management of Grantee Operations at the Office on Aging (Draft Audit Report No. OIG-03-2-03BY) dated January 30, 2004. DCOA's response herein includes a brief background on the subject to frame properly the discussion and then comments *seriatim* on each of the five findings and twenty recommendations contained in the draft audit report.

On November 1, 2002, the Office on Aging, in a memorandum from Executive Director E. Veronica Pace to Inspector General Charles Maddox, requested an investigation of Senior Citizens' Counseling & Delivery Service because of DCOA's concerns over the use of District and federal funds. DCOA had an initial concern because of an article that appeared in the Washington Times on July 23, 2001 that reported a Federal tax lien had been filed against SCCDS for Social Security and withholding taxes in the amount of \$92,079.

As of November 1, 2002, SCCDS had not submitted its Fiscal Year 2001 audit. This was due in the Office on Aging by March 31, 2002. It was for these reasons that DCOA engaged Gardiner, Kamy, & Associates, P.C. (GKA) to perform an audit of SCCDS for the ten-month period from October 1, 2000 to July 31, 2001. The Executive Director of SCCDS was generally uncooperative during that audit. As a result, GKA was unable to "determine whether SCCDS complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the ten

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### EXHIBIT E: AGENCY RESPONSE

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months ended July 31, 2001, because of the status of the accounting records and the nature of findings as reported in the schedule of findings and questioned costs.” Further, GKA deemed SCCDS a high-risk auditee.

Because of our concerns over the use of local and federal funds, on September 18, 2001, the Office on Aging named the United Planning Organization (UPO) as the fiduciary agent over the Office on Aging grant to SCCDS. UPO was selected because it was the District’s designated Community Action Agency, it was in compliance in all areas of financial reporting with the Office on Aging, its long-standing reputation as a qualified, established provider of senior citizens services, and it already operated programs east of the river, including in Ward 8.

With this brief framework in mind, DCOA responds to each of the five findings and twenty recommendations as follows:

***Finding 1: DCOA Management Practices***

***Recommendation 1: We recommend that the Executive Director, District of Columbia Office on Aging, improve the management and monitoring of funds awarded to grant recipients by:***

- a. Developing guidelines and instructions on monitoring grantee’s use of funds and grantee operations.*
- b. Developing and providing internal training for DCOA staff on proper procedures for enforcing terms of grant agreements;*
- c. Creating a system within DCOA to ensure that, prior to payment, grantee requests for reimbursement are valid and supported with documentation and records that attest to the delivery of senior citizen services; and*
- d. Establishing a panel or board within DCOA to periodically assess (sic) whether managers are properly monitoring grantee performance.*

DCOA generally agrees with Recommendation 1 and will take steps to:

- (1) Strengthen existing guidelines and instructions on monitoring grantee’s use of funds and grantee operations by issuing a new grants management manual and new policy memoranda as appropriate. Also, as a result of preliminary reports from the Inspector General, the Office on Aging, during the FY 2003 grants process, changed its procedures to require from the grantees at the time of submission of a new or continuing grant application, the submission of a valid business license, proof of current Articles of Incorporation, proof of D.C. tax compliance, proof of payment of unemployment tax, and updated information on the organization’s board of directors. These changes will also be incorporated into a revised grants management manual.

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### EXHIBIT E: AGENCY RESPONSE

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- (2) Develop and provide internal training for DCOA staff on proper procedures for enforcing terms of grant agreements by holding one grants monitoring refresher training annually.
- (3) Create a system within DCOA to ensure that, prior to payment, grantee requests for reimbursement are valid and supported with documentation and records that attest to the delivery of senior citizen services by requiring that all grantees submit copies of their source documentation (in most cases sign-in sheets and rosters) to the Office on Aging simultaneously with their submission to the Client Service Information System. A sample of this source documentation will be reviewed by Office on Aging staff prior to payment. If errors are found, more documents will be reviewed. Those grantees whose source documentation is found to disagree with their rosters and requests for payment will have their payments reduced in proportion to the amount of the disallowance. Policy Memorandum P04-08, Submission of Client Service Rosters and Supporting Documentation, establishing this new policy was issued to grantees on February 20, 2004. A copy is attached as Attachment 1.
- (4) The Office of the Chief Financial Officer has developed a Subrecipient Monitoring Manual as the District's standard for grant and subgrant monitoring. The Office on Aging will adopt the requirements in that manual and review our annual monitoring performance against the requirements of that manual on a regular basis.

DCOA does currently have guidelines and instructions on monitoring grantee's use of funds and grantee operations. The Office on Aging monitors all grantees annually. SCCDS was monitored once each year in the three years preceding the commencement of the audit, specifically on August 14, 2000, May 24, 2001, and August 15, 2002 in accordance with established monitoring procedures, using the general monitoring instrument and specific monitoring instruments for each service the organization provides. In addition, SCCDS' nutrition sites were monitored on February 23, 2000, July 23, 2001 (2 sites monitored on this date), April 22, 2002, April 23, 2002, April 11, 2003, February 26, 2004, and March 3, 2004. The overall SCCDS grant was not monitored in FY 2003 because of this agency's concern that SCCDS would be overwhelmed with auditors (the Inspector General, and its own independent auditors at the same time). The attached table (Attachment 2) shows the dates of the monitoring visits and key findings and corrective actions resulting from those site visits. Many of the findings that were addressed in the Inspector General's report were also found when Office on Aging staff conducted monitoring visits. In each of DCOA's site visit reports to SCCDS, there are corrective actions for all of these findings. Failure to correct key findings and ongoing concerns about financial stability of SCCDS warranted the referral to the OIG by DCOA. Therefore, it is not correct that the DCOA neither properly monitored the grantee nor established written criteria for grant monitoring.

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### EXHIBIT E: AGENCY RESPONSE

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***Finding 2: SCCDS Business Practices***

*Recommendation 2: Require SCCDS to obtain all mandatory inspections pertaining to the health and safety of senior citizens within a specified time period and maintain current food handler certifications and licenses necessary to conduct business in the District of Columbia.*

DCOA agrees with Recommendation 2 and in a letter to SCCDS dated February 20, 2004, (copy enclosed, Attachment 3), the Office on Aging directed SCCDS to obtain all mandatory inspections pertaining to the health and safety of senior citizens and to ensure that all food handlers have the necessary certifications and licenses necessary to conduct business in the District of Columbia by March 15, 2004.

*Recommendation 3: Request SCCDS to present a plan for appointing a legitimate, current, and active participating Board of Directors and monitor compliance with the plan.*

DCOA agrees with Recommendation 3 and on February 20, 2004 sent a letter to the Executive Director of SCCDS advising her to present a plan for appointing a legitimate, current, and active participating Board of Directors by March 15, 2004.

*Recommendation 4:*

- a. *Require the appointed fiduciary agent (UPO) to provide a time-phased plan for securing SCCDS' compliance with the terms of the Memorandum of Understanding.*
- b. *Evaluate periodically the fiduciary agent's success in active implementation of the Memorandum of Understanding to develop and strengthen SCCDS' financial practices.*

DCOA agrees with Recommendation 4 (a) and (b). However, the United Planning Organization has written to DCOA and requested that the fiduciary agent relationship for this grant end effective May 1, 2004. In the meantime, DCOA will evaluate UPO's success in active implementation of the Memorandum of Understanding (MOU).

***Finding 3: Accounting for and Supporting SCCDS Claims for Reimbursement and Services Rendered***

*Recommendation 5: Recoup, as appropriate, all DCOA funds paid to SCCDS for claims that were not supported by adequate documentation.*

DCOA agrees with Recommendation 5 and by memorandum dated March 19, 2004 to the Office of the Corporation Counsel (OCC), requested legal guidance and assistance in how to undertake the matter of recoupment and reimbursement of funds paid to SCCDS (copy attached, Attachment 4).

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*Recommendation 6: Obtain the documentation necessary to support all future SCCDS claims for reimbursement prior to approval and release of grant funds.*

DCOA agrees with Recommendation 6 and, via Office on Aging Policy Memorandum 04-P08, Submission of Client Service Rosters and Supporting Information, has directed all DCOA grantees, effective immediately, to forward copies of client service rosters and supporting documentation to DCOA simultaneously with the submission of client service information to the Client Service Information System.

*Recommendation 7: Periodically evaluate and validate the level of service activity SCCDS provides to District residents.*

DCOA agrees with Recommendation 7 and, by instituting Policy Memorandum 04-P08 mentioned in the response to Recommendation 6, above, has begun to review source documentation (actual signatures of persons receiving services) for all grantees prior to payment. DCOA believes this new procedure will provide adequate documentation of the level of service activity for all grantees.

*Recommendation 8: Direct SCCDS, in writing, to cease billing elderly residents for meals delivered to their residence and develop a pro forma message (to be used by all providers) requesting a donation.*

DCOA agrees with recommendation 8, and by letter to SCCDS, dated February 20, 2004, directed SCCDS to cease immediately billing senior participants for meals delivered to their residences and reminding them that there is no charge for meals and that meals may not be denied because an eligible senior is unable to pay. The Office on Aging has had a longstanding policy, reiterated most recently in Policy Memorandum 01-P04, dated January 16, 2001 (copy attached, Attachment 5), governing contributions from participants in the congregate, homebound, and weekend nutrition programs. The Policy Memorandum states that a contribution may be accepted for a meal only if the following language is posted or included with the home-delivered meals: "The cost of this meal is approximately \$4.00. We welcome a suggested donation of \$\_\_\_\_. Donations will be used to serve more people. \*\*\*No one will be denied a meal if they are unable to make a donation."

In addition, the Office on Aging Service Standards for home-delivered meals have a specific standard which states "Participants, family members, and/or caretakers shall be informed of the cost of preparing home-delivered meals and shall be offered the opportunity to make *voluntary* (emphasis added) contributions to help defray the cost ..."

*Recommendation 9: Direct SCCDS, in writing, to cease selling meals to non-elderly D.C. residents, and perform periodic review of the number of meals ordered from the caterer compared to the number of meals served to eligible recipients.*

DCOA agrees with recommendation 9 and in the February 20, 2004 letter to SCCDS, DCOA directed SCCDS to cease immediately selling meals to anyone. DCOA has

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### EXHIBIT E: AGENCY RESPONSE

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reduced the number of meals ordered by SCCDS from 60 to 32 in order to prevent the practice of providing meals or selling meals to ineligible persons. In addition, DCOA has instituted a new policy via Policy Memorandum 04-P11, Meal Reservation Procedures for Congregate and Home Delivered Meals provided through the Office on Aging Nutrition Contractor, Nutrition, Inc., (copy attached, Attachment 6) which requires grantees to submit to DCOA, copies of weekly reservation sheets, signed by the individual senior participant, which will be compared with the number of meals ordered. The order will then be provided to the food service caterer by the DCOA nutritionist. This new procedure should prevent over-ordering of food and ordering food for non-eligible participants.

*Recommendation 10: Amend DCOA Service Standards for Congregate Meals to instruct grantees on the procedures to follow when there are meals left over at congregate meal sites.*

DCOA agrees with recommendation 10 and has issued Policy Memorandum 04-P10, Removing Meals from Congregate Nutrition Sites, dated March 9, 2004, (copy attached, Attachment 7) which directs grantees to serve leftover food to participants as second helpings. It further directs that leftover food or meals may not be given or sold to ineligible staff or outsiders.

*Recommendation 11: (a) Require SCCDS to attach copies of all SCCDS Nutrition Sign-In Sheets to its claims for reimbursement and make appropriate adjustments to correct inflated claims, and (b) Obtain a reimbursement from SCCDS for all SCCDS inflated billings for the past 3 years.*

DCOA agrees with recommendation 11 (a) and (b). As noted in the response to Recommendation 6, above, DCOA has instituted, via Policy Memorandum 04-P08, Submission of Client Service Rosters and Supporting Information, has directed all DCOA grantees, effective immediately, to forward copies of client service rosters and supporting documentation to DCOA simultaneously with the submission of client service information to the Client Service Information System. Before any payments are made, these documents will be reviewed by Office on Aging staff and claims for unsupported units will be disallowed.

DCOA agrees with Recommendation 11 (b) and by memorandum dated March 19, 2004 to the Office of the Corporation Counsel (OCC), has requested legal guidance and assistance in how to undertake the matter of recoupment and reimbursement of funds paid to SCCDS for inflated billings for the past 3 years.

*Recommendation 12: Direct SCCDS, in writing, to cease billing District elderly residents for monthly fees of \$250 for geriatric day care and develop a pro forma message that SCCDS will use for requesting donations.*

DCOA agrees with recommendation 12. In the February 20 letter, DCOA directed SCCDS to cease billing participants for day care. It should be noted, however, that only

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approximately one-third of the SCCDS day care participants are supported by Office on Aging grant funds. The additional participants are either private pay or Medicaid-eligible participants. Nonetheless, on February 18, 2004, DCOA issued Policy Memorandum 04-P07, Voluntary Contribution Policy for Office on Aging-funded Services (copy attached, Attachment 8), to clarify the language in the Service Standards regarding voluntary contributions.

*Recommendation 13: Direct DCOA, in writing, not to reimburse SCCDS for trips/social/recreation activities that are outside the boundaries of the District of Columbia. The cost associated with these activities will have to be funded through other programs or appropriately charged to the participating seniors. Additionally, this notification should address prohibiting the inclusion of ineligible participants in social/recreation activities.*

DCOA agrees with recommendation 13, and in its Policy Memorandum 04-P09, Transportation Beyond the Boundaries of the District of Columbia, dated February 20, 2004 (copy attached, Attachment 9), reiterated to all grant recipients its policy prohibiting transportation outside the boundaries of the District of Columbia.

*Recommendation 14: Direct SCCDS, in writing, to discontinue the practice of providing prohibited services to elderly District residents and reimburse DCOA for amounts paid for these services.*

DCOA agrees with recommendation 14, and in the February 20, 2004 letter to SCCDS, directed SCCDS to cease immediately providing prohibited services such as financial, legal, and tax services to participants. Please note that this has been a prohibited service component in the Office on Aging Service Standards for many years.

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## EXHIBITS

### EXHIBIT E: AGENCY RESPONSE

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***Finding 4: Enforcing Grantee Compliance with Independent Audit Requirements and Results***

***Recommendation 15: Enforce existing policies and procedures to ensure that grantees (specifically SCCDS) submit audited financial statements on time and take appropriate action if the deadlines are not met.***

DCOA agrees with recommendation 15. For the most part, grantee organizational audits, with no material findings, are submitted to DCOA by all grantees, by the deadline of March 31 of each year for the preceding fiscal year. Both the DCOA Audit Guide and the Notification of Grant Award, refer to the requirement to submit an audited financial statement by the March 31 deadline. DCOA has repeatedly requested, through numerous correspondence, that SCCDS submit an audited financial statement for FY 2001 and FY 2002 but the organization has failed to comply. In the future, in the event that a grantee does not comply, funding will be suspended in accordance with our policy. Funding will resume once the audited financial statements are received. In addition, DCOA has begun to strengthen its programmatic and financial oversight by performing both fiscal and programmatic audits of most grantees throughout FY 2004.

***Recommendation # 16: Amend the SCCDS grant agreement to require SCCDS to identify District-licensed CPA firm before an engagement is initiated and periodically validate that SCCDS has engaged only District-licensed CPA firms to perform the annual financial audits.***

DCOA agrees with recommendation 16 and will add, as a term and condition of all grants on the reverse of the Notification of Grant Award (NGA), a statement that District-licensed CPA firms perform all audits. This requirement for a District-licensed CPA firm is already in the DCOA Audit Guide on page 4, as follows: **“Based on the grant terms between the Grantee and the Office on Aging, the auditor must be a Certified Public Accountant, licensed to practice in the District of Columbia.”** As the audit guide is revised in this fiscal year, this statement will be strengthened and procedures for enforcement will be added.

***Recommendation #17: In accordance with OMB Circular No. A-133 requirements provide a management decision on the adequacy of SCCDS actions on audit findings within 6 months after receipt of the CPA financial statement audit report and ensure that SCCDS takes appropriate and timely corrective action on all reported findings and recommendations.***

DCOA agrees with recommendation 17 and has instituted a process for DCOA to follow-up and analyze the progress of all grant recipients within 6 months of receipt of the audited financial statements. This will ensure that appropriate and timely corrective action is taken on all reported findings and recommendations. The revised D.C. Office on

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## EXHIBITS

### EXHIBIT E: AGENCY RESPONSE

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Aging Audit Guide will incorporate this change. This requirement is also in accordance with the latest revision of OMB Circular A-133.

***Finding 5: SCCDS Records Maintenance***

***Recommendation 18: Update policies and procedures in the DCOA Grants Management Manual to provide specific guidance and procedures that grantees must adhere to for maintaining complete and accurate records.***

DCOA agrees with recommendation 18 and will update its Grants Management Manual to provide specific guidance and procedures for grantees to follow for maintaining complete and accurate records. The new manual will be issued in this fiscal year.

***Recommendation 19: Establish policies and procedures requiring DCOA to review periodically grantee compliance with records maintenance requirements.***

DCOA generally agrees with recommendation 19. DCOA currently reviews grantee compliance with records maintenance requirements during annual site visits. When specific records are not available, DCOA issues a corrective action with the site visit report. However, DCOA will strengthen records retention policies and procedures during the update of the Grants Management Manual and review grantee compliance during on-site monitoring visits.

***Recommendation 20: Periodically review SCCDS' compliance with records maintenance requirements.***

DCOA generally agrees with recommendation 20. As noted in the response to Recommendation 19, above, DCOA currently reviews grantee compliance with records maintenance requirements during annual site visits. When specific records are not available, DCOA issues a corrective action with the site visit report. However, DCOA will strengthen records retention policies and procedures during the update of the Grants Management Manual and review SCCDS' compliance with records maintenance during any future on-site monitoring visits.

Sincerely,



E. Veronica Pace  
Executive Director

Cc: Mr. Robert C. Bobb  
City Administrator

Ms. Lori Parker  
Interim Deputy Mayor for Children, Youth, Families, and Elders

## EXHIBITS

### EXHIBIT E: AGENCY RESPONSE

<b>D.C. Office on Aging Response to OIG Audit of the Management of Grantee Operations at the Office on Aging (OIG No. 03-2-03BY)</b>	
<b>Table of Attachments</b>	
Office on Aging Policy Memorandum P04-P08, Submission of Client Service Rosters and Supporting Information	Attachment 1
Table of Findings and Corrective Actions Shown in Senior Citizens Counseling and Delivery Service Site Visit Reports FY 2000-2004	Attachment 2
Letter to Ms. Concha Johnson, Executive Director, Senior Citizens Counseling & Delivery Service From E. Veronica Pace, Executive Director, D.C. Office on Aging	Attachment 3
Memorandum from E. Veronica Pace to Brenda Walls, Chief, Civil Enforcement Section, Office of the Corporation Counsel	Attachment 4
Office on Aging Policy Memorandum 01-P04, Voluntary Contribution Policy for Nutrition Programs	Attachment 5
Office on Aging Policy Memorandum 04-P11, Meal Reservation Procedure for Congregate and Home Delivered Meals provided through the Office on Aging nutrition contractor, Nutrition, Inc.	Attachment 6
Office on Aging Policy Memorandum 04-P10, Removing Meals from Congregate Nutrition Sites	Attachment 7
Office on Aging Policy Memorandum 04-P07, Voluntary Contribution Policy for Office on Aging-funded Services	Attachment 8
Office on Aging Policy Memorandum 04-P09, Transportation Beyond the Boundaries of the District of Columbia	Attachment 9

DCOA has agreed with the findings and recommendations in our report and has taken or planned actions to correct noted deficiencies. Due to the size of the attachments included with the DCOA response, they have been omitted from the final report but are included as part of the audit working papers.